

Chedraui
cuesta menos

Integrated Annual Report 2023

Chedraui
cuesta menos

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Message from **the CEO**

GRI 2-22

Esteemed shareholders, business partners, employees and stakeholders:

I am proud to share with you in this report, our achievements during the year 2023, where the fulfillment of our mission: "Improving the lives of customers by bringing the products they prefer, at the best price, to as many places as possible, thereby inspiring our employees to grow and develop within Chedraui".

Since one of the pillars of our strategy is to offer our customers the best prices, I would like to highlight the recognition we obtained this year from PROFECO (the Federal Consumer Protection Agency) for having the lowest-priced staple products food basket from April to June and October to December 2023. Meanwhile, in Chedraui USA, we continued offering the best assortment of perishable products at competitive prices, resulting in a 4.3% increase in customers, particularly for El Super and Fiesta formats.

In addition, we strengthened our relationship with customers through our loyalty program "MiChedraui", which allows us to better understand their preferences and needs, and helped us intensify personalized promotions with a specific focus on cross-selling. As a result of this strategy, our active[1] customer base in the program is 12.3 million clients, which is 20.6% higher than the previous year. This, in turn, enabled us to identify nearly 70% of the sales made in our stores.

The evaluation of customer satisfaction level in each store, is fundamental for us. In 2023, we obtained a Net Promoter Score (NPS) of 68 points in the first half of the year, which rose to 71 points for the second semester, improving with respect to the 66 points obtained in the same period in 2022. This result reflects the initiatives we implemented to improve the customer experience.

Additionally, to strengthen the quality and increase the penetration of our private labels in Mexico, we began conducting SMETA (Sedex Members Ethical Trade Audit) social responsibility audits in 2023, for suppliers of these brands. In 2023, we achieved certification for 50% of suppliers, and by 2024 our goal is to achieve 100% compliance with this requirement.

[1] Customers with contact information available.

As a result of our customer-centric strategy, in 2023 we gained market share in, our same-store sales (SSS) growth in Mexico of 10.1%, surpassed growth posted by ANTAD (the Mexican retail association) by 284 basis points. Chedraui USA also accomplished excellent results with an increase in same-store sales of 3.2% in dollars, compared to 2022, driven by higher customer traffic to our stores.

A greater leverage of our operations, efficiencies in expenses, and improved inventory and promotion management allowed us to achieve a 60-bp expansion in the consolidated EBITDA margin, reaching an unprecedented level of 8.9%. The cash flow generation from operations in both countries was remarkable, enabling us to achieve a net cash position at the end of 2023 of $5.553 billion pesos, with a ratio of 0.24x net cash to EBITDA.

During 2023, we increased our CAPEX compared to the previous year, investing a total of $7.488 billion pesos, or 2.8% of sales, focusing in the opening of 57 stores in Mexico and 3 in the United States plus store remodeling and maintenance, resulting in 1.9% expansion in consolidated sales floor, totaling 2,450,270 m^2 by the end of the year.

All of this translated into increased profitability for Grupo Comercial Chedraui. Thus, at the end of 2023, we achieved an ROE of 18.6%, 130 basis points (bp) higher than at the end of 2022.

At Chedraui, we seek to balance economic growth with environmental, social and governance responsibility; we are committed to a sustainable commitment in our strategy and operations to ensure a positive, long-term impact on the communities.

As a result of this effort, in 2023 we updated our Sustainability Policy and established our strategy for the upcoming years.

An important part of our commitment is to increase the use of renewable energies. In Mexico, the use of solar solar energy in our stores, increased by 63% to 7,083 MWh in 2023, while at Chedraui USA we will begin installing solar panels in stores in 2024. In addition, we continue to work on education and awareness on the use of natural resources among our associates, promoting light and water savings through various awareness-raising campaigns.

During the year, we also faced challenges, to which we were able to respond effectively, such as Hurricane Otis in Acapulco, Guerrero, which generated significant damage in large areas of the state, but particularly in the city of Acapulco.

I want to reiterate my gratitude and recognition for the commitment and dedication of our employees in Acapulco, and also those stores that supported these store operation. In the wake of Hurricane Otis, they effectively implemented the business continuity plan, allowing us to overcome this event in record time. We were the first retail chain to reopen our stores while providing immediate support to our people and community members through the Fundacion Chedraui.

Furthermore, through our Foundation, we continued supporting various social programs. In 2023, we donated 5.2 million kilos of food-to-Food Banks that benefitted over 765,000 people. In Chedraui USA, the Smart & Final Foundation donated 1.9 million kilos of food to Feeding America and to Food Finders, equivalent to 3.5 million meals throughout California, Nevada, and Arizona. We also continued to promote education in the communities where we operate, through various programs offered at the Liceo de Artes y Oficios in Veracruz, Villahermosa and Xalapa, Mexico.

Our respect for and commitment to our employees is very important. We value and promote diversity as one of our strengths. A diverse team enriches our organization and drives innovation and growth. It also enables us to better understand our customers in a constantly changing world.

The effort of our 76,007 employees worldwide, was the key element for the company´s achievements, and would not have been possible without the commitment and support they give us. They are the company's main asset, and we are aware that continuous training strengthens their personal and professional growth opportunities. For this reason, we provided more than 910,000 hours of training in Mexico and the United States.

Finally, I want to particularly thank our customers for the preference, and all our investors, business partners, employees and stakeholders for their trust. We reiterate our commitment and effort to continue delivering long-term results that benefit everyone.

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José Antonio Chedraui Eguía

Chief Executive Officer of Grupo Comercial Chedraui

Sustainable profitability



Consolidated Financial Information

GRI 201-1
FB-FR-000.A, FB-FR-000.B

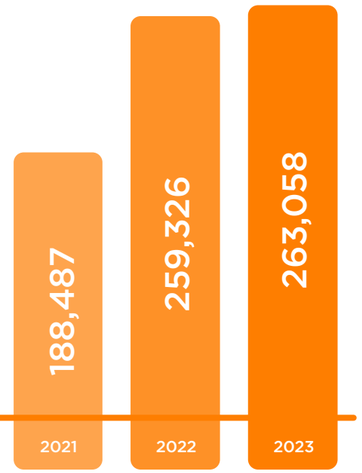
Consolidated (millions of pesos)	2021	2022	2023	Variation %
Net sales	188,487	259,326	263,058	1.4%
Gross Profit	41,952	59,300	61,267	3.3%
Operating expenses (w/o depreciation)	27,964	37,873	37,947	0.2%
EBITDA	13,988	21,427	23,320	8.8%
Net consolidated income	3,480	6,176	7,894	27.8%
Majority net income	3,420	5,997	7,645	27.5%
Basic earnings per share	3.57	6.27	7.97	27.1%
Taxes paid on profits	1,469	2,546	3,176	24.7%
Number of outstanding shares	963,917,211	963,917,211	963,917,211	N/A
Price per share January 1st through December 31st (in pesos)	42.42	83.18	102.58	23.3%



Highlights

CAGR
+18.1%
2023 vs. 2021

Sales
(Millions of Pesos)



CAGR
+20.8%
2023 vs. 2021

Gross Profit
(Millions of Pesos)



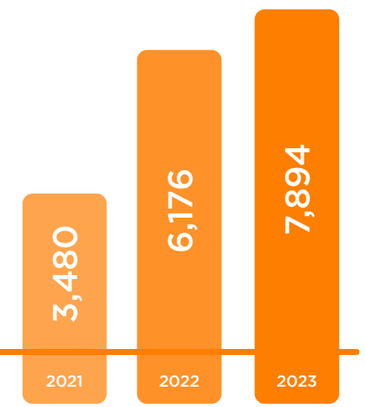
CAGR
+29.1%
2023 vs. 2021

EBITDA
(Millions of Pesos)

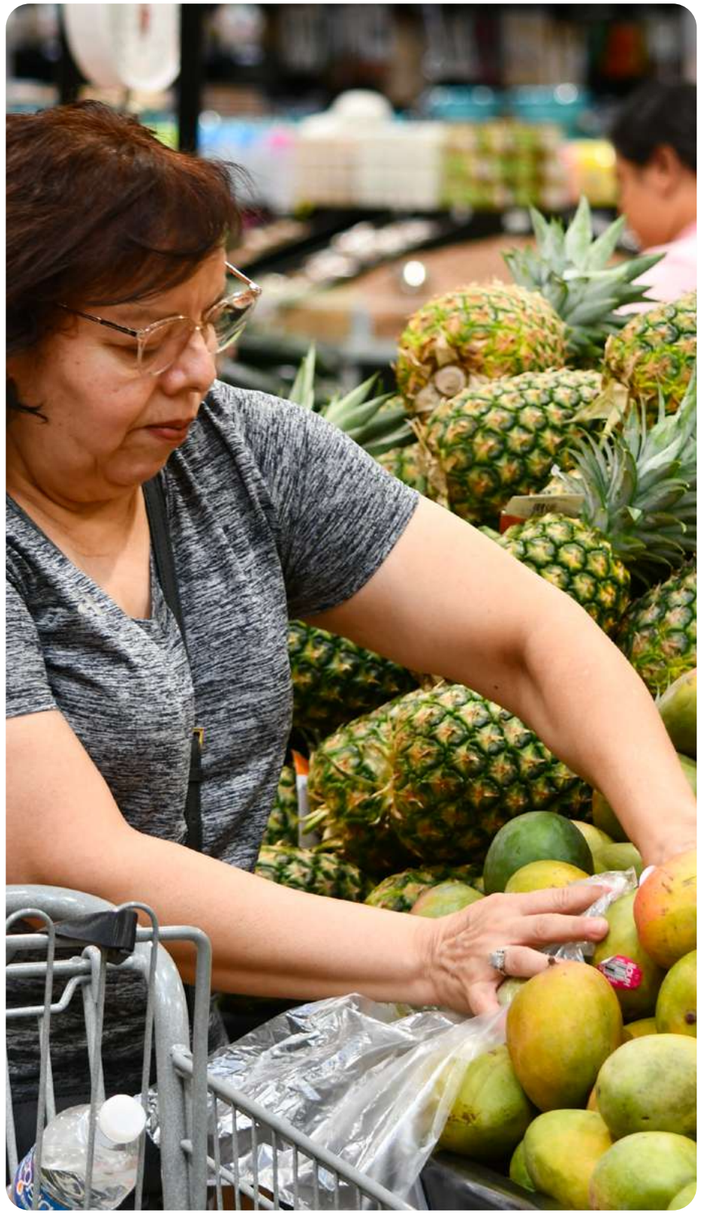


CAGR
+50.6%
2023 vs. 2021

Consolidated Net Income
(Millions of Pesos)



CAGR: Compound Anuual Growth Rate.



Sustainable Performance

GRI 2-7, 204-1, 302-1, 302-5, 305-1, 404-1, 405-1, 403-9, 413-1
SASB CG-MR-130a.1

Group total

76,007
employees

36,691
women

39,227
men

89
non-specified

Mexico

501,151
hours of training

2,758
suppliers

96%
local

$359.6
millions of pesos
Social Investment
by Chedraui Mexico vs
$315.1 millions of pesos in 2022

Chedraui USA

411,591
hours of training

5,940
suppliers

99%
local



Mexico

Consumption of fuel, Solar Panel and Wind (MWh)

2022

407,369

2023

397,285

5.1

million kilos of food donated vs 4.8 million in 2022

11,590 ton

of CO_2 were no longer emitted in Mexico

Energy

Throughout 2023,

2,478 ton

CO_2e were no longer emitted

1,449,726 m³

of water used in 2023 vs 1,555,139 m³ in 2022

Chedraui USA

48,935 ton

of reused materials were recycled in 2023

1.9

million kilos of food donated vs 1.7 million in 2022

Included in

S&P/BMV IPC Index



Our history of growth





Who is Chedraui today? GRI 2-1, 2-6, 3-3

We are a leading Mexican retail multiformat company with operations in Mexico and the United States. Through our stores located in 25 states throughout Mexico, we sell a variety of food items, including staple and perishable items, as well as non-food products that include electronics, appliances, furniture, apparel, and other goods. Our United States units are located in Arizona, California, Nevada, New Mexico, and Texas, where we sell perishable and grocery items; cater to Hispanic customers and particularly the Mexican-American population; in addition to serving an extended customer base. In Mexico and the United States we have a total workforce of 76,007 employees, a total of 839 stores, and a sales floor of approximately 2,450,270 square meters, which grew by 1.9%, as compared to 2022.

As of December 31, 2023, we operate 460 retail stores in Mexico under our five retail banners: "Tiendas Chedraui," "Súper Chedraui," "Súper Che," "Supercito," and the ones under the Arteli format acquired in 2022. We also have a partnership with Smart & Final del Noroeste, under which we operate 17 stores in that region. The "Selecto" concept was introduced in 2011, which is now present in Tiendas Chedraui, Súper Chedraui, and Supercito formats, designed to serve the upper socioeconomic demographic group. As of December 31, 2023, the Company has 49 stores under this concept. In the United States we operate under our El Super, Fiesta, and Smart & Final formats.

Through our mission, we improve the quality of life of our customers, employees and their families.

Chedraui is a resilient company, thanks to its solid leadership, strong values, effective corporate governance and an inclusive social approach with both employees and customers. Our transparent and responsible corporate governance has allowed us to ensure the proper management and feasability of the company. In addition, by prioritizing the well-being of our employees and customers, we foster loyalty and commitment, building a positive reputation. Likewise, the company's financial strength allows us to face challenges and take advantage of opportunities, thus ensuring the continuity and sustained growth of the organization.



Our real estate division is in charge of managing our owned and leased properties, the existing and projected leasable area, as well as the expansion, construction and remodeling of our stores in Mexico. In 2023, the leasable area was 438,321 square meters, representing an annual growth of 2.6% and an occupancy rate of 97.3%.

Each year we allocate a portion of our consolidated income, as investments for the opening of new stores, remodeling existing units, replacing air conditioning and refrigeration equipment, upgrading computer equipment, and investing in information technologies. This not only increases profitability for the Company, but also ensures continuity in our business growth strategy. Moreover, it allows us to fulfill our mission of:

"Improving the lives of customers by bringing the products they prefer, at the best price, to as many places as possible, thereby inspiring our employees to grow and develop within Chedraui."

This in turn helps us to continue creating value for all our stakeholders.

Timeline 1970-2023

1970
The first store is opened in Xalapa, Veracruz.

1970-1980
Chedraui begins its expansion program, opening stores in other cities throughout Mexico.

1985
Grupo Comercial Chedraui S.A. de C.V. is constituted.

1987
The company is incorporated as Chedraui, S.A. in Xalapa, Veracruz.

1997
Chedraui expands internationally upon opening the first El Super store in the USA.

2005
Chedraui acquires 29 Carrefour stores in Mexico, thus opening operations in Mexico City.

2008
Chedraui acquires seven Gigante stores in the USA.

2010
Chedraui begins trading its shares in the Mexican Stock Exchange (BMV)

2012
Acquires 8 stores in California, thus operating a total of 45 units in said country.

2018
Chedraui continues expansion in the USA by acquiring 63 Fiesta Mart units in Texas.

2020
Chedraui publishes its first Sustainability Report, thereby underscoring its commitment to the highest of standards.

2021
Acquisition of 254 Smart & Final units in California, Nevada and Arizona.

2022
Acquisition of 36 Arteli units in the northwestern region of Mexico.

2023

- **The issuer is included in the S&P index of the BMV.**



Business strategy





Offering our customers the best prices, combined with a wide range of products and an excellent shopping experience is the basis of our business strategy, which is one of our primary competitive advantages, a key strategic differentiator, and a determining factor in the growth and profitability of our business.

Through our actions in economic, social, environmental, and governance matters, we uphold our commitment to all stakeholders, fulfilling our mission.

Likewise, it is through our various store formats, our wide range of products, and our customer service that we have managed to gain market share, attracting a diverse type of consumers to our stores.

Our ongoing challenge is to increase the value that the Customer Management strategy provides us, under a vision of customer-centric decision-making, offering competitively-priced products and an increasingly personalized shopping experience.

- **The Lowest Price**
- **The Best Assortment Store by Store**
- **The Best Shopping Experience**

The Lowest Price

Offering quality products at affordable prices for different segments of the population is our core business. Our goal is to have a positive impact on savings for families, and improve the quality of life of our customers and employees, contributing to their well-being.

By conducting comparisons, we guarantee the best price option for our cutomers. Daily market checks at both central and local levels are performed, thereby enabling us to stock our stores with a wide range of products at the lowest prices, as compared to our competitors.



We have been recognized by Profeco (the Mexican Consumer Protection Agency) for having the lowest-priced staple product food basket in the market *Chedraui Costs Less!*

The Best Assortment Store by Store



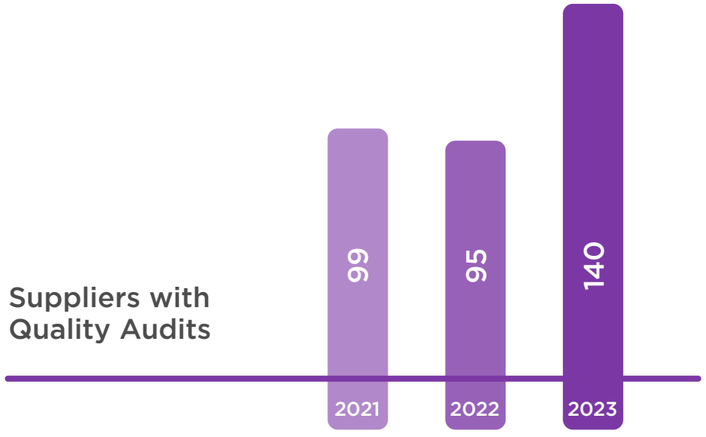
The merchandise we offer in our stores is supplied by leading manufacturers in each category, and we also have a wide range of private label products for differing target markets.

The product assortment we handle in each store format caters to the preferences of the customers who visit us, taking into account the climate where the store is located, the region, and the predominant socioeconomic levels. Therefore, each store has an assortment that meet all these needs.

In seeking the right assortment for our higher-income customers, in 2011 we launched the "Selecto" concept, aimed at the population in "A" or higher income segments, where we can offer them a better selection of products suited to their purchasing power.

PRIVATE LABELS

The strategy we follow to increase the market share of our private label products involves ensuring that our prices and quality are competitive. Additionally, we must keep our product assortment constantly updated to meet the changing needs of our customers. Similarly, we aim to ensure that the quality of our brands is on par with market-leading brands, and these are constantly evaluated by specialized laboratories.



GRI 3-3, 308-1

In 2023, we began conducting SMETA (Sedex Member Ethical Trade Audit), an Ethical Trade audit of SEDEX (Supplier Ethical Data Exchange), Members is a non-profit membership organization that leads work with buyers and suppliers to deliver improvements in responsible and ethical business practices in the global supply chain. In 2024, the remaining suppliers will have to meet this requirement.

65 private label suppliers with Social Responsibility Audits

The audits we perform on supplier plants for our private labels consist of the following:

- **Initial Quality/Food Safety Audits**

All suppliers must be audited by a third party designated by Tiendas Chedraui. The audit will be considered for all plants where the proposed products are produced. The audit must be approved, with a minimum score of 85 and no critical findings.

- **Follow-up Quality/Food Safety Audits**

If the supplier holds a valid international certification approved by Tiendas Chedraui, it will not be necessary to conduct follow-up audits for the duration of said certification validity. To the contrary, the supplier must undergo an annual audit by a third party designated by Tiendas Chedraui.

- **Social Responsibility Audits (SMETA):**

All suppliers must have a Social Responsibility audit using the SMETA methodology, covering at least two pillars. Suppliers already having this audit must share their report with the third party designated by Tiendas Chedraui for technical review. Suppliers without SMETA certification must follow the protocol and undergo an audit by the third party designated by Tiendas Chedraui. The validity of the audit will be determined by the same agency mentioned.

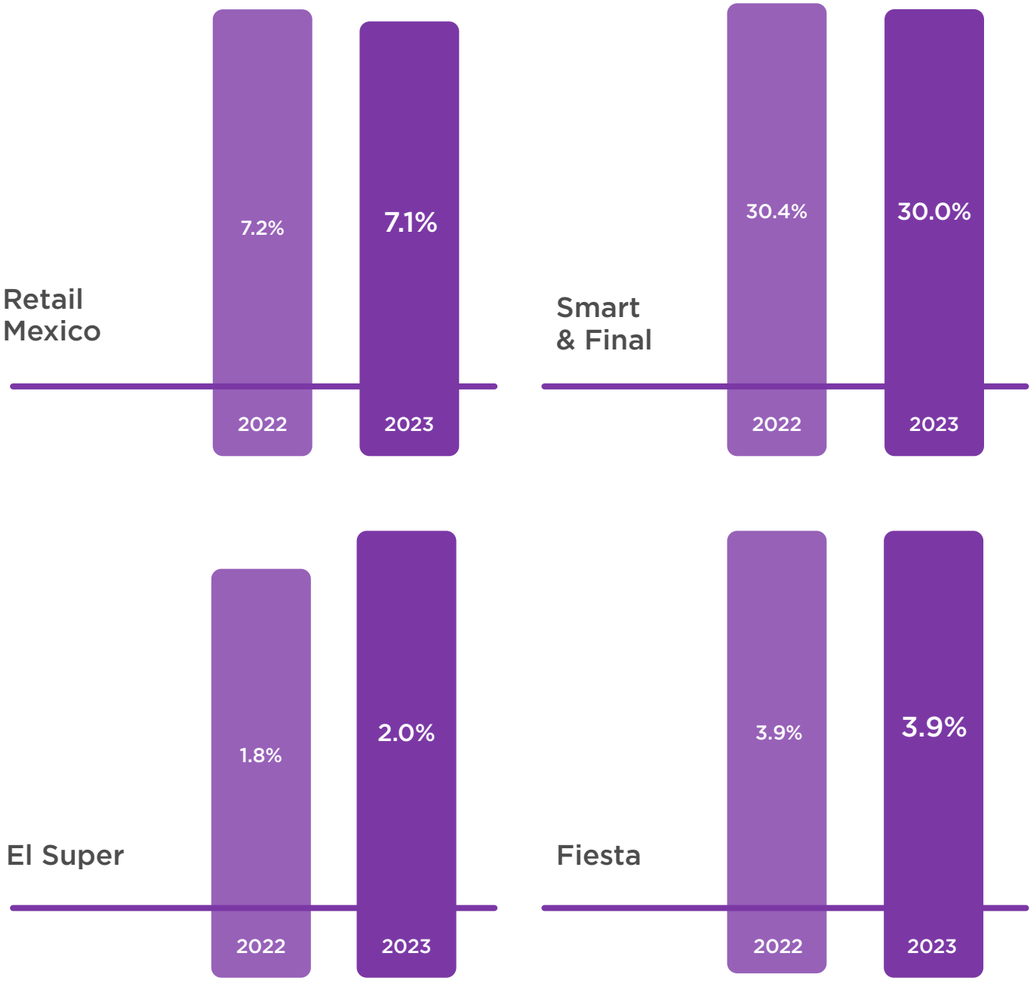
During 2023, we conducted a quality analysis of items, reducing the existing varieties within the same category, with the following results:

254
analyses conducted

97%
of the SKUs in each respective category

Incorporation of
280 SKUs
of private label imported brands, “First Street” brand with high quality, and “Sun Harvest” healthy and organic products

SHARE OF PRIVATE SALES AS A PERCENTAGE OF TOTAL SALES PER FORMAT



Chedraui cuesta menos

Smart&Final

El Super cuesta menos

Fiesta



The Best Shopping Experience

Our stores have standard measures that must be followed by all store formats; strict guidelines regarding hygiene and sanitization; wide aisles with good lighting; product signage; and in larger formats, parking is available to provide our customers with a superior shopping experience.

PICK-UP CHEDRAUI

Our digital business has a presence in 26 out of the 32 states throughout Mexico, with participation as an online store in some of the formats of the Retail business in Mexico, offering different service schemes or sales channels, including: In-store Pickup, Home Delivery, or through the purchase of our products via third-party digital channels such as Mercado Libre, Rappi, Uber, and Quick Commerce.

With our Courrier Delivery model, we have the capacity for nationwide shipping, even in those states where there is no brick-and-mortar store.

Selling items through our website or via the app provides a different experience for customers who prefer to receive their orders at their doorstep or pick them up directly at our physical stores.

We were the first to establish alliances for the purchase of our products, through third-party digital channels.

Regarding our own channel (chedraui.com.mx and App), during 2023, close to 58% of our orders were placed with the in-store Pickup option.

All our orders are delivered packaged, either using cardboard boxes, recyclable plastic bags, or Kraft paper bags. Of all our online stores, 85% have recyclable plastic bags, while the remainder use cardboard boxes or Kraft paper bags.

The delivery from our stores to customers' homes is carried out by third-party providers who have the capacity and flexibility to adapt to the changing volume of our business. This has enabled us to improve the quality of customer service, with a 5 percentage-point increase in the Perfect Order indicator (completeness and on-time delivery) in 2023, as compared to the previous year.

In 2023, omnichannel sales in Mexico represented 2.9% of Retail Mexico sales.



Meanwhile, our stores in the United States offer various purchasing options such as same-day home delivery through various providers, and in-store pickup.

Chedraui USA

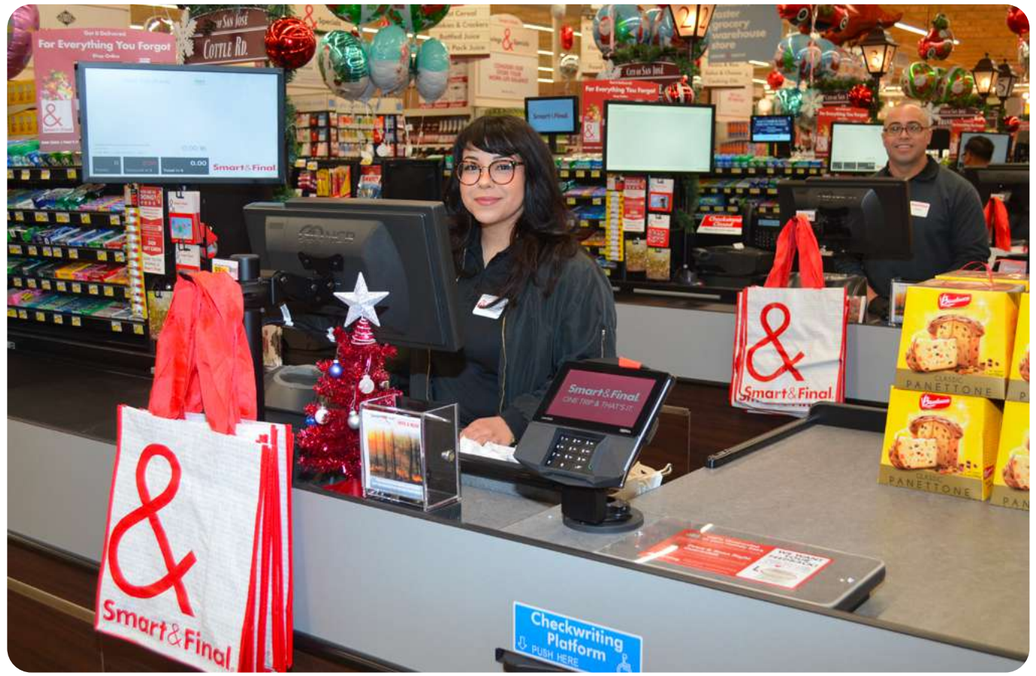
Smart&Final

Omnichannel sales accounted for **3.5%** of Smart & Final's **sales**.

El Super cuesta menos

Fiesta

We started with omnichannel sales for El Super and Fiesta in 2023.



In 2024, the digital strategy for Chedraui USA will focus on building website traffic, increasing online sales, boosting app downloads and customer registrations, as well as implementing initiatives to improve visibility, training, among others.

Regarding the security of our website and app information, we have a dedicated technical team solely responsible for cybersecurity to prevent any attempt to misuse our customers' data and information.

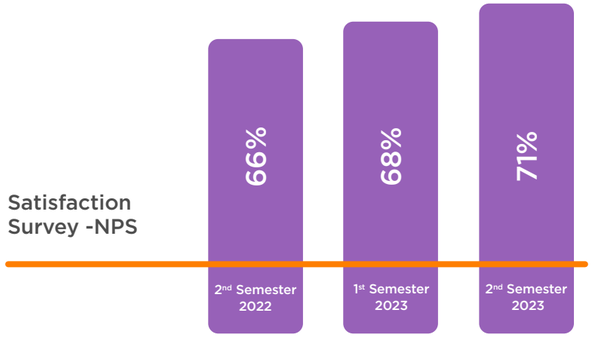
CUSTOMER SERVICE

We strive to provide the best service to our customers and business partners, for which we choose the best technological tools that can help us achieve our goals, as well as an efficient and modern supply chain.

Twice a year, we conduct a survey at each of our stores to assess the level of customer satisfaction. In this assessment, we evaluate, among other topics, 13 indicators to measure the level of their satisfaction, and we develop action plans so each store may enhance service levels and increase satisfaction.

During the first semester of 2023, we conducted 32,710 interviews that resulted in an NPS of 68 points. For the second semester there were 32,361 interviews, resulting in an NPS of 71 points. This score has been increasing over the past years.

Similarly, we conduct an annual measurement to assess and compare the service of each of the locations or stores, as compared to our main competitors; the purpose is to have general performance measurements and indicators. This is accomplished through evaluations conducted door-to-door as well as in the areas of influence. In 2023, we conducted 59,385 interviews for this purpose.



Note: The Net Promoter Score (NPS) is a tool that aims to measure the loyalty of a company's customers based on recommendations.

59,385
interviews to customers conducted in 2023.

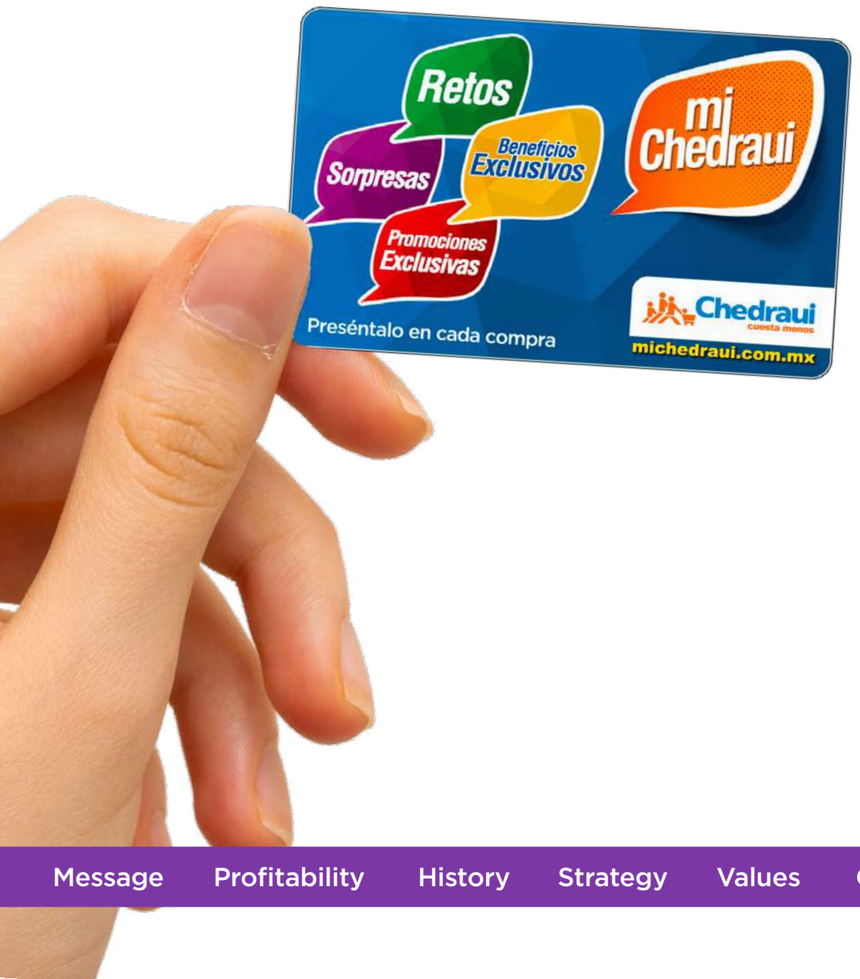
Finally, and no less important, we conduct various market studies to understand the needs of our customers. These studies may be conducted by location, by store, by area, or by products or categories in order to have a greater level of understanding of their needs, and provide them with the proper attention.



MICHEDRAUI LOYALTY PROGRAM

GRI 3-3

Since 2016, at Chedraui we have strategies focused on customer intelligence, with the *MiChedraui* Loyalty Program as the fundamental pillar. In 2023, we intensified actions to personalize campaigns and improve customer experience.



The personalization strategy was strengthened with a specific focus on cross-selling —promoting products complementary to those consumed or intended to be consumed by the customer— and the delivery of personalized newsletters. These actions aim to increase the importance of offerings for each customer, thereby optimizing their participation in the *MiChedraui* program.

A key innovation has been the inclusion of the *MiChedraui* Wallet statement in campaigns. This measure provides transparency and direct updates on balances and bonuses, thus enhancing customer understanding and participation in the loyalty program.

Driven by the aforementioned initiatives, significant growth in our active customer base was achieved in 2023, reaching 12.3 million customers, representing a 20.6% increase as compared to 2022. This milestone reflects the continuous success of the *MiChedraui* program and the ability to attract and retain a loyal community.

Continuous investments in advanced technologies have reinforced analytics; machine learning, the development of algorithms and statistical models using computer systems to carry out tasks without explicit instructions, instead of relying on patterns and inferences; or artificial intelligence. These improvements provide a deeper understanding of purchase patterns, allowing us to anticipate needs and offer more accurate recommendations.

In response to communication trends, towards the end of the year we launched the WhatsApp channel. This new media has proven to be effective and has the highest customer engagement, providing instant information and exclusive offers, and connecting directly with them more efficiently. The launch of this channel reflects an evolution towards personalization.

The implementation of a customer experience indicator allows us to systematically evaluate customer satisfaction and perception. This metric guides decision-making to ensure an extraordinary shopping experience.

By personalizing campaigns, expanding channels, and adopting advanced technologies, we continue leading in the creation of personalized and meaningful shopping experiences.

TECHNOLOGY AND DATA SECURITY

By migrating to the SAP system and performing technological updates within the company, we have facilitated business decision-making, in-store operations, and strengthened Cloud Administration processes and incident self-management, as well as bolstering our cybersecurity strategy.

In 2023, we successfully installed Self-Checkout (SCO) technology in more than 70 stores.

Among the main advances in digitization, we have implemented Robotic Process Automations (RPAs) to optimize various operating and back-office processes, thus helping our employees to streamline their work. Similarly, our payment process with their virtual loyalty program card integration at Points of Sale (POS) was improved, meaning that during the customer identification process payment can be applied without the need for the customer to provide their loyalty card number again.

Key benefits of the investment in digitization and RPAs:

Replenishment: reducing over 50 hours per month in restocking processes and obtaining different item catalogs and supplements to the same.

Commercial: reducing over 40 hours per month in obtaining catalogs and integrating restockable items.

Distribution Centers (DCs): reducing over 180 hours per month in Arteli operations (3 hours daily for cash processes and 3 hours daily for items).

Logistics and Transportation: automating of receipt, preparation, and shipping processes in DCs, thereby avoiding manual errors in operational flows; improving operating times through logistics processes automation; recording movements performed for merchandise and merchandise traceability within the four walls; generating reports that indicate daily progress and comparison with previous days; and assisting in inventory registration processes.



We will continue to invest in digitization and technology to facilitate the work of our employees and enhance the customer shopping experiences.

Our goal is to bring our operation to a convergence between the digital and the real worlds, achieving more immersive experiences for our customers, while contributing to cost reduction and increased productivity. Green Technologies such as blockchain are being explored, seeking to eliminate intermediaries and to securely store transactions, cloud computing, virtual and augmented reality, and ultimately enable increasingly more sustainable processing.

Furthermore, the automation of a greater number of processes through RPA (Robotic Process Automation) will continue, reducing the time spent on repetitive tasks making both external and internal customer activities more productive and profitable.



DATA PROTECTION

GRI 3-3, 418-1

SASB: FB-FR-230a.1, FB-FR-230a.2, CG-MR-230a.1, CG-MR-230a.2

En Chedraui México y USA, we guarantee the right to privacy of personal data for our customers, employees, and third parties through various policies and procedures.

There are several policies enacted to ensure the privacy of our customer data:

- Policy to Manage and Protect Personal Data 130-9136
- Policy to Manage and Safeguard Information 1500-0028
- Policy to Address Requests for Access, Rectification, Cancellation, or Opposition to Personal Data (ARCO) 180-0001

Similarly, we have a well-defined process through which we manage personal data, which consists of:

- Identifying operations in which personal data is collected and processed.
- Recording and controlling personal data that is collected.
- Implementing security measures to protect and safeguard personal data.
- Implementing mechanisms that address ARCO (Rights of Access, Rectification, Cancellation and Opposition) all of them related to the processing of personal data, through the email **datospersonales@chedraui.com.mx** for cases where an individual is dissatisfied or requires updates.
- Developing Privacy Notifications at each point of contact where personal data is collected.
- Having mechanisms in place on digital platforms for our customers to stop receiving promotional and marketing.



Additionally, the Company has established complementary actions such as:

- Implementing policies and procedures among our employees so they properly conserve, safeguard, and delete personal data.
- Signing of commitments by areas that handle personal data.
- Addressing and responding to requests made by INAI (the National Institute for Transparency, Access to Information, and Personal Data Protection).

The company is prepared in cases of security breaches with a procedure that includes notification of the event, assessment of its criticality, report and analysis of causes and corrective action program.

In the last three years, we had no confirmed incidents of privacy breaches or data leaks for our customers in Mexico and the United States.

To access our privacy notification, visit the following link: **https://www.chedraui.com.mx/terminos-y-condiciones/politica-privacidad**

RESPONSIBLE SOURCING

GRI 3-3, 2-6, 204-1, 407-1, 408-1, 409-1, 414-1, 416-1 , 416-2

Our value chain has allowed us to efficiently optimize processes, maintain customer loyalty, and increase the quality of products and services offered.

Mexico

2,758
total Suppliers

2,634
local suppliers

96% domestic | **4%** foreign

Chedraui USA

El Super, Fiesta, and Smart & Final generally do not directly import any items from Mexico due to parallel operations of many Mexican suppliers in the United States. **Most of the products sold in the stores are purchased in the United States.**

Fiesta

2,938
total suppliers

El Super cuesta menos

2,928/ 99%
local suppliers

Smart&Final

3,002
total Suppliers

2,991 / 99%
local suppliers

The quality and standards of our products must meet the highest parameters to fulfill our mission of **"Improving the lives of customers by bringing the products they prefer, at the best price, to as many places as possible, thereby inspiring our employees to grow and develop within Chedraui"**

To achieve this, in addition to having various standards, quality and safety audits of our suppliers are conducted, such as FSSC22000, ISO 22000, SQF, BRC, as well as other industry-specific ones, in addition to physical analyses and testing. Our operations in the United States, have processes similar to those used in Mexico.

Certain requirements must be met by our suppliers, complying with various regulations and certifications in order to provide their services to the Company, which include:



- Having the registration and protection from the Mexican Institute of Industrial Property or, where applicable, from the National Copyright Institute
- Complying with all applicable requirements established in the Official Mexican Standards
- Having the documents that allow them to prove the legal origin, possession, or ownership of the products and/or merchandise marketed, pursuant to the law
- Assuming responsibility for any action stemming from marketing their products and/or merchandise, as well as the corresponding trademarks, designs, and trade names
- Using technology aligned with Sustainability and the environment
- Signing the Supplier Code of Conduct and fully complying with it at all times

As part of the Ethical Conduct Standards and compliance with legal provisions of our Supplier Code of Ethics, we request that suppliers of merchandise, supplies, or services be legally incorporated and comply fully with laws and regulations at all three levels of government applicable to their operation. This includes laws related to labor, immigration, facility safety, health, and environmental protection, among others.

As of 2023, it is mandatory for new suppliers to sign the Code of Ethical Conduct, and for existing suppliers, this is in process.

Code of conduct for Chedraui suppliers

Commitment to Sustainable Fisheries

GRI 3-3, 416-1

SASB: FB-FR-430a.1

In 2020, Chedraui publicly announced its commitment to sustainable fishing in collaboration with SmartFish A.C., a non profit organization that promotes environmentally and socially sustainable fishing, to analyze any potential environmental impacts of the seafood products we offer.

Sustainable fishing aims to ensure that there are enough fish in the sea to maintain healthy populations, thereby seeking a balance between how much fish is caught and how much will be left to reproduce in subsequent seasons. This type of fishing also seeks to respect habitats and ensure that people who depend on this activity can conserve their livelihoods.

Some practices that contribute to ecosystem conservation include: respecting fishing bans and minimum size limits for species, verifying product traceability from catch to consumer, and certifying fisheries validated by a third party as having certification from MSC, Fair Trade, ASC, or BAP.

By adhering to these practices, multiple benefits are produced. For example, it avoids the purchasing species at risk of overfishing, catching products with highly damaging fishing gear, and ensuring the future of fisheries and fishing communities.

In 2023, we identified some tools and training that allow seafood procurement teams, as well as teams in Chedraui stores, to ensure that our supply of fish and seafood is legally sourced and preferably has an environmental sustainability endorsement. SmartFish A.C. also advised us on properly identifying risks in the sale of certain species important for marine ecosystems in Baja California Sur, which successfully resulted in permanently removing these species from our catalog.

From 2021 to 2023, the percentage of products in the portfolio with identified place of origin, or place of capture, or production **increased by 20%,** and the percentage of products with environmental endorsement **rose by 31%.**



With this partnership, we strive to use our purchasing power for positive transformations in fishery and aquacultural activities, thereby contributing to the recovery of marine species, and promoting the sustainable use of fishery resources.

Additionally, we implemented measures to reduce waste and plastics, and mitigate their environmental impact on the seas, as well as seeking to reinforce suppliers with certificates and fishing guides that ensure conscientious purchasing.

We are the first supermarket chain in Latin America to have a Sustainable Seafood Procurement Policy.

GRI 3-3, 416-1

This commitment obligates us to purchase seafood –in the categories of fresh and frozen, of national and imported origin, wild-caught and farmed– from fisheries or farms certified under globally recognized standards (rated green or yellow by the Seafood Watch guide) or fisheries or farms that are part of a fishery or aquaculture improvement project.

Meat Product Responsibility

SASB FB-FR-260a.2

Our meat products have various domestic and international certifications such as:

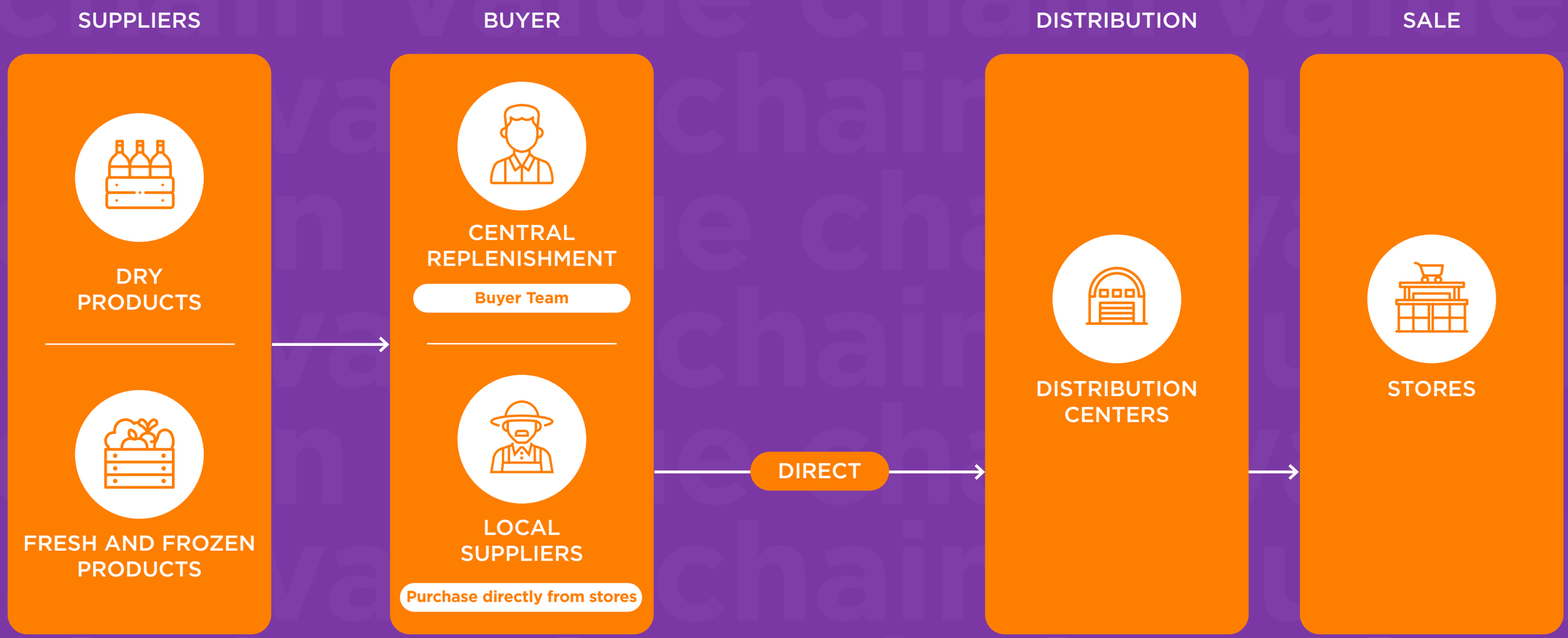
TIF (Federal Inspection Type Certification)
This recognition is granted by the Secretary of Agriculture and Rural Development, through the National Service on Health, Safety and Agro-Food Quality (SENASICA), with the purpose of increasing quality standards for all types of meat.

Moreover, beef and chicken imported from the United States are certified and rated by the USDA (United States Department of Agriculture).

Beef from Argentina is certified by SENASA (National Service for Agrifood Health and Quality) and endorsed in Mexico by SENASICA (National Service of Health, Safety and Agro-Food Quality).



VALUE CHAIN


SUPPLIERS
DRY PRODUCTS
FRESH AND FROZEN PRODUCTS
BUYER
CENTRAL REPLENISHMENT
Buyer Team
LOCAL SUPPLIERS
Purchase directly from stores
DIRECT
DISTRIBUTION
DISTRIBUTION CENTERS
SALE
STORES

Chedraui values



Since the creation of Grupo Chedraui in 1987, we began searching for, and defining our Mission and Vision, which were established in 1998 with the participation of top executives. We also established the guidelines of our institutional values, as part of our initial strategic plan.

Consequently, the values of Honesty, Commitment, Respect, and Results Oriented were identified as the foundations for the Company's operation. These definitions were approved by the General Management and the President of the group. Currently, the General Management and the Human Resources department are responsible for overseeing our Company's values.

We provide annual training regarding Company Values to all corporate and operational staff.

Honesty

We always conduct ourselves with truthful and proper behavior within and outside the Company, to maintain the trust and credibility of our customers, suppliers, shareholders, and colleagues.

Commitment

We assume with loyalty and responsibility the mission of the Company: "To bring to as many places as possible the products that customers prefer at the best price."

Respect

We treat our employees, customers, and suppliers with dignity and fairness, without abusing our level of authority.

Results Oriented

All our actions are aimed at working with profitability and efficiency to ensure the permanence of the Company, by achieving established objectives and by an optimal use of the resources we have available, without any waste.

Mission

"Improving the lives of customers by bringing the products they prefer, at the best price, to as many places as possible, thereby inspiring our employees to grow and develop within Chedraui"

Vision

"Chedraui is a multicultural company that keeps the fundamental values alive with which the first store was created, through its actions and its people."



Likewise, Chedraui USA has defined the following values, through which operations are guided in that country.



Integrity

Acting honestly, civic-mindedly, and respecting others. Doing what is right is fundamental in all daily actions.

Teamwork

We are committed to working in an atmosphere of collaboration, open communication, respect, and mutual support.

Customer Centricity

We are committed to doing what is right for our customers. Honoring this commitment implies teamwork, responsibility, and integrity in offering our customers excellent products and services.

Results

Passion, commitment, drive, a sense of urgency, and effort are valuable attributes that go hand in hand with achieving individual and collective goals and the results expected of us.

Growth

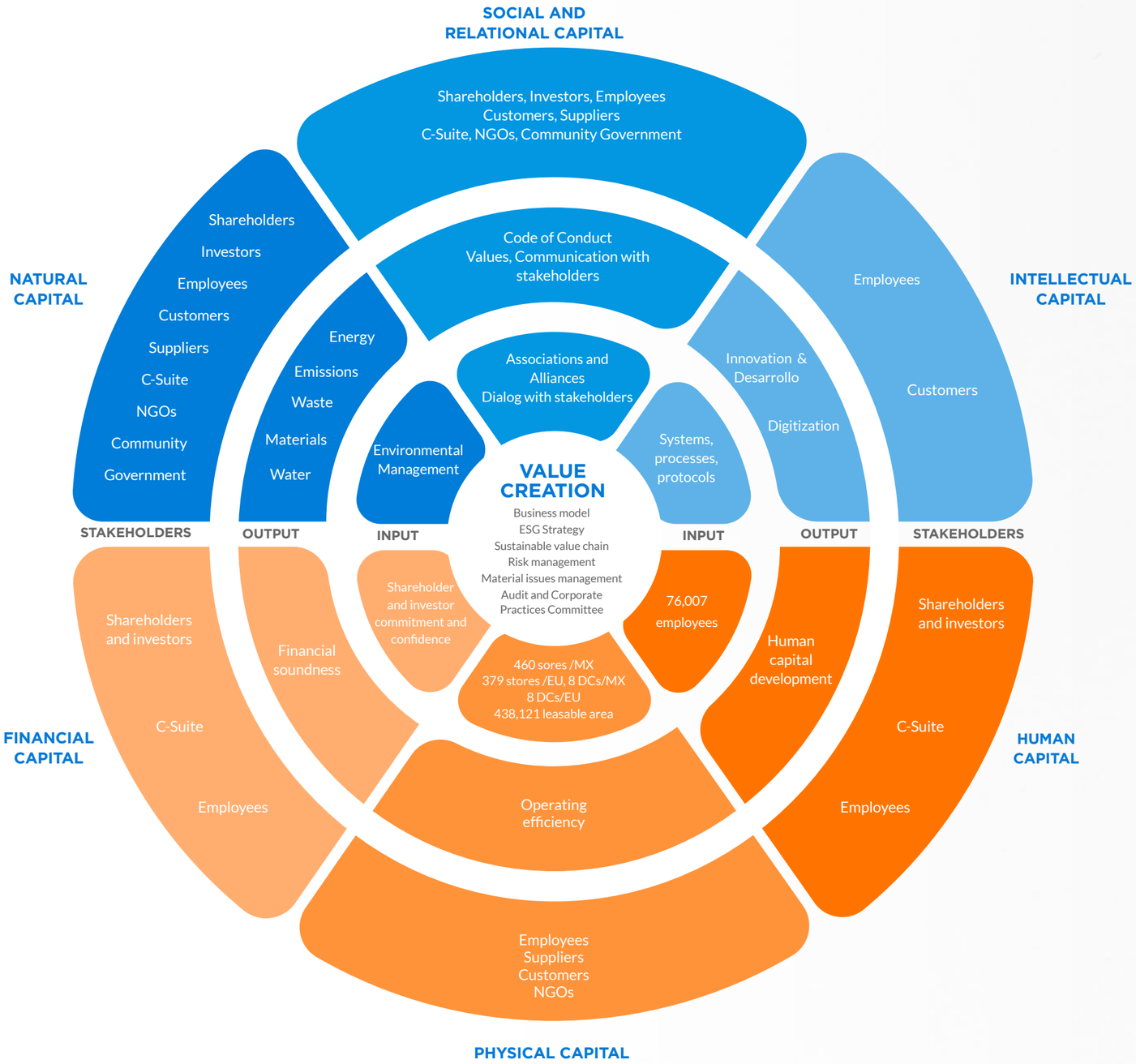
A commitment to personal, professional, and Company growth.

Responsibility

Underlying all responsibility are trust and personal responsibility. We value the ability of our employees and our organization to honor all commitments and assume personal responsibility for our actions and results.

Creating value




SOCIAL AND RELATIONAL CAPITAL
Shareholders, Investors, Employees
Customers, Suppliers
C-Suite, NGOs, Community Government
NATURAL CAPITAL
Shareholders
Investors
Employees
Customers
Suppliers
C-Suite
NGOs
Community
Government
Code of Conduct
Values, Communication with stakeholders
Energy
Emissions
Waste
Materials
Water
Associations and Alliances
Dialog with stakeholders
Environmental Management
VALUE CREATION
Business model
ESG Strategy
Sustainable value chain
Risk management
Material issues management
Audit and Corporate Practices Committee
Systems, processes, protocols
Innovation & Desarrollo
Digitization
Employees
Customers
INTELLECTUAL CAPITAL
STAKEHOLDERS
OUTPUT
INPUT
INPUT
OUTPUT
STAKEHOLDERS
Shareholders and investors
Financial soundness
Shareholder and investor commitment and confidence
76,007 employees
Human capital development
Shareholders and investors
C-Suite
Employees
460 sores /MX
379 stores /EU, 8 DCs/MX
8 DCs/EU
438,121 leasable area
Operating efficiency
FINANCIAL CAPITAL
HUMAN CAPITAL
Employees
Suppliers
Customers
NGOs
PHYSICAL CAPITAL

Sustainable growth



Market Presence

GRI 2-1, 2-6
SASB: FB-FR-000.A , FB-FR-000.B, CG-MR-000.A, CG-MR-000.B

PHYSICAL CAPITAL

17
stores in Joint Venture under the name of Smart & Final del Noroeste

460
Stores in Mexico

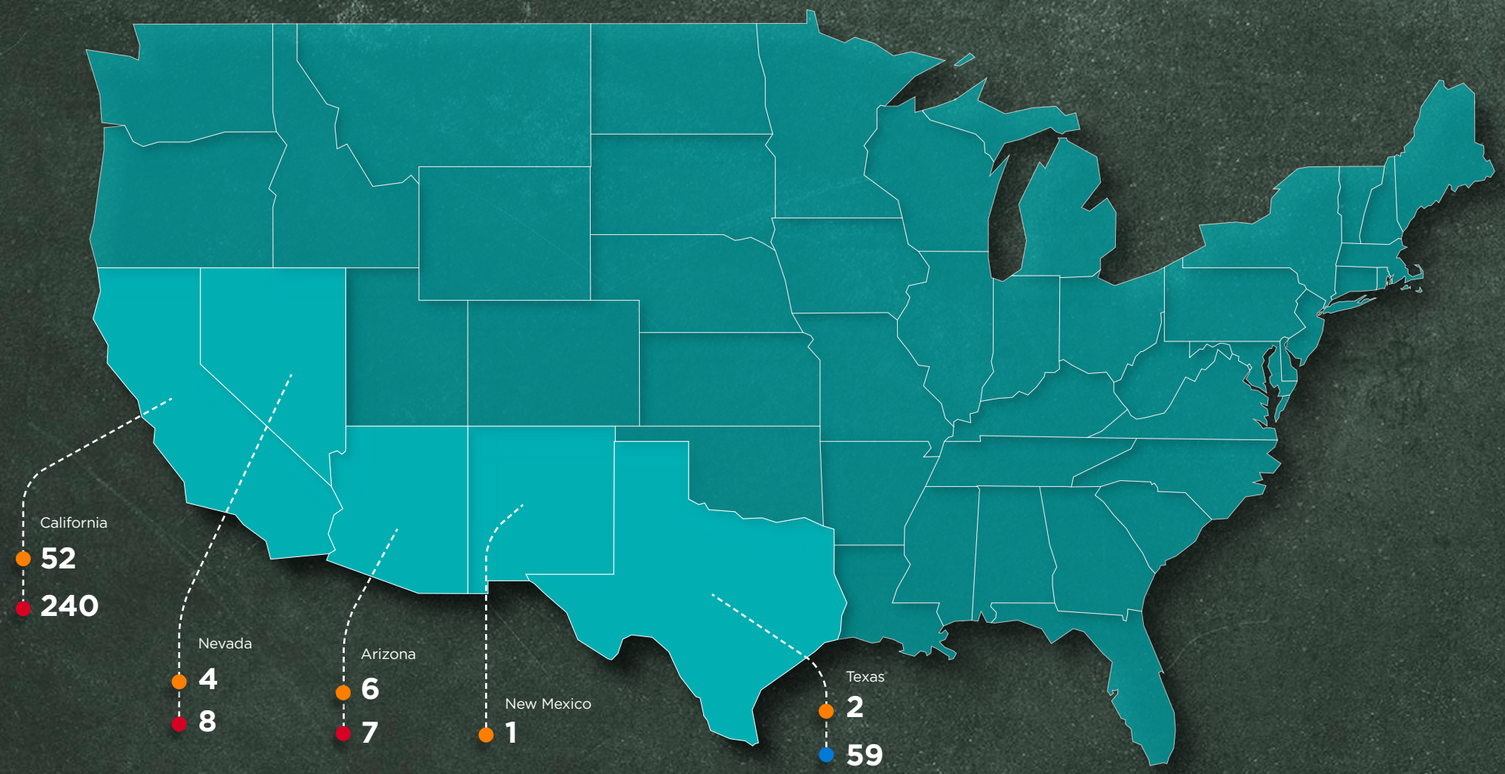
57 store openings in 2023 vs. 30 store in 2022



DISTRIBUTION

- **Metropolitan Area:** Greater Mexico City
- **Central:** Aguascalientes, Guanajuato, Jalisco, State of Mexico (Toluca), Morelos, Puebla, Querétaro, Colima, Michoacán, Hidalgo, Tlaxcala, and San Luis Potosí.
- **Northern Mexico:** Chihuahua, Coahuila, Zacatecas, and Durango.
- **NE Mexico:** Nuevo León and Tamaulipas.
- **NW Mexico:** Baja California Norte, Baja California Sur, Sonora, Sinaloa, and Nayarit.
- **SE:** Tabasco, Veracruz, Yucatán, Quintana Roo, and Campeche.
- **SW:** Guerrero, Oaxaca and Chiapas.

USA



In 2023, we continued our growth strategy for Mexico and the United States, achieving good results by focusing on offering the variety of products our customers prefer, at the best prices, and with customer service that exceeds expectations. We surpassed same-store sales levels above those of ANTAD (the Mexican Retail Association) for the third consecutive year, thus achieving increased market share and an expanded customer base.

379

Total Stores in USA



- El Super cuesta menos
- Fiesta
- Smart&Final

Retail Mexico

460
retail stores

1,610,879 m²
of sales floor, representing an increase of 2.5% as compared to 2022.

16.9%
increase in total sales

10.1%
growth in comp store sales

In 2023, Chedraui experienced significant organic growth, by opening 57 stores in Mexico during the year. This reaffirms our commitment to being a major employer, ensuring compliance with legal requirements wherever we operate, and being mindful of any environmental impact.

Hypermarket

Chedraui cuesta menos

TIENDAS CHEDRAUI

A retail format that offers a wide variety of quality products, considerable assortment, and the best prices in the market.

210 stores
33,124 employees

Some **73,500** items

Located in cities with a minimum of **100,000** inhabitants.

6,500 m² average sales floor

1,364,924 m² total sales floor

Products: food and non-food grocery items, perishables, general merchandise, apparel, and electronics.

Supermarket

Súper Chedraui cuesta menos

A smaller retail format that markets staple items, groceries, and perishables.

77 | stores
7,280 | employees

Some **30,100** items
Located in cities with a minimum of **25,000** inhabitants, and in some larger cities as an additional commercial offering.
2,123 m² average sales floor
163,502 m² total sales floor

Products: food and non-food grocery items, perishables, general merchandise, and electronics.

Arteli

36 | stores
2,002 | employees

Some **7,400** items
1,076 m² average sales floor
38,734 m² total sales floor

Smart&Final

These are stores that operate with membership club-type presentations but without charging a membership fee, and they offer food and non-food grocery items and perishables.

17 stores in joint ventures
25,879 m² sales floor



Proximity

Súper Che cuesta menos

A proximity format offering food and non-food grocery items and perishables. It operates in large cities.

8 | stores
203 | employees

Some **11,000** items
1,118 m² average sales floor
8,942 m² total sales floor

Products: food and non-food grocery items, perishables, and general merchandise.

Supercito Chedraui cuesta menos

A proximity format that operates in large cities, offering food and non-food grocery items and perishables. They are found in high population-density areas within large cities.

129 | stores
1,394 | employees

Some **2,700** items
270 m² average sales floor
34,777 m² total sales floor

Products: food and non-food grocery items and perishables.



Retail US

379
retail stores

839,392 m²
sales floor, which is an increase of 0.8% as compared to 2022.

Operates under three formats: **El Super, Fiesta and Smart & Final**

El Super cuesta menos

Geared towards Latino populations living in California, Arizona, Nevada, New Mexico, and parts of Texas.

65 | stores

Some **9,300** items

2,520 m² average sales floor

163,792 m² total sales floor

Products: top quality perishables and grocery items.

Presence: California, Arizona, Nevada, New Mexico, and Texas.

Customers: primarily Mexican-Americans and Latinos.

Fiesta

Acquired in 2018, this niche chain is very well positioned with presence in the 3 top cities of Texas (Houston, Dallas, and Austin) serving their Mexican-American communities.

59 | stores

Some **23,000** items

3,248 m² average sales floor

191,638 m² total sales floor

Products: top quality perishables and grocery items, and general merchandise and apparel in some units.

Smart&Final

Serving individual customers and small businesses in Arizona, California, and Nevada.

255 | stores

Some **16,400** items

1,898 m² average sales floor

483,963 m² total sales floor

Products: food and non-food grocery items, perishables, and products in membership club presentations.

Chedraui USA

3.2%

Same-store sales growth (in dollars)

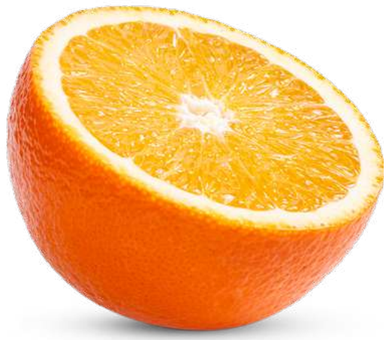
Chedraui USA accounted for 53% of Grupo Comercial Chedraui's **consolidated sales in 2023**

USA STORES

Retail US	2021	2022	2023	Net Variation
El Super	64	64	65	1
Fiesta	59	59	59	0
Smart & Final	254	253	255	2
Total	**377**	**376**	**379**	**3**



Logistics and Distribution



Chedraui Logistics, which focuses on improving the lives of customers by providing our stores and customers with quality, fresh, and complete products on time, and at the lowest possible costs.

Our distribution centers enable operating efficiencies because suppliers can deliver their products in three centralized locations instead of multiple store sites, thus achieving economies of scale.

16
Distribution Centers

8 Mexico
8 USA

Zumpango, State of Mexico
(Mexico operations)
57,289 m²
188 docks for dry goods and refrigerated and frozen products

Villahermosa, Tabasco
57,340 m²
182 docks for dry goods and refrigerated and frozen products

Monterrey, Nuevo León
883 m²
16 docks for dry groceries and refrigerated and frozen products

Guadalajara, Jalisco
10,415 m²
30 docks for dry groceries and refrigerated and frozen products

Cancún, Quintana Roo
6,020 m²
20 docks for dry groceries

La Paz, Baja California
(Baja California units)
820 m²
6 docks for dry groceries, perishables and imports

Veracruz, Veracruz
11,245 m²
54 dry grocery docks

Tampico, Tamaulipas
15,081 m² (Arteli stores)
Distribution and storage center with 44 docks.
1 processing plant for bread, tortillas, and meat
5,223 m² (shall also serve Chedraui stores)

CHEDRAUI USA

Chedraui USA distribution is carried out through eight distribution centers that serve the units of this format, with a total of approximately 164,282 m^2.

Investment and construction of a new Distribution Center was begun in 2023, with an estimated 1.4 million square feet, to serve stores in the state of California through centralized distribution, thus achieving cost efficiencies, but above all, greater efficiency in the timely delivery of merchandise to the stores.



8
Distribution Centers

6 for Smart & Final
1 for El Super
1 for Fiesta

Total surface area of **164,282 m^2**
956 employees
234,835 deliveries in 2023

Commerce, California
41,413 m^2
255 stores served
82 docks for dry goods, refrigerated and frozen products, and floral items

Fontana, California
32,474 m^2
255 stores served
80 docks for dry goods and refrigerated and frozen products

Tracy, California
14,082 m^2
63 stores served
28 docks for dry goods and refrigerated and frozen products

Turlock, California
6,967 m^2
70 stores served
16 docks for dry goods, refrigerated and frozen products, and floral items

Brea, California
9,290 m^2
255 stores served
13 docks for dry goods, refrigerated and frozen products, and floral items

Riverside, California
22,411 m^2
255 stores served
34 docks for dry goods, refrigerated and frozen products, and floral items

Ontario, California, El Super
27,886 m^2
65 stores served
36 docks for dry goods and refrigerated and frozen products

Houston, Texas – Fiesta
9,754 m^2
59 stores served
18 docks for dry goods and refrigerated and frozen products



To maintain efficiency in distribution costs and care for the environment, we utilize established delivery routes, ensure that trucks are fully loaded, and dispatch them to our stores as soon as they are loaded. Additionally, certain delivery vehicles are divided into refrigerated and non-refrigerated sections to accommodate both perishable and dry grocery items. Due to the reliability and efficiency of the picking processes in our distribution centers, stores receive shipments without having to inventory the received merchandise, resulting in additional logistics and supply chain efficiencies. Our distribution fleet is outsourced.

The totality of our trucks in Mexico are monitored via satellite through our Monitoring Center that operates 24/7 to ensure full traceability and to be able to react in case of any danger to the unit.

Worthy of mention is that we were the first supermarket chain to reopen after the events caused by Hurricane Otis in Acapulco, which required significant logistical efforts and store coordination. Therefore, we consider it one of our most important achievements of the year.

Real Estate

MEXICO

Our real estate division is responsible for managing owned and leased properties, leasable areas, as well as, expansion, construction and the remodeling of our stores in Mexico.

We have been focusing our attention on innovation by developing more modern shopping centers with innovative brands and entertainment, with special emphasis on athletic activities through indoor amusement parks. Additionally, we are incorporating health aspects into our plazas, such as medical laboratories and even a gynecology-obstetrics hospital. It is worth noting that in 2023, in addition to the growth and occupancy in this division, we have achieved very good collection rates with our tenants.

Strategic Priorities:

- Designing stores and seeking to optimize construction materials and systems that enable us to reduce investment costs and enhance project profitability levels.
- Optimizing logistics and purchasing processes for equipment and materials.

97.3%

occupancy in 2023

In 2023, we launched our real estate website for the rental of commercial spaces. Interested parties, whether they are real estate agents, franchisees, developers, or entrepreneurs, can view all our shopping centers, projects, and most importantly, the available spaces and their specifications. The site is automatically updated so that when a space is rented, it disappears as being available for rent.

Environmental care is a fundamental part of our Real Estate Division. In 2023, we replaced lighting with LED (light-emitting diode) fixtures, both indoors and in the parking lots of most of our shopping centers. An environmental impact analysis was conducted before starting construction of new projects. Additionally, all projects have the necessary construction permits and comply with all regulations.



Efficient lighting and water treatment plants are in use, and are in the process of employing wind and solar energy as part of our commitment to mitigate climate change.

The principal criteria used when building our stores include:

- Electricity efficiency through the use of solar panels
- Permeability outdoor areas
- The inclusion of green areas within projects to be developed
- Recovery of existing flora on lots of interest
- Water-saving sanitation facilities
- Alternate rainwater collection systems, among others

The above is part of the comprehensive Environmental, Urban, Traffic, and Civil Protection Impact Studies conducted for projects prior to their construction. These studies are required by various agencies, pursuant to current legislation.

Mexico

3,172

commercial spaces and kiosks

438,321 m²

of leasable area in 2023, representing 2.6% growth over figures for the previous year.

Growth was our major achievement in 2023: **grand openings, remodeling and expanding units,** as well as **the quick repairs accomplished in record time for units damaged by hurricane Otis in Acapulco, Guerrero**, and also for those units that were otherwise damaged.



CHEDRAUI SELECTO ACAPULCO DIAMANTE store reopened after Hurricane Otis. We were **the first chain to open our 5 branches in that city**.

Committed to sustainability



Sustainability Strategy

GRI 2-22

Our commitment of improving the lives of customers by bringing the products they prefer, at the best price, to as many people as possible, thereby inspiring our employees to grow and develop within Chedraui, inherently involves the efficient use of available resources, caring for the environment, and strengthening our commitment to the communities where we operate.

Relationships with our customers, employees, investors, and suppliers are crucial to achieving our objectives. Sustainability is a priority embedded in our strategy, allowing us to continue generating and maintaining long-term value in an ever-changing context.

In 2023, our Sustainability Strategy was developed to guide the Company in social, environmental, and corporate governance matters. This strategy is based on material topics identified in a materiality study, setting short, medium, and long-term commitments for 2030, which also takes into account our contribution to meeting the UN's Sustainable Development Goals.

As part of the development and implementation of our Sustainability Strategy in 2024, we will introduce the Chedraui Sustainability Policy to our employees which will also be available on our website. Additionally, we will begin establishing baseline data, objectives, and targets for the fulfillment of our 2030 Roadmap (Flowchart Diagram) executing a plan to achieve these commitments along with providing training to all employees on the Sustainability Policy to ensure its proper enforcement and full compliance. Finally, in 2024, we will initiate the process of monitoring and reporting to various stakeholders the results of our strategic KPIs.

In line with our mission, at Chedraui we provide important economic benefits for our customers, employees and their families by offering them the lowest price, so that they can allocate more resources to other needs and desires, increasing their purchasing power, thus improving their personal or family budget. This is reflected in economic savings and an improvement in their quality of life.



Pillars of Our Sustainability Strategy

Environmental

Through various initiatives, we aim to mitigate the environmental impacts of our business and climate change by prioritizing our carbon footprint, water resource management, waste management, recycling, and work done to incorporate the Company into a circular economy.

Social

Our people are our most important asset. We seek to improve the quality of life for our employees by promoting human rights, diversity, equality, development, sustainability training, responsible sourcing, and governance, through a variety of initiatives and programs, as well as community service with our Foundations in México and the United States.

Governance

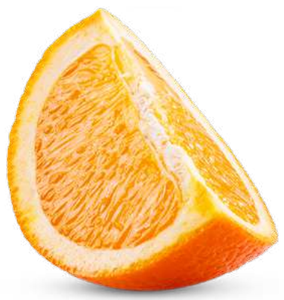
At Chedraui, we believe that ethics and integrity are values that have characterized us and allowed us to have a relationship of respect and trust with our stakeholders. We have a solid Corporate Governance, based on integrity, ethics, accountability, and transparency, where we protect the interests of all our stakeholders, and through which we generate long-term economic and social value. We always seek to prevent illicit operations and work to eradicate all forms of corruption within the Company, as well as fully comply with all legal provisions that are mandated in the countries where we operate. We have a Supplier Code of Conduct and corporate policies on various topics that govern the actions of our C-Suite and employees.



SUSTAINABILITY COMMITTEE

The Sustainability Committee is in charge of defining and guiding the company's long-term sustainability priorities, as well as overseeing and measuring the effectiveness of sustainability initiatives within the Company to create long-term value and stay ahead of domestic and international trends.

The Sustainability Committee meets three times a year and is composed by C-Suite members of the Company, who lead the implementation of the strategy in their respective areas. This committee reports directly to the company's General Management. Additionally, the Audit and Corporate Practices Committee annually evaluates any environmental, social, and governance risks of the Company, monitors and reports progress on sustainability to the Board of Directors.





MATERIALITY

GRI 3-1, 3-2

Our materiality assessment was conducted in accordance to double materiality guidelines and concepts, as defined by the Sustainability Accounting Standards Board (SASB) –considering the 11 material topics identified by SASB for the Multiline and Specialty Retailers and the Food Retailers subsectors– and the GRI (Global Reporting Initiative) to identify issues with financial impacts on the Company, and those reflecting impacts on the economy, environment, people, and human rights, thereby enabling us to design actions for continuous improvement.

Our report is based on double materiality and aims to report both positive and negative impacts of our operations on the identified material topics, as well as the creation of business value, which considers significant issues for financial performance and business continuity.

Furthermore, we prioritized our stakeholder groups based on the AA1000 standard to understand their level of influence and relationship with the Company. There were dialogues conducted, through the use of electronic surveys, to identify the level of importance of material topics for each stakeholder group.

MATERIAL SUBJECTS
2022-2023

URGENT

Economic Dimension

- Brand Management
- Financial Subjects
- Operations
- Operating Efficiency
- Product and Service Development / product Responsibility
- Customer Relations Management

Environmental Dimension

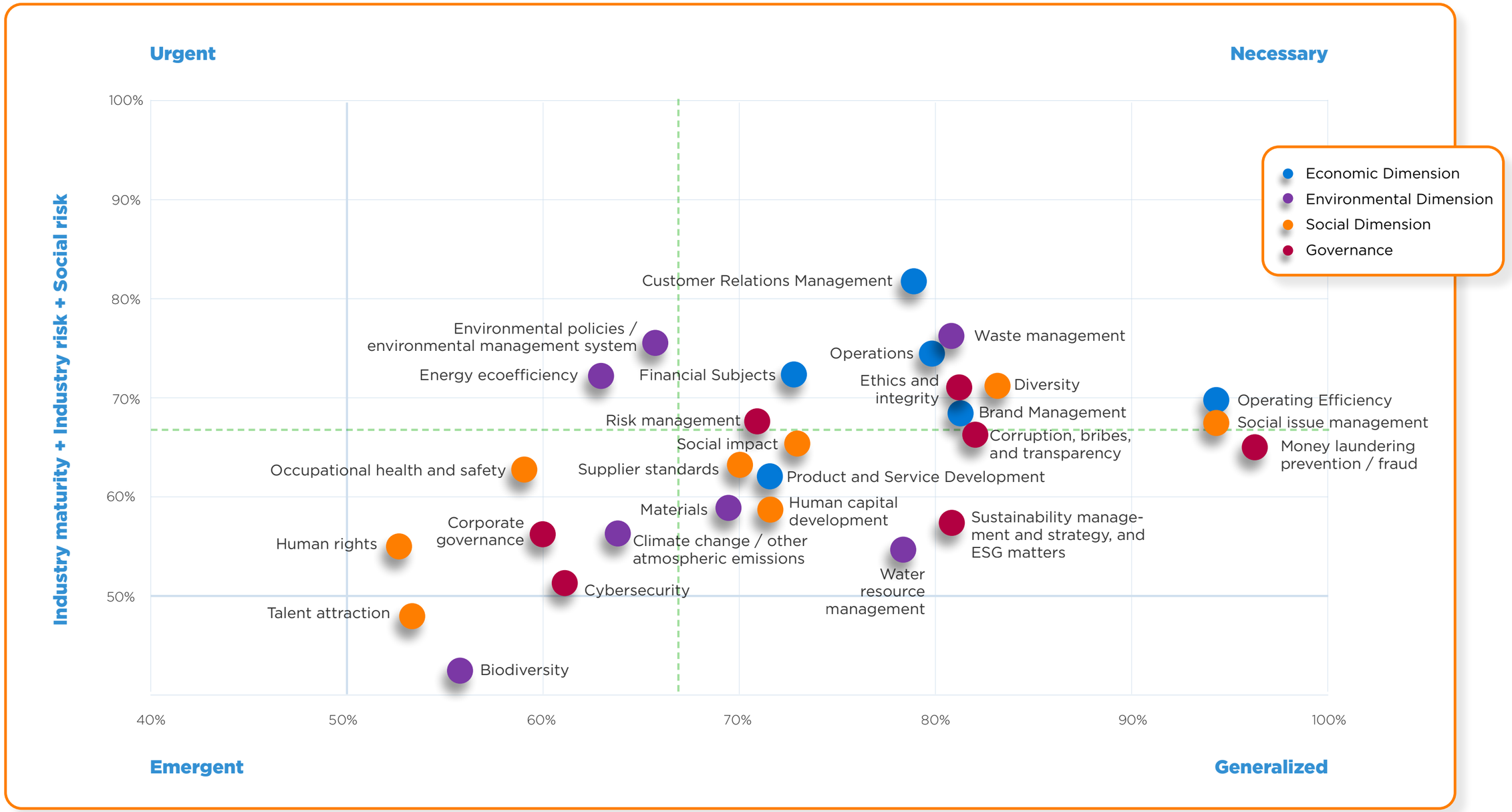
- Environmental policies / environmental management system
- Materials
- Energy ecoefficiency
- Water resource management
- Climate change and other atmospheric emissions
- Waste management

Social Dimension

- Social issue management
- Human capital development
- Diversity and equal opportunities
- Occupational health and safety
- Human rights
- Social impact
- Supplier standards
- Governance
- Sustainability management and strategy, and ESG matters
- Corporate governance
- Risk management
- Cybersecurity
- Ethics and integrity
- Corruption, bribes, and transparency
- Money laundering prevention / fraud

GENERAL

- Biodiversity
- Talent attraction and retention


Urgent
Necessary
Emergent
Generalized
Industry maturity + Industry risk + Social risk
100%
90%
80%
70%
60%
50%
40%
50%
60%
70%
80%
90%
100%
Economic Dimension
Environmental Dimension
Social Dimension
Governance
Customer Relations Management
Environmental policies / environmental management system
Energy ecoefficiency
Financial Subjects
Waste management
Operations
Ethics and integrity
Diversity
Brand Management
Corruption, bribes, and transparency
Operating Efficiency
Social issue management
Money laundering prevention / fraud
Risk management
Social impact
Occupational health and safety
Supplier standards
Product and Service Development
Materials
Human capital development
Corporate governance
Human rights
Climate change / other atmospheric emissions
Sustainability management and strategy, and ESG matters
Water resource management
Cybersecurity
Talent attraction
Biodiversity

Value for Our Stakeholders

GRI 2-29

We have identified the following most relevant stakeholders for our operation: customers, employees, suppliers, shareholders, community, and authorities. Open communication is maintained with all of them, based on respect, transparency, shared responsibility, and mutual benefit, always in strict compliance with laws applicable in the country.

COMMITMENTS TO OUR STAKEHOLDERS

Customers

They are of primary importance and the reason our Company exists.

Employees

Our employees are the heart and soul of our Company. Chedraui permits no type of discrimination or distinction whatsoever.

Suppliers

We strive to establish relations with third parties who share our same guiding values, encouraging care and respect for the community and its surroundings.

Shareholders

We are committed to our shareholders and the ongoing value creation for their investments. The information we provide them is always transparent, objective, updated, truthful, and timely.

Community

As a Company we have a social commitment that we honor, which also includes our employees.

Authorities

All operations and business conducted with government authorities are carried out within the legal framework and in accordance to all applicable legislation.



Communication with our stakeholders is of upmost importance, and therefore we have different channels to serve their needs:

Website:
www.chedraui.com.mx
https://fundacionchedraui.mx/

Customer Service
01800 925 11 11

@Selecto.chedraui

@chedrauioficial

@chedrauioficial

@chedrauioficial

Commitments to 2030

We are working and will continue to work, in the short and medium term, on various commitments to 2030 in our sustainability framework, towards further improvements.

Environmental

- Continue to reduce our carbon footprint through advances in energy efficiency and the use of clean energy
- Reduce water consumption and strengthen water saving practices
- Continue to reduce the use of virgin plastic through sustainable purchasing strategies
- Carry on implementing actions to ensure that our waste has a 7R strategy
- (Redesign, Reduce, Reuse, Repair, Renew, Recover, Recycle)

Social

Internal

- Establish and implement a strategy for the fulfillment of Human Rights
- Strengthen initiatives aimed at having a full culture of Diversity and Inclusion
- Develop our employees in accordance with the Code of Ethics
- Achieve the maturity of our Occupational Health and Safety model

External

- Continue with social programs in Mexico and the United States such as food donations in our stores
- Through our Foundations in Mexico and the United States:
  - Continue to support health care
  - In education, continue to provide financial assistance to schools and their students
  - Carry on with our Social Assistance programs

Corporate governance

- Maintain and reinforce the topics of ethics and integrity, transparency, anti-corruption and anti-fraud, money laundering and fraud prevention
- Continue with our strategy and actions in cybersecurity
- Implement adequate risk management in the organization
- To have an efficient supply management, necessary for the correct operation of the Group

Company management



Corporate Governance

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-17, 2-18, 2-19, 2-20, 2-27, 3-3, 202-2

Our Corporate Governance is founded on integrity and transparency and has corporate policies, guidelines, quality standards, and programs that contribute to the proper operation and growth of a reliable and socially responsible company. It fully complies with all applicable operation regulations, stipulations set forth by the National Banking and Securities Commission, and recommendation for best corporate practices.

The Board of Directors, the highest governing body, carries out and oversees the necessary actions to accomplish Company strategies, objectives, mission, and values, while also safeguarding the interests of the main stakeholders. The Board of Directors is comprised by eleven members ratified in the annual ordinary shareholders' meeting held on April 11, 2023. The independent directors comprise 70% of total Board members, with 9% women, as of December 31, 2023.

Alfredo Chedraui Obeso, CAlfredo Chedraui Obeso, Patrimonial Director and founder of Chedraui. He has been a member of the Board of Directors of the Company since its incorporation.

José Antonio Chedraui Obeso, Patrimonial Director and founder of Chedraui. He has been a member of the Board of Directors for the company since its incorporation and for Bodega Latina Corporation (Chedraui USA) since 1997.

José Antonio Chedraui Eguía, Patrimonial Director, member of the Board of Directors and CEO since January 1995. He has worked in Chedraui the last 32 years; prior to being CEO, he filled the position of Managing Director for the Galas Division. His BA in Accounting and Finance is from Universidad Anáhuac.

Agustín Irurita Pérez, Independent Director and a member of the Board of Directors since 2000. He is currently on the Board of Directors for several companies in Mexico, such as Coparmex, Grupo Bimbo, Afianzadora Aserta, and Fincomún. Agustín obtained his degree in Public Accounting from ITAM (Instituto Tecnológico Autónomo de México) and completed special diploma programs at IPADE (Instituto Panamericano de Alta Dirección de Empresa).

Federico Carlos Fernández Senderos, an Independent Director since 2008. Currently he is the Executive President of Grupo Sim and a member of the Board of Directors for Grupo KUO, Grupo Dine, and Factoring Corporativo. His degree in Business Management is from Universidad Anáhuac, with a Master's in Top Management from IPADE.

Clemente Ismael Reyes-Retana Valdés, Independent Director and a member of the Board of Directors since 2010. He is a member of the Board of Directors of Grupo Financiero Banorte, Bolsa Mexicana de Valores and Grupo Ruz. Mr. Reyes-Retana is an executive with over 35 years of experience in renowned companies in Mexico. He is the head of Reyes Retana Consultants since 2008, a firm that specializes in offering consulting services in the fields of finance, corporate governance, M&As, strategic planning, hedging strategies, and derivatives. He has also held the position of Deputy Director General of Invex Grupo Financiero, for 17 years. He completed his degree in Actuary Sciences at UNAM (Universidad Nacional Autónoma de México).

Julio Gutiérrez Mercadillo, Independent Director since 2013. Julio is founder and president of Grupo Metis since 1984, a leading Mexican company in the production and marketing of chemicals. Throughout his career he served in Mexico and abroad on more than 50 boards of directors. He was President of Starbucks in Latin America and in Europe, the Middle East, and Africa. Prior to this, he was the Country President for Walmart Argentina. Before working abroad, Mr. Gutiérrez was CEO of Grupo Martí/ Sport City and CEO for Krups/Moulinex in Mexico. He is a Chemical Engineer, obtaining his degree at the Universidad Iberoamericana, with an MBA from IPADE.

Cecilia Goya Meade, Independent Director since 2016. She is an independent consultant in fields such as Business Development, Work-Life Balance, and Leadership. She is a member of Women Corporate Directors, and International Women Forum. Cecilia works with Endeavor since 2004. She holds a degree in Marketing from TEC Monterrey CEM, with studies in Negotiation at Oxford, and Sustainability Strategies from Harvard. She is currently working on her Master's in positive Leadership. She has 27 years of prior experience in transnational companies, filling executive positions in Esteé Lauder, Liz Claiborne, L´Oreal, Natura, and Avon, working in Mexico, Central America, and the Dominican Republic.

Francisco José Medina Chávez, Independent Director since 2021. His degree in Public Accounting is from Universidad Michoacana de San Nicolás de Hidalgo. He is the CEO of Grupo Altozan. Mr. Meedina has been on the Board of Directors for Teléfonos de México, the Federal Electricity Board, and is currently a board member for Akaan, América Móvil, and the Salvador Zubirán National Institute of Medical Sciences and Nutrition.

José Antonio Meade Kuribreña, Independent Director since 2021. He is a Mexican lawyer and an economist, with his degrees from ITAM and UNAM, respectively. José Antonio also holds a PhD in Economics from Yale University. He has filled several positions in Public Administration, among which include Secretary of Energy (2011); Secretary of Public Finance (2011-2012, 2016-2017); Secretary of Foreign Affairs (2012-2015); and Secretary of Social Development (2015-2016).



The Audit and Corporate Practices Committee (ACPC) serves as a body of support for the Board of Directors. It meets once a month and consists of three independent directors of the Board of Directors and one guest member who participates in his capacity on said Board.

Both governing parties permanently oversee compliance with Management, taking into account Company strategies and all applicable legislation and/or regulations under which the Company operates.

The Board of Directors of Grupo Chedraui holds quarterly meetings, as well as a fifth meeting focused on planning. It consists of professionals from diverse academic backgrounds and with experience in various fields, thereby collectively contributing to strengthening the company's strategies and continuously improving our corporate practices. According to market practices, Grupo Chedraui Directors receive compensation equivalent to one gold Centenario for each session attended.

Our Board of Directors maintains a strong commitment to Sustainability, with a dedicated member specializing in the field, as well as a Director of Sustainability and Social Responsibility. The Company also has a Sustainability Committee, which meets regularly to ensure the implementation of action plans stemming from the Sustainability Strategy.

In 2023, Elsa Beatriz García Bojorges, specializing in sustainability and financial accounting joined the Board and the Audit and Corporate Practices Committee as a guest member. This move reinforced our responsible commitment to work in the company's Sustainability strategy. The member was elected and appointed as an independent member of the Board of Directors and the Committee at the annual ordinary shareholders' meeting held on April 5, 2024.

DUTIES OF THE BOARD OF DIRECTORS

- Establishing overall strategies and overseeing management and performance of Grupo Chedraui business.
- Based on Committee recommendations, it must also approve:

a. Supervision and oversight of full regulatory compliance concerning operations with related parties that Grupo Chedraui wishes to perform .

b. Relevant Operations greater than 5% and up to 20% of the value for consolidated assets.

c. Any appointments, election, and if the case, removal of the CEO and the corresponding comprehensive retribution.

d. Policies and guidelines relevant to internal control, audits, accounting, remuneration for Board members, and use of property, information and communication, among others.

e. The company's financial statements.

f. Hiring of the entity that provides independent auditing services, and any additional or supplementary auditing services.

- Periodical presentation of reports, information and relevant findings to the General Shareholders' Assembly in accordance to official regulation.
- Follow-up on major risks to which Grupo Chedraui is exposed, and authorize and corrective actions.
- The proper supervision and compliance with agreements reached during Shareholders' Meetings.
- Esurance that Management meets its obligations; complies with the Code of Ethics; follows all applicable accounting and operation polices; accomplishes the goals set by the Shareholders' Assembly; adopts sound institutional practices in compliance with the Code for Best Corporate Practices; and always acts responsibly.

AUDIT AND CORPORATE PRACTICES COMMITTEE

Primary duties in terms of Audit:

- Fostering managerial transparency and integrity.
- Ensuring compliance with internal and independent auditing activities, and those of risk management.
- Identifying and monitoring those areas with the highest financial, strategic, environmental, and legal risks, or any potential risks the Company may face and which could seriously impact its operations and/or objectives.
- Complying with requirements and legal and regulatory provisions, including relevant Company procedures and controls.
- Ensuring the usefulness, timeliness and accuracy of accounting and financial information, in keeping with applicable domestic and international financial information.
- Achieving the greatest efficacy, efficiency, and independence of the Board of Directors and its governance bodies.
- Supporting the Board of Directors regarding compliance with corporate policies and operating policies, and with the Code of Ethics.

Primary duties in terms of Corporate Practices:

- Seeking top quality in C Suite performance and alignment with strategic guideline.
- Providing support and recommendations to the Board of Directors in matters pertaining to strategic planning.
- Providing assistance in appointment, evaluation, and compensation of top management levels (the CEO and his/her direct reports) and the collective performance of the Company.
- Defining policies and procedures for operation management with related parties, among others.
- Providing assistance in appointment, selection and remuneration of members of the Board of Directors.
- Providing support in evaluation processes of the governance bodies and of the Board Directors.

Information on Members of the Audit and Corporate Practices Committee	Clemente Reyes Retana	Cecilia Meade Goya	Julio Gutiérrez Marcadillo	Elsa Beatriz García
Gender	Male	Female	Male	Female
Independent member	Si	Si	Si	Si
Member since	2010	2016	2013	2024
Committee duties	President	Member	Member	Member
Experience Level				
Accounting, Audit, and Internal Control	E	M	M	E
Risk Management	E	M	M	E
Economy and Finance	E	E	E	E
Business Strategy	E	E	E	M
Strategic Planning	E	E	E	M
Entrepreneurship	M	E	E	E
Supply Chain	A	E	E	A
Corporate Governance	E	E	E	E
Information Technology and Cybersecurity	M	A	M	A
Human Resources and Remuneration	M	M	E	A
Political Environment - Regulatory	M	M	M	A
Climate Change and Sustainability	A	E	M	E
Marketing and Communication	A	E	E	A
Retail / Wholesale Sales	M	E	E	A
Management and Leadership	E	E	E	M

If Experienced (E), Medium-range experience (M) or Adecuate Experience (A)

SHAREHOLDERS' ASSEMBLY

The General Shareholders' Assembly is the supreme body of the Company and may approve, revoke, and ratify all its actions and operations. The General Assemblies can be ordinary or extraordinary, both convened at any time at the registered office address of the Company. The obligations, competencies, duties, shareholder representation, installation, development, and voting procedures may be viewed in CHAPTER THREE of the Company's Bylaws.

- **Ordinary Meetings**

It is mandatory to hold at least one Annual Ordinary Shareholders Meeting each year, within the first four months immediately following the close of each fiscal year, to discuss among others, the approval of our financial statements, the report prepared by the Board of Directors, operations, results of operations and expectations of the Company, appointment of the members of our Board of Directors, and the determination of their compensation.

- **Extraordinary Meetings**

To discuss any matter not under the purview of Ordinary Shareholders Meetings.

Chedraui USA has its own Board and Audit Committee. Additionally, the CEO of the Company reports the results and performance of the business unit and meets with the Audit and Corporate Practices Committee twice a year to discuss relevant topics related to Independent and Internal Auditing and key corporate practices. Furthermore, there are regular meetings between the Management Team of Chedraui USA and the CEO for Grupo Comercial Chedraui and the key executives to analyze Company strategy, performance, compliance, and risk factors.

Similarly, as a comprehensive part of business operations, senior executives in construction, maintenance, human resources, finance, legal affairs, sales and marketing, supply chain, and operations include considerations related to sustainability and the regulatory environment as a component of their duties. Regular meetings with employees and executives provide information about business operations, including environmental, economic, and labor issues.

Additionally, we have various committees that support the different Company areas in their duties:

Committee for Comprehensive Risk Management

Committee for Ethics and Integrity

Committee for Investigations

Committee for information Security

Committee for Diversity and Labor Inclusion

Committee for Business Continuity (stores)

Committee for Sustainability

Management Team

Chedraui USA

Lic. José Ramón Chedraui Eguía
Chairman of the Board of Directors

Ing. Carlos Smith Matas
General Director

Jack Hook, MBA
Chief Financial Officer

Joe Angulo
Chief Legal Counselor

Paola Alvarez
Senior Vice President of Human Resources

Lou Mercado
Senior Vice President & Chief Supply Chain Officer

Mexico

Lic. Antonio Chedraui Eguía
CEO Grupo Comercial Chedraui

Lic. Alfredo Chedraui López
Director of the Real Estate Division

Lic. Humberto Tafolla Núñez
Deputy General Manager of Administration and Finance, Human Resources, and Information Technologies

Lic. Arturo Eduardo Antonio Vasconcelos y de Pablo
Deputy General Manager of Commercial, Operations, and Logistics

Lic. Jorge Luis Tawil Hernández
Director of Operations

Ing. Sergio Estrada Rentería
Director of Human Resources

Lic. Pilar Rojas Suárez
Director of Information Technologies

Lic. Alma Deyanira Torres Loeza
Legal Director

Lic. Ignacio González Quirasco
Director of Sustainability and Social Responsibility

Arq. Alejandro Rafael Lara Hakim
Director of Construction Projects

Lic. Ricardo Krasovsky Santamarina
Director of Real Estate Operation and Management

Lic. Martín Préstamo Fuente
Formats Strategy Director

Ing. Miguel Cortés Morales
Director of Logistics

Lic. Leonardo Aquiles Figueroa Hirolito
Director of Administration and Finance

Lic. Jaime Lozano Patiño
Director of Expansion

Ing. Jorge Ramírez Bonilla
Director of Commercial Strategy and Replenishment

C.P. Eduardo Aguilera Assad
Director of Supermarket Procurement

Ing. Luis Rodríguez López
Director of General Merchandise Procurement

Lic. Ana María Álvarez Bujalil
Director of Marketing and CRM

Lic. Gloria Meléndez Paredes
Director of Loss Prevention

For greater information: https://inversionistas.grupochedraui.com.mx/en/equipo-directivo/

COMPENSATION FOR EXECUTIVES

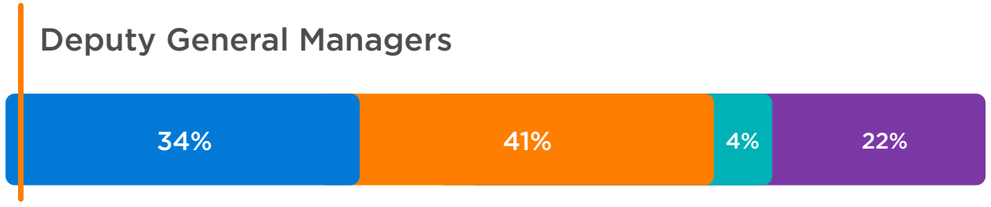
GRI 2-20

The Audit and Corporate Practices Committee (ACPC), has the task to review on an annual basis the main components of the remuneration of top executives with the committment to align them to the financial and strategic performance of the Company by establishing strategic objectives (KPIs) related to the Company, the area they lead, and individual goals for each executive. These KPIs consider annual strategic metrics established for profitability, growth, margin improvement, openings, completion of assigned courses at Universidad Chedraui, among others.

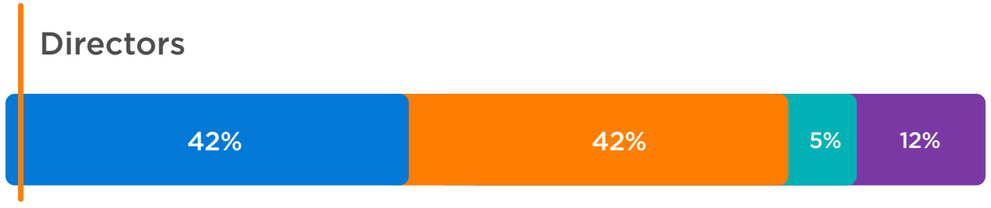
The compensation of strategic Company executives has a large component of variable compensation to increase transparency of their functions and to foster commitment and alignment with strategic objectives. Deputy Directors and managerial levels receive a combination of fixed salary and annual performance bonuses, based on periodic performance evaluations, and objective achievement.

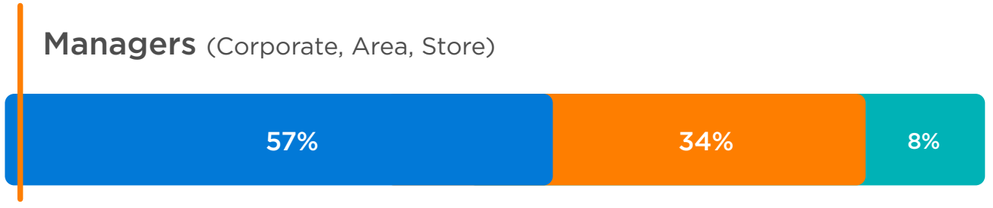
A review of the company's compensation schemes is conducted each year; when reviewing the compensation schemes of key executives, their alignment with market practices, and with the sector in which the Company operates are considered. This is done to create competitive remuneration structures that meet current standards and, at the same time, allows the Company to retain its strategic executives and/or those with high growth potential.

The compensation plan for key executives is developed by the Director General of Human Resources and approved by the Deputy General Manager of Administration and Finance, the CEO and ACPC. A compensation committee evaluates changes and/or adjustments to current compensation plans for middle management executives (Deputy Directors and Managers).









Fixed Salary
Annual Bonus
Others
LTI

This encompasses a sampling of the 494 Company executives distributed among the previously mentioned levels.

LTI: Long-term incentive program for company executives.

Chedraui Corporate Policies

GRI 2-23, 2-24, 2-25

By establishing a framework of corporate policies on social, environmental, and governance matters, we have been able to make the right corporate decisions on how to conduct business, regulate the actions of our employees, and ensure compliance with applicable laws and regulations. Moreover, promoting an ethical culture helps us reduce risks and resolve conflicts effectively, thereby allowing the Company to maintain continuity and market permanence.

A thorough review of our corporate policies was conducted in 2023, adapting them to current legislative and regulatory changes, the changing needs of the Company, and our Sustainability Strategy. We also redesigned corporate policies such as: Sustainability, Anti-Money Laundering and Fraud Prevention, Human Rights and Diversity, Equality, and Labor Inclusion.

Each policy and procedure has a defined objective that includes the commitment pursued, and some of them have formal statements, allowing us to incorporate the commitments into company strategies. Additionally, we have signed agreements with various types of associations and institutions that enable us to achieve our responsibility commitment.

Our policies are approved by the CEO, considering the recommendation of the company's Audit and Corporate Practices Committee and the most important ones are approved by the Board of Directors, including the Policy on Related Parties and our Code of Ethics, among others.

It is the obligation of top executives of the Company to sign a letter of responsibilities to confirm their knowledge of and adherence to these policies.

For dissemination and knowledge by employees, strategic partners, and other stakeholders, they are published on our internal Portal for Policies and Procedures, and the most important ones are also available on our Institutional website.

We also have annual training for our employees to certify their knowledge of the main Corporate Policies.





Among the main Company policies regulating Sustainability issues are:

1500-0003 Control and Follow-up of Claims
1500-0004 Operations with Related Parties
1500-0005 Code of Ethics
1500-0006 Conflicts of Interest
1500-0007 Use of Property
1500-0008 Handling of Confidential Information
1500-0009 Acquisition of Goods and Services
1500-0019 Granting of Authority
1500-0022 Diversity, Equality and Inclusion
1500-0024 Money-Laundering and Fraud Prevention
1500-0025 Sustainability
1500-0027 Corporate Integrity and Transparency
1500-0028 Information Security Management
1500-0030 Human Rights
120-1055 Loyalty and Commitment
120-0027 Psychosocial Risk Prevention -NOM 035
120-2029 Environmental Risk Prevention
120-8025 Supply and Use of Personal Protection Equipment
130-9136 Safeguarding and Managing Personal Data
1200-11240 Merchandise Donations to Charity Institutions

In addition, the Company has 416 policies on different areas that govern and control our business operations.

Corporate Integrity and Transparency

GRI 3-3, 2-15, 205-1, 407-1, 408-1, 409-1

Integrity and transparency are the two ethical values that have enabled us to achieve sustainable growth since our foundation.

ANTICORRUPTION

GRI 205-2, 205-3

We are committed to eradicating any form of corruption that undermines the legitimacy of institutions and threatens the sustainability of companies and society as a whole.

Our strategy is zero tolerance for any act or expression of corruption, complemented by the standardization and formalization of existing anti-corruption measures, involving all our strategic partners and suppliers.

Employees must refuse requests or demands for bribes and never accept them from customers, suppliers, contractors, government personnel, or any third party.

Employees and executives are strictly forbidden from directly or indirectly soliciting, receiving, or accepting gifts, meals, trips, tickets, events, or other forms of entertainment from any third party with whom they have or intend to have a business relationship, as this could compromise or influence business decisions or provide undue benefits or advantages to the giver of said gratuities.

In recent years, various cases related to corruption and fraud have been identified and addressed, resolved in accordance with the corresponding code of sanctions.



IDENTIFIED AND SANCTIONED CORRUPTION AND FRAUD CASES

2021	6
2022	4
2023	5

We have a training program through our Chedraui University for all employees, thus driving the implementation of standards, and ensuring that all personnel are familiar with, and sign the anti-corruption policies upon hiring.

In 2023, we ranked 3rd place among the 500 largest companies in the country, in the Corporate Transparency Index, achieving a score of 96.08, granted by "Mexicans Against Corruption and Impunity" and "Transparency in Mexico".

CORRUPTION TRAINING (MEXICO)

2020	**34,950** Employees **97.8%**	2022	**42,805** Employees **98.5%**
2021	**35,593** Employees **97.8%**	2023	**59,103** Employees* **99.5%**

28,576	Men trained
30,527	Women trained



* Upon close of 2023, our headcount amounted to 50,506 employees, of which 93.23% have access to Universidad Chedraui.
* Some 59,103 employees received training in 2023 in anticorruption policies and procedures. This figure includes personnel no longer in the Company.

MONEY LAUNDERING PREVENTION

It is Company policy to ensure that the origin of its resources comes from lawful sources and to maintain zero tolerance towards any individual or company involved in or committing acts related to money laundering and fraud in any of the business operations.

The Company has efficient guidelines and controls in place to reduce risks related to money laundering and fraud, as well as to identify acts or activities susceptible to engaging in operations with funds of illicit origin, and if the case, report them to the proper authorities or agencies.

CONFLICTS OF INTEREST

GRI 2-15

We internally manage situations of conflict of interest that may arise in the different areas of the Group. Each case is assessed individually, determining the solution that best suits the interests of the Company.

Our employees must protect the Company assets and always act in its best interest, performing their activities and managing personal interests in such a way that impedes any situation whatsoever that could represent a potential conflict of interest.

CORPORATE RESPONSIBLE BEHAVIOR

GRI 414-2
SASB: FB-FR-430a.3

Chedraui always responsibly addresses any negative impacts that our operations may cause, contributing to sustainable development by incorporating environmental, social, and human rights principles into our business activities. Responsible conduct standards for our supply chain and commercial relationships are a relevant factor.

We sign contracts with suppliers that include labor clauses that underscore our commitment to always being a responsible company. Additionally, we undertake various coordinated actions with suppliers to honor our commitments regarding food, medicine, and the environment. Furthermore, all our suppliers are required to sign letters of intent, conflict of interest agreements, and the Supplier Code of Conduct.



UNFAIR TRADE PRACTICES

GRI 3-3, 206-1

The Company is committed to treating all our suppliers fairly, honestly, and in adherence to the law, acting at all times under the principles governing fair trade and free markets, as well as maintaining respectful and honest dealings with each of our competitors.

Respect for all rules, principles, and best practices defined and agreed upon by the retail industry are the basis of all our activities.



RESPONSIBLE SOURCING WITH OUR VALUE CHAIN

Grupo Chedraui requires that all merchandise, supplies, or service suppliers be legally constituted and fully comply with all laws and regulations applicable to their operation at the three levels of government. This includes laws related to labor, immigration, facility security, health, and environmental protection.

We expect our suppliers not to use any services or labor performed under threat of penalty, such as forced prison labor, slavery, servitude, human trafficking, forced overtime, among others. They must also avoid employing children and young people under 15 years of age or undocumented migrant workers.

Suppliers must respect the freedom of association of workers and refrain from retaliating against them in situations where there are complaints of legal violations or claims for employee rights.

It is the responsibility of suppliers to maintain fair, decent, and healthy working conditions for all their workers, providing them with at least the stipulated minimum wage and the social security benefits established by national laws. They must also comply with local and national health and occupational safety laws or regulations, and have the required permits and licenses.

As mentioned previously, in 2023 we continued making progress in the signing of the Supplier Code of Ethics, and we will continue this practice until achieving 100% compliance from all suppliers.

Supplier Code of Conduct

FISCAL COMPLIANCE

GRI 3-3, 207-1, 207-2, 207-3, 207-4

The effective rate paid in 2022 and 2023 was 29%

The fiscal governance and control framework exercised by the Board of Directors through Grupo Chedraui's Audit and Corporate Practices Committee regarding the group's companies is the purview of the Fiscal Deputy Director, which in turn reports to the Deputy General Manager of Administration and Finance on tax compliance, adoption of tax reforms or restructurings within the group, as well as the risks and benefits involved. The organization is required to report all tax jurisdictions where it is a resident for tax purposes.

Our tax strategy primarily revolves around complying with tax obligations, ensuring timely calculation and tax payments. We also seek to apply various benefits and facilities allowed by law to access tax incentives, thereby generating benefits for the companies.

This approach allows us to maintain a positive reputation and business continuity, avoiding direct harm to investors, the potential loss of numerous business opportunities, or interruptions to those already underway.

It is important for the Company to identify any risk concerning tax-related matters, a process we undertake through various review controls and by constant analyzing any amendments to tax laws and the ensuing impacts. These controls include sending internal publications of tax bulletins to various areas within the group, standardizing work papers, and automized reports, which in turn reduces manual manipulation to enhance correct and timely tax calculations. Additionally, managerial hierarchical levels within the department conduct constant reviews, thus ensuring a low incidence of tax issues.

Furthermore, we continuously work to develop and apply new technologies that make tax compliance more efficient, and sustainable, implementing automated processes (bots) to handle large volumes of information, exponentially reducing tax risks.

We have process mapping to specify the steps to follow in the main tax area procedures. These procedures detail all process descriptions, organizational structures of the area, objectives, the legal framework, roles and responsibilities, generated documents, and other deliverables. Additionally, training is constantly provided for the tax department on fiscal matters and related topics through specialized third-party training, including annual training provided by the auditor on these topics. In very specific cases, we may seek the support of an advisory firm for a second opinion.

To evaluate the effectiveness of our tax strategy, we maintain constant monitoring of tax compliance within the area and the processes implemented with other areas of the Company that have tax implications. This is reflected and evaluated by the Independent Auditor and compliance opinions and reviews conducted by the Tax Authorities.

For quantitative information on the effective tax rate we have paid, or to consult audited financial statements, please refer to the page where this item is included in the financial statements.

CYBERSECURITY

FB-FR-230a.2

To properly perform its duties, the Board of Directors relies on the Audit and Corporate Practices Committee for the analysis and monitoring of the Company's most salient topics. Regarding information security, the Information Technology Director, who reports to the Deputy General Manager Administration and Finance, informs the Audit and Corporate Practices Committee and the Board of Directors at least once or twice a year about the principal changes, challenges, or risks related to the company's strategy on information cybersecurity.

Additionally, annual internal and independent audits of the Information Technology area are conducted regarding its processes and detected primary risks in terms of information security, as well as its other internal processes.

Consequently, our robust information security strategy allows us to have a set of actions to follow aimed at ensuring the functionality, integrity, and confidentiality of data, networks, and systems and protecting them against any digital contingencies.

Our information security strategy is based on the National Institute of Standards and Technology (NIST) international security framework, which consists of:



Throughout 2023, the Information Technology Director undertook the task of reinforcing the information security area through new hires and by enhancing certain controls and processes in line with best security practices; said practices are based on world-class frameworks and international certifications, mainly PCI DSS, ISO27000, and NIST.

Additionally, PCI Certification for our Company was formalized, which implies compliance with the requirements established in the PCI DSS standard with controls for protecting cardholder data and/or confidential authentication data during processing or transmission. This has helped build a sound reputation for the company, reduce the risks of cyberattacks or fraud, and lower the costs that may arise in the event of incidents.

Due to the increased use of digital means for payments and for purchase/sale, financial and other types of transactions, we strengthened the internal process to enhance prevention, identification, quantification, and mitigation of potential cyberattacks. These enhancements are based on global trends and those identified within the retail sector. In 2023, the number of cyberattacks was higher than the previous year, reflecting increased technology used for Company transactions. However, in 2023, we successfully contained these cyberattacks without posing risks to operations or to the privacy of customer data.

We update, at least every two years, our Information Security Policy, this year it was updated to include guidelines stemming from international standards and framework, recommendations, and processes and procedures that must be followed to protect all customer, supplier, and employee data.

During this year contingency plans were created and reinforced to know how to act and manage events in all elements categorized as critical.

Similarly, all our employees receive annual training to understand the procedures and guidelines regarding information security. In 2023, 100% of the selected employees were trained in cybersecurity; information explaining the most relevant cybersecurity topics was disseminated through all internal Company communication channels; and an average of one webinar per month on various related topics was conducted to further reinforce knowledge.



CODE OF ETHICS

GRI 3-3, 2-16, 2-26, 407-1, 408-1, 409-1

The codes of ethics for operations both in Mexico and in the USA are a reflection of our concern, attention, and activities regarding the protection of Group's values and principles and the human rights of our employees. Included are topics such as:

Integrity, corruption, and bribery, Conflicts de interest, Legality and transparency, Human and labor rights, Occupational health and safety, Communication, Information security, Sustainability, Records and controls.

It is the obligation of all company personnel, as well as the members of the Board of Directors, to know and always respect the guidelines contained in the Code of Ethics. The Company provides training to ensure full understanding. As part of the hiring process and onboarding into the Company, all employees are obligated to sign their commitment to this Code.

The Company efficiently and promptly addresses and follows up on any anomalies, irregularities, theft, losses, abuses of authority, fraud, mismanagement, non-compliance, and/or deviations from policies, and in general, any behavior contrary to the Code of Ethics. Similarly, there is a commitment to promptly correct any deviation or failure to enforce procedures.

We have an anonymous and confidential reporting system called "Chedraui Te Escucha" (Chedraui Hears You) where employees, suppliers, customers, and carriers may report acts in violation of the Code of Ethics and of the Integrity and Transparency Policy.

Email:

chedrauiteescucha@tipsanonimos.com

Hotline:

800-910-0013

Website:

www.tipsanonimos.com/chedrauiteescucha

We have various indicators related to these mechanisms, including the number of reports, their status, response time, and evidence of responses. Additionally, periodic satisfaction surveys are conducted to assess the level of functionality and effectiveness of said mechanisms. Internal Audit, is the area responsible for monitoring this channel, reports incidents to the Audit and Corporate Practices Committee and works jointly with the two Deputy Directors General Managers and Human Resources on programs to be addressed, training needed, and raising awareness among employees about recurring issues.



Chedraui USA also has an Anonymous Direct Hotline for Employees (888- 483-2657) where the internal auditor and key executives work together to address and promptly respond to reported issues.

Calls received throughout 2023:

ANONYMOUS DIRECT HOTLINE CALLS

181 | Smart & Final

139 | El Super/Fiesta

Total: **320**

Suppliers, customers, etc., may contact the Customer Relations Coordinator at

customer.relations@smartandfinal.com

or at **(800) 894-0511 ext. 7901.**



Risk Management

INTELLECTUAL CAPITAL

GRI 3-3, 201-2

The Risk Assessment Committee oversees risk management at Chedraui Mexico, which consists of the Deputy General Managers, Real Estate Development, and the President of Chedraui USA. This committee reports to the Audit and Corporate Practices Committee, which in turn reports to the Board of Directors.

This body operates under the Audit and Corporate Practices Committee of Grupo Comercial Chedraui to monitor the proper implementation of the process established by Top Management, with the purpose of identifying, measuring, monitoring, and reporting all quantifiable risks faced by the group's operations.

The Committee meets quarterly in ordinary sessions or in extraordinary meetings when so requested by any of its members.

At Chedraui USA, our National Claims Director is responsible for operational risk management and reports directly to the Vice President of Risk Management and Treasury of the Group, who then communicates with the Director of Finance.

We are currently in the process of designing and implementing a Comprehensive Risk Management System, which includes risk management methodology, policy, and procedures, all aligned with leading frameworks in this field.

Our aim is to identify new, emerging, and changing risks that may disrupt operations and affect all reasonable expectation of achieving business strategies and objectives.

As part of this initiative, workshops have been conducted with executives and key personnel to raise awareness and provide training regarding this new risk management approach. These sessions consider the following aspects:



1. Analyzing the internal and external context of business areas to focus efforts on the most relevant aspects.
2. Identifying the main risks that could affect the achievement of strategic objectives, taking into account their impact and probability.
3. Evaluating and managing risks to determine the necessary response and the creation of action plans.
4. Implementing continuous monitoring with key responsible individuals from each department (Risk Champions), who will have on-going communication with the Risk Committee.

Over the coming years the system will undergo a process of maturity and stabilization at Chedraui. However, as part of this new approach, the analyses will include risks related to with sustainability in environmental, social and governance areas. Some examples are:

1. Cybersecurity, in its broadest sense, affecting the operation of stores, Distribution Centers, Headquarters customer relations, information security, figures, company data, suppliers and customers.
2. Guarantee of full and uninterrupted power supply in our stores, Distribution Centers and headquarters.
3. Water supply and management.
4. To have the correct and sufficient Human Capital for the operation of the stores Distribution Centers and headquartes.
5. Adequate waste management and compliance with future environmental regulations.
6. Effects of climate change: natural disasters, droughts, floods, heat, rain, or excessive cold that affect crops, food supply and products in general, as well as in their habits and shopping frequency.
7. Financial risks, including exchange rates, devaluation, interest rates, credit, taxation and economic and political environment.
8. Company reputation because of issues, events and news.
9. Guarantee in the supply, distribution and quantity of merchandise in our Distribution centers and stores.

We are currently preparing a risk study, which will allow us to identify, prioritize and manage risks in order to detect opportunities in the short, medium and long term.



We continue working to find solutions that help us prevent and, where necessary, mitigate the aforementioned risks by using clean energy such as solar panels installed in various units, water-saving programs, proper waste separation and disposal techniques, innovation in shopping-center construction technologies, among others.

Associations and Alliances

GRI 2-28, 3-3, 415-1

Our participation and membership in various associations and alliances with civil society organizations, regulators, and the sector in which we operate play a crucial role in the Company. They serve as a strategic element to influence the mission or objectives of these organizations or to work in favor of our own organization's activities regarding social, environmental, and governance matters.

- ANTAD, which is the Mexican retail association, and in which we actively participate through David Monroy Vargas, as Delegate on the Human Resource Committee; and Ignacio González Quirasco, Delegate Member of the Sustainability Committee. Fee: $1,896,385.20
- ADI (Real Estate Developers Association.) Fee: $315,250.00
- BAMX (Mexican Association of Food Banks) We contribute with food from our stores, found in consumable conditions.
- Global Compact, Mexico Network. Fee: $ 10,257.50 biannually
- CCE (Business Coordinating Council)
- GS1 Worldwide Standards

AGREEMENTS

Best Commercial Practices Agreement, signed on July 6, 2009, by and between the Secretary of the Economy, CONCAMIN, CANACINTRA, CONMÉXICO, CNA, and ANTAD. Chedraui became part of this agreement on Sep. 29, 2009. The First Amended Agreement, Jan. 9, 2012, with the current update on Aug. 14, 2012.

Worthy of mention is that the Company makes no monetary and/or in-kind donations, contributions or assistance to any political parties and/or representatives, labor unions, climate agencies, etc., in the countries where we operate.



Searching for the best talent



Talent Retention

GRI 2-4, 2-7, 2-8, 2-30, 3-3, 401-1
SASB: FB-FR-310a.2

In Mexico

50,506

employees in 2023

23,993	Women
26,513	Men

In Chedraui USA

25,501

employees

12,698	Women
12,714	Men
89	Without specifying

We are a highly humane company, recognizing that our people are crucial to delivering the best service to our customers and ensuring the continuity of our growth strategy.

We search for achemes that allow employees to have a high quality or work-life balance, competitive salary conditions, health and safety measures, diversity and inclusion initiatives, compensation and benefits that exceed legal requirements, and training for their personal and professional development. Recognition is also a comprehensive part of our approach, fostering loyalty to the Company.

Moreover, one of our main objectives is to always attract top talent, continuously focusing on identifying the specific institutional competencies needed for the company's requirements, thereby achieving our objectives and maintaining continuous growth in the sector. We also have evaluation processes tailored to each area, always aiming to obtain the best results to successfully complement the profiles needed.

Our employees are the key to achieving the company's objectives based on strategies defined within the business.

Similarly, our executives' profiles and activities are constantly reviewed to ensure they remain in line with Company needs. We establish partnerships and participate in events with educational institutions to incorporate innovative talent with plans for their internal development.

As part of our selection process to hire the best personnel, interviews are conducted using a competency-based model. Our leaders are trained in this model through two e-learning courses aimed at human resources, managerial teams, and positions having direct reports, achieving 99% compliance nationwide during 2023.

We consider proximity to units when hiring new people, thereby facilitating the ability to offer better customer service a better work-life balance for all employees. Our goal is to fill vacant positions with internal personnel, rewarding and recognizing their performance, thus the existence of Policy 120-3000 for Candidate Recruitment, Evaluation, and Selection.

Mexico

9,806

vacant positions filled with internal candidates in 2023 (Mexico)

31.80%

Chedraui USA

1,273

vacant positions filled with internal candidates in 2023 (El Super and Fiesta)

31

vacant positions filled with internal candidates in 2023 (Smart & Final)

During 2023, we implemented various strategies to attract external talent for both our existing stores and new openings, using innovative platforms for digital recruitment, among which were:

- LinkedIn, Facebook and as of 2023, Indeed, some of the primary tools used for talent attraction.

Linkedin

- Acceptance rate for talent contacted was 69.2% vs. a market rate of 58.6%
- 30% increase in views of positions posted
- 15.4% increase in job applications vs. a market rate of 14.8%

Facebook

- 116,000 followers/ 71.3 women | 28.7% men, aged between 23 and 34
- 45,572 hits per month
- Average interaction: 39,245

- The target goal in leads (potential candidates) was exceeded by 13%, as compared to 2022.
- Hiring of foreign personnel is facilitated through partnerships with associations such as Acnur, Intra-re, and Casa Refugiados, with the goal of providing employment opportunities.
- Conducting continuous training in diversity and inclusion is an ongoing task. This sensitizes employees to the importance of fostering a discrimination-free environment, where all organization members contribute to creating work environments that provide opportunities for all our candidates.
- The “Opportunities Fair” is a nationwide event held with Store Leaders in different times of the year, with the goal of announcing vacant positions in each work unit.



Satisfaction surveys are conducted to assess the work environment, evaluate working conditions, and gather feedback from employees regarding their needs and concerns. Based on these results, improvement plans and initiatives are established.

The surveys are conducted every two months, and the results influence guidelines adopted by each area to ensure employees have better working conditions.

Additionally, every two years the NOM-035-STPS-2018 survey is administered to identify areas of opportunity in various domains (workload, interference between work and family, negative leadership, work schedules, and lack of control over work). The survey will be conducted again in 2024.

EMPLOYEE HEADCOUNT

Gender	2021	2022	2023
		Mexico	
Women	20,589	22,365	23,993
Men	23,546	24,727	26,513
TOTAL	**44,135**	**47,092**	**50,506**
		El Super and Fiesta	
Women	7,064	7,658	7,807
Men	5,733	6,166	6,139
Non-specified	47	73	89
TOTAL	**12,844**	**13,897**	**14,035**
		Smart & Final	
Women	4,825	4,983	4,891
Men	6,161	6,506	6,575
TOTAL	**10,986**	**11,489**	**11,466**
TOTAL	**67,935**	**72,478**	**76,007**

Note: information relative to employee counting for 2022 was reformulated because of inconsistencies regarding what was reflected in our system.



Consolidated

42.2%

unionized employees



HEADCOUNT BY GENDER AND TYPE OF EMPLOYMENT

Temps

Mexico

2021		
1,353	Women	
1,193	Men	
2022		
1,151	Women	
1,318	Men	
2023		
1,735	Women	
1,443	Men	

Smart & Final

2021		
5	Women	
3	Men	
2022		
3	Women	
2	Men	
2023		
0	Women	
0	Men	



Permanent

Mexico

2021		
19,236	Women	
22,353	Men	
2022		
21,214	Women	
23,409	Men	
2023		
22,258	Women	
25,070	Men	

El Super and Fiesta

2021		
7,064	Women	
5,733	Men	
47	Non-specified	
2022		
7,658	Women	
6,166	Men	
73	Non-specified	
2023		
7,807	Women	
6,139	Men	
89	Non-specified	

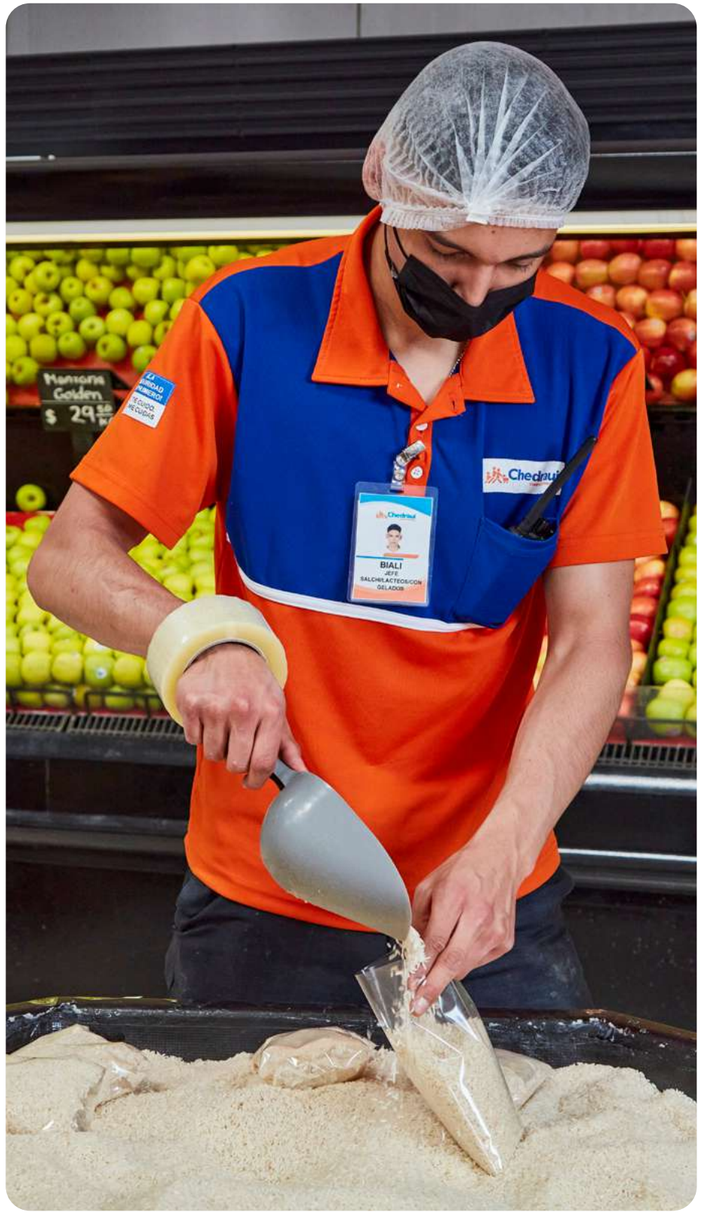
Smart & Final

2021		
4,820	Women	
6,158	Men	
2022		
4,980	Women	
6,504	Men	
2023		
4,891	Women	
6,575	Men	

NEW HIRES

GRI 401-1

Mexico	2022		2023	
	Number of New Hires	New-Hire Rate	Number of New Hires	New-Hire Rate
WOMEN				
< 30 years of age	7,142	25.53%	8,018	26.00%
Between 30 and 50	5,141	18.38%	5,285	17.14%
> 50 years of age	438	1.57%	544	1.76%
MEN				
< 30 years of age	10,220	36.54%	11,436	37.09%
Between 30 and 50	4,505	16.11%	4,896	15.88%
> 50 years of age	524	1.87%	656	2.13%
TOTAL	**27,970**	**100.00%**	**30,835**	**100.00%**



Smart & Final	2023	
	Number of New Hires	New-Hire Rate
WOMEN		
< 30 years of age	1,246	23.47%
Between 30 and 50	665	12.53%
> 50 years of age	216	4.07%
MEN		
< 30 years of age	2,153	40.55%
Between 30 and 50	792	14.92%
> 50 years of age	237	4.46%
TOTAL	**5,309**	**100.00%**



El Super and Fiesta	2023	
	Number of New Hires	New-Hire Rate
WOMEN		
< 30 years of age	1,408	27.69%
Between 30 and 50	1,104	21.72%
> 50 years of age	297	5.84%
MEN		
< 30 years of age	1,136	22.34%
Between 30 and 50	790	15.54%
> 50 years of age	298	5.86%
NON SPECIFIED		
< 30 years of age	24	0.47%
Between 30 and 50	21	0.41%
> 50 years of age	6	0.12%
TOTAL	5,084	100.00%



Mexico

Local Executives Hired in 2023

2021 | **64** 2022 | **76** 2023 | **32**

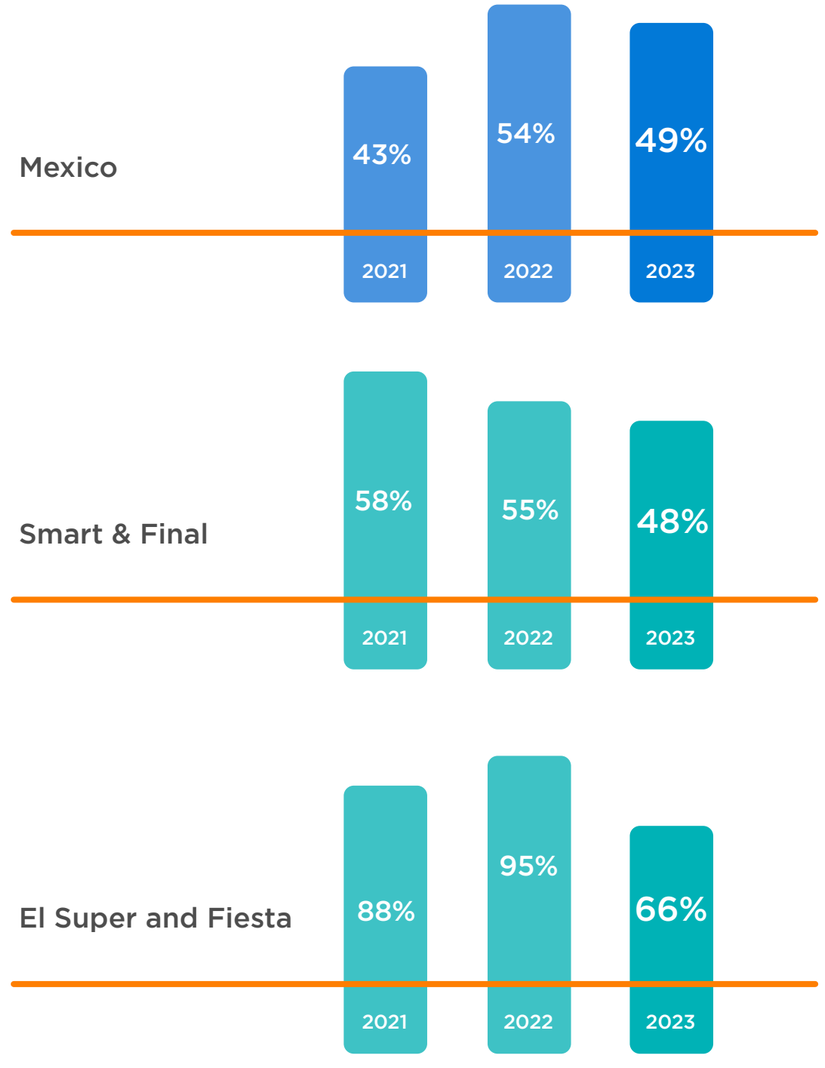


GRI 401-1

SASB: CG-MR-310a.2

TURNOVER

Total Turnover Rate



TERMINATION

Mexico

2022	**25,003**
11,029	Women
13,974	Men
2023	**26,686**
11,808	Women
14,878	Men

Rate

44.25%	Women
55.75%	Men

Voluntary Turnover Rate

2021	**23%**
2022	**27%**
2023	**25%**

Smart & Final

2022	**6,304**
2,695	Women
3,619	Men

Rate

41.56%	Women
58.44%	Men

Voluntary Turnover Rate

2021	**51%**
2022	**51%**
2023	**44%**

El Super and Fiesta

2023	**9,321**
4,942	Women
4,278	Men
101	non-specified

Rate

53.02%	Women
45.90%	Men
1.08%	non-specified

Voluntary Turnover Rate

2021	**77%**
2022	**73%**
2023	**58%**





Remuneration

GRI 3-3, 2-21, 202-1, 405-2
SASB: FB-FR-310a.1 , CG-MR-310a.1

We aim to compensate our employees with competitive salaries and ensure gender equality, thereby guaranteeing that individuals in equivalent roles and responsibilities receive equal pay regardless of gender. Our salaries exceed the minimum established by law.

Our goal is for all our employees to have a proper salary so that they may afford a decent standard of living for themselves and their families.

We have a Compensation Policy through which we manage all matters related to remuneration. Additionally, as a best practice, we benchmark our compensation against that of our sector to ensure competitiveness.

Furthermore, we conduct annual salary surveys and assessments through a salary competitiveness index to adjust our salaries appropriately.

Compensation for executive levels consists of a fixed salary and a variable amount, which can be up to 50% of their total remuneration. The variable portion is determined based on accomplishment of annually established metrics related to the company's growth and profitability, as well as those of the corresponding areas.

Store managers and sales staff receive a combination of fixed salary and performance bonuses for each corresponding business area where they work, based on a periodic performance evaluation and preestablished financial and operations goals.

Additionally, they receive a performance bonus in August and February based on semi-annual results.

Furthermore, at Chedraui US the majority of our employees obtain wages above the minimum mandated in the state where we operate our units, which in 2023 was:

SALARY PER HOUR

Chedraui USA

USD $15.50
California

USD $13.85
Arizona

USD $10.25
Nevada (with benefits)

USD $11.25
Nevada (w/o benefits)

USD $7.25
Texas

Training

UNIVERSIDAD CHEDRAUI

GRI 3-3, 404-1, 404-2

We seek opportunities for professional and personal growth for all our employees with various specialized courses and topics tailored to their roles and levels within the Company.

In 2022, we worked closely with store managers, and in 2023, we increased training or development programs for area supervisors, focusing on specialized topics for them. Additionally, we increased training hours and emphasized courses in leadership as this is where we see the transformation in our culture of improvement: building better leaders.

Chedraui University manages the training for our employees, with the purpose of providing them with the necessary learning resources to effectively carry out their daily activities. It also enables us to reach all locations where our personnel is located, regardless of geographical location, as said training is conducted through a distance learning platform.

Our strategic learning process consists of:

- Aligning and standardizing organizational knowledge and objectives.
- Operating correctly according to established processes and standards.
- Providing excellent service to our customers.
- Maintaining productivity, motivation, and retention of our talent.

Universidad Chedraui is based on a technological platform -*LMS "Learning Management System"*- a leading software with world renown, which is designed to facilitate the management, distribution, and follow-up of online training courses or programs.

Chedraui University advantages include:

- Registering training events (E-learning, in-person learning, hybrid programs, webinars, etc.)
- Registering and following up on employee progress
- Distributing content/courses
- Reports and analyses: It offers the ability to generate detailed reports at a employee, store, zone, region and/or company level

Courses or subjects offered by Universidad Chedaui, among others:

- Orientation course
- Certification in skill know-how and development by department
- Specialization courses in retail areas (for example: meats, bakery, produce, etc.)
- Use of SAP and Artus systems
- Customer Service
- Incentives
- Organizational Culture (Ethical Principles and Values, Corporate Policies, Diversity and Inclusion, etc.)
- Information Security
- Money Laundering Prevention

Additionally, we have a library of e-learning courses on management skills and abilities (communication, leadership, innovation, analysis). Any employee who needs to strengthen any of these competences has free access to the entire course catalogue.

Universidad Chedraui has staff exclusively dedicated to building e-learning courses and training plans; they have developed approximately 95% of the existing learning resources.

Chedraui University courses are supplemented with webinars and master classes that help strengthen our organizational culture and reinforce operational and commercial topics, where we rely on internal experts, various universities throughout the country, and specialized consultants.

One of the top objectives for Universidad Chedraui is to train our people in integrity and transparency issues.

- Money Laundering Prevention Plan for Stores
- Prevention of Money Laundering, Financing of Terrorism, and Fraud
- Code of Ethics Policy 1500-0005
- Let's Live Our Code of Ethics
- Conflict of Interest Policy 1500-0006
- Conflicts of Interest in Stores
- Corporate Conflicts of Interest
- Use or Enjoyment of Assets Policy 1500-0007
- Prevention and Identification of operations with resources of ilicit origin. Policy 1500-0024, 2023 edition.

CHEDRAUI UNIVERSITY TRAINING BY LABOR CATEGORY AND GENDER (MEXICO)

2023

59,370
employees trained

501,151
hours of training

Mean training hours

8.85	8.06
Women	Men

28,678 Women			253,768 Women			8.85 Women		
12 C Suite*	247 Managers	28,419 Operations and Staff	198 C Suite*	4,133 Managers	249,437 Operations and Staff	16.50 C Suite*	16.73 Managers	8.78 Operations and Staff
30,692 Men			**247,383 Men**			**8.06 Men**		
46 C Suite*	613 Managers	30,033 Operations and Staff	755 C Suite*	8,599 Managers	238,029 Operations and Staff	16.41 C Suite*	14.03 Managers	7.93 Operations and Staff

NOTE: Total employees were considered, including those deleted.

*(Directors and Deputy Directors)

HISTORICAL TRAINED EMPLOYEES

2021

58,016 Employees trained

Women		Men	
27,408		**30,608**	
15	C Suite*	**42**	C Suite*
281	Managers	**753**	Managers
27,112	Operations and Staff	**29,813**	Operations and Staff

2022

58,864 Employees trained

Women		Men	
27,901		**30,963**	
14	C Suite*	**40**	C Suite*
297	Managers	**715**	Managers
27,590	Operations and Staff	**30,208**	Operations and Staff

2023

59,370 Employees trained

Women		Men	
28,678		**30,692**	
12	C Suite*	**59**	C Suite*
247	Managers	**670**	Managers
28,419	Operations and Staff	**25,784**	Operations and Staff

HISTORICAL TRAINING HOURS

2021

532,438 Hours of training

Women		Men	
255,321		**277,117**	
551	C Suite*	**861**	C Suite*
3,824	Managers	**11,340**	Managers
250,946	Operations and Staff	**264,916**	Operations and Staff

2022

620,981 Hours of training

Women		Men	
300,255		**320,726**	
265	C Suite*	**639**	C Suite*
5,283	Managers	**12,046**	Managers
294,707	Operations and Staff	**308,041**	Operations and Staff

2023

501,151 Hours of training

Women		Men	
253,768		**247,383**	
198	C Suite*	**755**	C Suite*
4,133	Managers	**8,599**	Managers
249,437	Operations and Staff	**238,029**	Operations and Staff

HISTORICAL AVERAGE HOURS OF TRAINING

2021

Women		Men	
9.32		**9.05**	
36.73	C Suite*	**20.50**	C Suite*
13.61	Managers	**15.06**	Managers
9.26	Operations and Staff	**8.89**	Operations and Staff

2022

Women		Men	
10.76		**10.36**	
18.93	C Suite*	**15.98**	C Suite*
17.79	Managers	**16.85**	Managers
10.68	Operations and Staff	**10.20**	Operations and Staff

2023

Women		Men	
8.85		**8.06**	
16.50	C Suite*	**16.41**	C Suite*
16.73	Managers	**14.03**	Managers
8.78	Operations and Staff	**7.93**	Operations and Staff

*(Directors and Deputy Directors)

Training and Development of Our People

3,491
employees trained

586,671
hours of training

Mean training hours
(women and men)

65.64
C Suite

74.52
Managers

10.58
Operations and Staff

Our performance evaluation system helps in identifying talent needs and developing the necessary training to reinforce their professional growth. For course program creation, we established strong alliances with various institutions.

Outstanding Programs:

Academic

Online and asynchronous BA/BS Degrees

391 employees enrolled

Hybrid and asynchronous Master's Degrees

204 employees enrolled

Back Up Program

It's crucial to be prepared for the long-term growth and stability of the Company. This program allows our executives to contribute to the development of those who may succeed them in the future in their current roles or occupy other strategic positions within the Company.

Star Talent Program

Employees and executives who have proven their outstanding performance in the organization can be further developed under this program, in addition to increasing their skills and know-how with the purpose of potentiating their promotion and development.

Succession Planning

The goal is to offer training for those employees who obtain satisfactory results in their performance evaluations, and who meet profile requirements for aspiring to key positions in store operations. The positions include area specialists, managers, and area supervisors. In 2023, we set out to increase the number of women in this program.

Succession planning for Managers:		Succession planning for area supervisors:		Succession planning for department supervisors:		Specialists:	
7 Women	**17** Men	**13** Women	**24** Men	**300** Women	**420** Men	**14** Women	**35** Men

Similarly, we conduct various courses, workshops, and diploma programs that contribute to improving skills and acquiring knowledge. These initiatives not only enhance performance but also foster a greater sense of belonging to the Company.

AVERAGE DEVELOPMENT TRAINING HOURS BY LABOR CATEGORY AND GENDER

Mexico (This includes Special Diploma Courses)

3,491 Employees trained

Women		Men	
1,491	Women	**2,000**	Men
7	C Suite*	**28**	C Suite*
179	Managers	**523**	Managers
1,305	Operations and Staff	**1,449**	Operations and Staff

586,672 Training hours

Women		Men	
252,626	Women	**334,046**	Men
1,220	C Suite*	**4,424**	C Suite*
11,536	Managers	**40,989**	Managers
239,870	Operations and Staff	**288,632**	Operations and Staff

Average training hours

Women		Men	
93.85	C Suite*	**74.99**	C Suite*
84.20	Managers	**91.90**	Managers
10.06	Operations and Staff	**11.10**	Operations and Staff

Mexico | **276** Special Diplomas and Masters

*(Directors and Asst. Directors)

AVERAGE DEVELOPMENT TRAINING HOURS BY LABOR CATEGORY AND GENDER

Chedraui USA (Fiesta and El Super)

411,591 Training hours

106,694	Managers
304,897	Operations and Staff

Employees trained

7,638	Women		**6,007**	Men	
1,351	Managers		**1,329**	Managers	
6,287	Operations and Staff		**4,678**	Operations and Staff	

Average hours of training

80	Managers
55	Operations and Staff





TRAINING FOR CHEDRAUI USA - 2023

At Chedraui USA, training is conducted at all levels of operation, and in 2023, various topics were included such as:

- Employee Development
- Training for various store areas: butchery, bakery, produce, etc.
- Specialized training according to needs



Performance Evaluation

GRI 404-3

With the aim of having the best talent, we conduct annual performance evaluations for Directors, Managers, Supervisors, and Staff. These evaluations are integrated into a formal feedback process with the leader every 6 months; executive achievements in terms of Company objectives, strategic goals, and job function are discussed. The process is complemented by the ITADI program (Talent Identification and Comprehensive Development), which involves assessing the executive competences according to the job profile; psychometric evaluations; 270-degree feedback; training completion; and others. Stemming from this assessment, action plans for improvement are created.

Linked to performance evaluation, there are variable compensation plans that complement the total compensation package to reward achievements.

EVALUATIONS 2023

Mexico

ITADI PERFORMANCE EVALUATION

# of employees evaluated

- **Directors:** 13 women / 59 men / 100%
- **Managers:** 137 women / 446 men / 100%
- **Staff:** 3,521 women (14.77%) / 3,594 men (13.82%)
- **Total:** 7,770

CURRENT EVALUATIONS*

- **Directors:** 4 women (30.77%) /6 men (10.17%)
- **Managers:** 77 women (56.20%) / 260 men (58.30%)
- **Total:** 347

EVALUATIONS PERFORMED IN 2023**

- **Directors:** 13 women / 59 men
- **Managers:** 137 women / 446 men
- **Total:** 655

* Directors and subdirectors
** Percentage is based on total employees, with the elimination of Staff because the latter are not evaluated.

PERFORMANCE EVALUATION (SMART & FINAL, CHEDRAUI USA)

The performance evaluation in Smart & Final USA includes two aspects:

Values

50%

These are represented in labor competences

Work performance

50%

Consisting of performance evaluation as related to position responsibilities

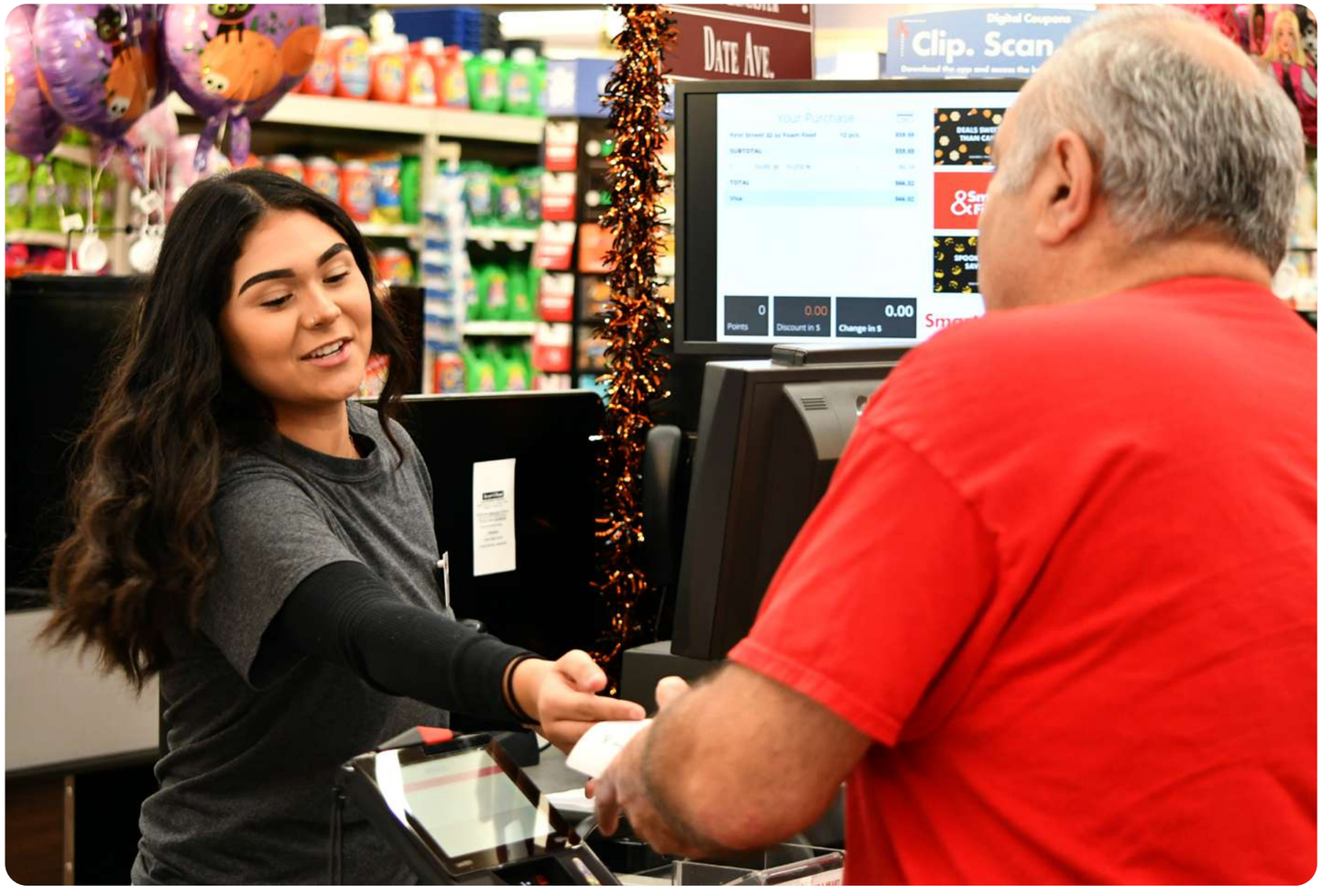
Value	Definition	Competencies	Weight
Teamwork	We commit to working in a collaborative atmosphere with our direct team, multidisciplinary teams, colleagues, and customers to achieve objectives and results.	**Team Building, employee engagement, and collaboration**	**10%**
Responsibility	We take personal responsibility for achieving objectives by identifying and assuming responsibility, finding solutions, and taking action.	**Planning and decision making, financial and analytical skills**	**10%**
Integrity	We demonstrate ethical behavior in line with the principle of “walking the talk” and encouraging others to do the same.	**Influencing others, Actions, Resilience, Reliability, and Honesty**	**10%**
Respect	We treat others with dignity, professionalism, and impartiality in all interactions, embracing the principles of diversity, equality, and inclusion.	**Self-Management, cultural awareness, conflict resolution, listening skills**	**10%**
Growth	We are committed to our own personal and professional growth, and that of others.	**Personal growth and for others, innovation, industry know-how**	**10%**



El Super and Fiesta have an evaluation process for all employees, including staff, managers, and executives, using a employees measurement tool for. This tool encompasses four criteria:

- **Performance:** overall measurement, attendance, productivity, quality of work, teamwork.
- **Utilization:** how important the position is for the organization.
- **Substitution:** how difficult it would be to replace the employee.
- **Potential:** potential for future promotion.

These criteria are assessed using three ratings: (1) Below expectations, (2) Meets expectations, and (3) Exceeds expectations. Scores ranging from 10 to 12 indicate that the employee may be promoted; scores from 9 to 7 indicate that improvement is needed but the employee is close to meeting expectations; and scores below 6 indicate a need for significant improvement.



Compensations and Benefits

GRI 3-3, 201-3, 401-2, 401-3

Mexico

- **Christmas Bonus**
- **Personal Day**
- **Half day off for birthdays**
- **5-day paternity Leave**
- **Paternity Leave:** 1 week reincorporation week reincorporation 6-hr reduced day
- **Adoption support:** 1 week reincorporation 7-hr reduced day
- **Maternity Leave:** 1st week reincorporation 5-hr reduced day / 2nd week reincorporation 6-hr reduced day / 24 weeks reincorporation 7-hr reduced days
- **Leave for death in the family:** 3 days < 299 km; 5 days > 300 km
- **Marriage Leave:** 2 days
- **Food coupons, among other economic benefits**
- **Transfer of pre and post-natal leave:** up to 2 weeks

Chedraui USA

SMART & FINAL

Part time personnel:

- Some of them have health benefits

Full time personnel

- Plan 401K Savings Fund (Deferred compensation)
- Dental, health and ophthalmology services
- Paternity and maternity leave

FIESTA AND EL SUPER

Part time personnel:

- Some of them have health benefits

Full time personnel:

- Plan 401K Savings Fund (Deferred compensation)
- Dental, health and ophthalmology services
- Paternity and maternity leave

In addition to the benefits provided by law, in Mexico we provide our employees with medical services, life insurance and, in some cases, medical expense insurance. Likewise, we have Employee Recognition programs for those with outstanding day-to-day performance, commitment, and those who promote Company values.

- Chedraui Honors
- Chedraui Champion
- Baker of the Month

RETIREMENT PLANS

The normal retirement date for employees is the first day of the month immediately following or coinciding with their 60th birthday, and they may retire up to age 65. Employees may continue with the Company after the normal retirement age and up to the deferred retirement date, which is the first day of any month following the termination of their service.

Additionally, employees may request early retirement starting at age 55, provided they have a minimum of 10 years of pensionable service, and authorization from the Technical Committee.

On the other hand, Chedraui USA has a Savings Plan for its people, organized in line with the 401(k) tax code, where employees can make contributions from their pre-tax salary, subject to qualifying conditions. Eligible participants include employees from Smart & Final, El Super, Fiesta stores, and designated corporate-support personnel at Chedraui USA.

GRI 401-3

Parental Leave

Employees eligible for parental leave

Mexico		El Super and Fiesta		Smart & Final	
15,521	Women	7,807	Women	4,891	Women
18,005	Men	6,139	Men	6,577	Men
		89	non-specified		

Employees who used this leave

Mexico		El Super and Fiesta	
604	Women	74	Women
28	Men	11	Men

Employees who returned to work post-leave

Mexico		El Super and Fiesta	
404	Women	42	Women
12	Men	9	Men

Employees who continue in the Company 12 months after their leave

Mexico		El Super and Fiesta	
200	Women	Non	Women
16	Men	Non	Men

Return rate post-leave

Mexico

66.89%	Women
42.86%	Men

Employee retention rate post-leave

Mexico

33.11%	Women
57.14%	Men



Diversity and Equal Opportunities

GRI 3-3, 405-1, 406-1

Chedraui rejects any manner of discriminatory behavior, including gender discrimination. To ensure this, we have a Workplace Diversity and Inclusion Policy approved by our Board of Directors.

Additionally, we have a diversity and inclusion labor committee that includes the CEO, the two Deputy General Manager, the Director of Human Resources, and some other executives. This committee is responsible for:

i) Creating and promoting strategies and initiatives that identify, develop, promote, and retain personnel while avoiding any form of discrimination.

ii) Establishing specific behavioral protocols for interacting with individuals belonging to vulnerable groups.

iii) Promoting and implementing actions and activities that facilitate the inclusion of all employees in the workplace.

iv) Facilitating the implementation of measures that contribute to the work environment and the work-life balance of employees.

v) Promoting actions and managing investments needed to facilitate access and use of facilities for persons with disabilities.

As an inclusive organization, we recognize the vulnerability of individuals belonging to Groups in Situations of Vulnerability, and therefore promote that they be considered a protected and respected class by all, including third parties with whom we maintain a relationship.

To achieve this, campaigns and training on these topics are established for all employees, including security personnel.

1. DIVERSITY AND INCLUSION

We promote inclusion and avoid any exclusion or differential treatment motivated by any reason such as ethnic or national origin, gender, age, disabilities, social condition, health conditions, religion, opinions, sexual preferences, marital status, or any other that may undermine human dignity and aims to annul or undermine the rights and freedoms of individuals.

2. EQUALITY FOR MEN AND WOMEN ALIKE

We take actions to ensure the eradication of any type of violence and to ensure access to equal opportunities and equality in all areas within the organization.

Mexico

47.5% Women
52.5% Men

1 Woman
10 Men

in the Board of Directors

We are part of the **UN** gender equality strategy **-UNWomen-** which promotes gender equality and respect for human rights.

In 2023, **we achieved a WEPS** (Women's Empowerment Principles) rating of 67% and 4th consecutive year of growth.

Chedraui USA

49.79% Women
49.86% Men
0.35% Undefined

PERSONNEL HEADCOUNT BY GENDER AND LABOR CATEGORY

SASB: CG-MR-330a.1

Position	2023		
	Women	Men	Unspecified
Mexico			
C Suite	237	652	
Middle Management and Staff	5,580	6,329	
Operations	18,176	19,532	
El Súper and Fiesta			
Middle Management and Staff	316	538	
Operations	7,491	5,601	89
Smart & Final			
C Suite	32	66	
Middle Management and Staff	178	307	
Operations	4,679	6,204	

WORKFORCE BY GENDER AND AGE (MEXICO)

WOMEN	
< 30 years of age	8,724
Between 30 and 50 years of age	12,734
> 50 years of age	2,535
MEN	
< 30 years of age	12,219
Between 30 and 50 years of age	11,624
> 50 years of age	2,670
TOTAL	**50,506**



WORKFORCE BY GENDER AND AGE (CHEDRAUI USA)

	2023
WOMEN	
< 30 years of age	4,225
Between 30 and 50 years of age	5,048
> 50 years of age	3,423
MEN	
< 30 years of age	5,114
Between 30 and 50 years of age	4,200
> 50 years of age	3,402
NON-SPECIFIED	
< 30 years of age	38
Between 30 and 50 years of age	31
> 50 years of age	20
TOTAL	**25,501**

Human Rights

GRI 2-23, 2-24, 2-25, 407-1, 408-1, 409-1

Chedraui reaffirms the Company commitment to always respect, adhere to, and promote Human Rights, as reflected in our various policies and processes.

Through our Code of Ethics and communication campaigns, we disseminate values and behaviors that contribute to the respect for Human Rights. All levels of the organization contribute to ensuring compliance with these principles, while the Human Resources and Audit departments must coordinate policy enforcement.

In the field of Human Rights, our efforts are based on several international guidelines that related to this issue, as well as the regulations established by the federal government, and which are included in our materiality study. Dialogue also takes places with our stakeholders, including topics on Human Rights.

We have a Human Rights Policy, which outlines Grupo Chedraui's commitments and lines of action aimed at promoting and protecting a culture of respect for Human Rights, a key element of the company's global strategy; it considers all individuals involved in its operations, including employees, customers, suppliers, local communities, and other stakeholders.

Maintaining open communication is essential so that anyone may raise concerns related to human and labor rights without fear of retaliation. Similarly, we will periodically report internally and externally on progress made, and provide annual employee training on this policy and raise awareness throughout the organization regarding Human Rights principles.



Our commitments to respecting Human Rights include:

- Integrating and valuing the knowledge, skills, and experiences of all individuals associated with the organization.
- Expressly rejecting any form of discrimination.
- Promoting working conditions where everyone is treated with respect and dignity, and where abuse of authority, workplace or sexual harassment is clearly forbidden, and implementing specific procedures to prevent and address harassment complaints or claims.
- Fostering equal opportunities and all types of equality as central axes in human resource policies, including hiring, promotion, and personal and professional development for all individuals.
- Rejecting and eliminating all forms of child labor, forced labor, servitude or compulsory labor, as well as inhumane or degrading treatment and harassment.
- Respecting employees' right to freedom of association and to join unions or other labor organizations.
- Promoting safety, health, and well-being, ensuring maternity/paternity protection, as well as working conditions that foster an optimal work environment.
- Providing fair wages and remuneration.
- Ensuring accessibility for persons with disabilities.
- Providing measures that promote a work-life balance for all individuals so they may engage in both professional and personal development.
- Extending commitments to diversity and non-discrimination to all stakeholders, suppliers, and contractors, integrating diversity into procurement processes, and recognizing the efforts of organizations that promote diversity and inclusion.
- Promoting inclusive language and communication that is not sexist or discriminatory towards individuals for any reason.

Occupational Health and Safety

GRI 2-27, 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10, 410-1
FB-FR-230a.2, FB-FR-310a.3

45,687
employees trained in health and safety matters

152%
accomplishment vs the original goal of 30,000 employees

OCCUPATIONAL SAFETY MEXICO

We have an Occupational Health and Safety System, which was established to comply with regulations mandated by the Secretary of Labor and Social Welfare, the Federal Labor Law, the Federal Regulation on Health and Safety at Work, and NOM-030-STPS-2009 applicable in Mexico. This system covers 100% of all employees, as well as outsourced, cleaning, surveillance, and dining personnel.

We also have an Deputy Manager for Occupational Health, Safety, and Hygiene, charged with analyzing, implementing, and monitoring actions in the field of Occupational Health and Safety.

The following training in safety matters was given in 2023:

- Safety for Leaders
- Training for the Health and Safety Commission
- Unsafe actions and conditions
- Occupational Health and Safety Leadership
- Warehouse Safety
- Safety Regarding Machinery
- Accident Investigations
- Fire and Accident Prevention
- Safety Technology (Chedraui USA)
- Order and Cleanliness

As additional safety-related training, this year we designed seven Universidad Chedraui courses meant to reinforce safety know-how:

- Accident Prevention Through Lockout-Tagout Procedures
- **Safety is First:** Warehouse, Receiving, and Produce areas
- **Safety is First:** Tortilla production
- **Safety is First:** Bakery
- **Safety is First:** Sales floor, POS, Decoration and visual imaging
- **Safety is First:** Meats and Seafood
- **Safety is First:** Maintenance

1,800
participants

9
employee-hours



To identify work-related hazards, we conduct yearly risk analysis based on ISO 31000, whereby the probability and severity of risk factors are assessed.

Customer safety is also ensured by conducting regular walkthroughs, employee training, and by supervising display areas, sales floors, and parking lots to make them hazard-free.

In February 2023, we published Policy 120-8000 on the Occupational Health and Safety Model, which aims to establish elements that promote accident prevention and reduction in all Chedraui workplaces.

It is based on 4 domains and 10 facets, designed to create a culture of safety within the Company:

1. LEADERSHIP

Leader Commitment and Responsibility

This entails outlining the obligations for managers, area, and department supervisors in promoting safety in their workplaces. They are expected to participate in safety activities such as safety walks during safety commission inspections led by managers, and to ensure compliance with all safety rules.

Zero Tolerance for Safety Non-Compliance

There is a strict policy of Zero Tolerance for non-compliance with safety rules and for unsafe acts. Violations may result in sanctions, including contract termination.

2. PERSONNEL

Continuous Training

An annual webinar program is conducted to cover safety-related topics as well as orientation courses and specialized training tailored to each department, provided by Chedraui University. The Safety and Hygiene Asst. Management conducts annual visits to stores, providing training on lockout/tagout procedures, certification for forklift operators, and machinery safety.

Walking and Knowing is a program where newly-hired employees participate in guided tours with their Department Supervisor, wherein they are briefed on duties, work area, and safety protocols that must be followed.

Health and Wellness Programs

There are physicians in our stores to provide medical assistance to employees, and said physicians keep a medical file on each one for follow-up purposes. Health campaigns for employees are conducted in coordination with health institutions.

Employee Communication and Participation

Program of communication/sensitization activities through which safety information is conveyed to employees. It is carried out through monthly five-minute talks, weekly start-of-shift meetings, and CIEN meetings where safety topics are discussed, among others.

There is a video campaign showing the safety measures that must be followed, broadcast on screens located in workplace cafeterias, as well as audio messages with safety reminders at the start of each shift.

We also conduct communication/sensitivity safety audits, aimed at transmitting safety information to the employees.

3. PROCESSES

Accident Investigations

In case of an accident at any workplace, we conduct a relevant investigation, in which the Department Supervisor of the area where the accident occurred participates along with members of the Safety and Hygiene Committee, establishing corrective actions with established dates for attention, following up until full completion.

Risk Management

Each Corporate Area and Store must be committed to Safety (Maintenance, Civil Protection, Construction, Risk Prevention and Operations, Safety, and Hygiene), so we monitor a series of indicators on a weekly basis that include various topics.

4. STRUCTURE

Accountability

To comply with the Occupational Health and Safety Model, we track all the actions mentioned above, generating weekly reports by the Safety and Hygiene Asst. Manager.

Safety Processes Alignment

In compliance with the Occupational Health and Safety Model, each process in the Company is responsible for safety and monitors its indicators, contributing to accident prevention and the care of employees. Likewise, each center will be responsible for immediately reporting accidents and care provided to employees.







SMART & FINAL

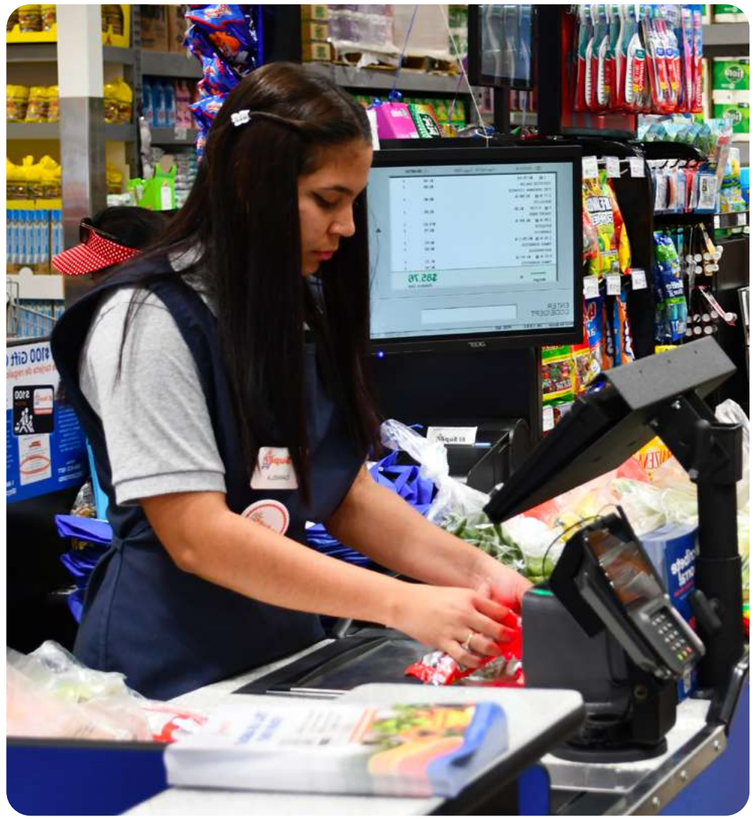
We comply with all state and federal guidelines, ensuring their enforcement through company safety program policies and procedures. Additionally, safety and health at Smart & Final are managed through the Corporate Environmental Health and Safety Program, covering 100% of employees hired in our stores and warehouses.

Our employees are familiarized with protocols through various corporate safety training sessions, thereby helping them develop skills to deal with any possible incidents. Moreover, we conduct orientation courses during the onboarding process. This type of training creates safety advocates who look out for each other and ensure that protocols are followed each and every day.

At the store level, management walkthroughs (audits) are conducted twice daily, which include safety-related observations for all areas storewide, including perishables, products, central store, frozen goods, liquors, bathrooms, break rooms, and warehouses. There are also safety instructors in each store responsible for developing and maintaining the safety culture in each location.

A monthly safety assessment is conducted, consisting of a more thorough audit of various relevant topics in the stores. If deficiencies are detected, follow-up takes place to ensure they are addressed.

A quarterly call is held with all safety instructors in the Company to systematically communicate important issues and deploy regulatory requirements for each location.

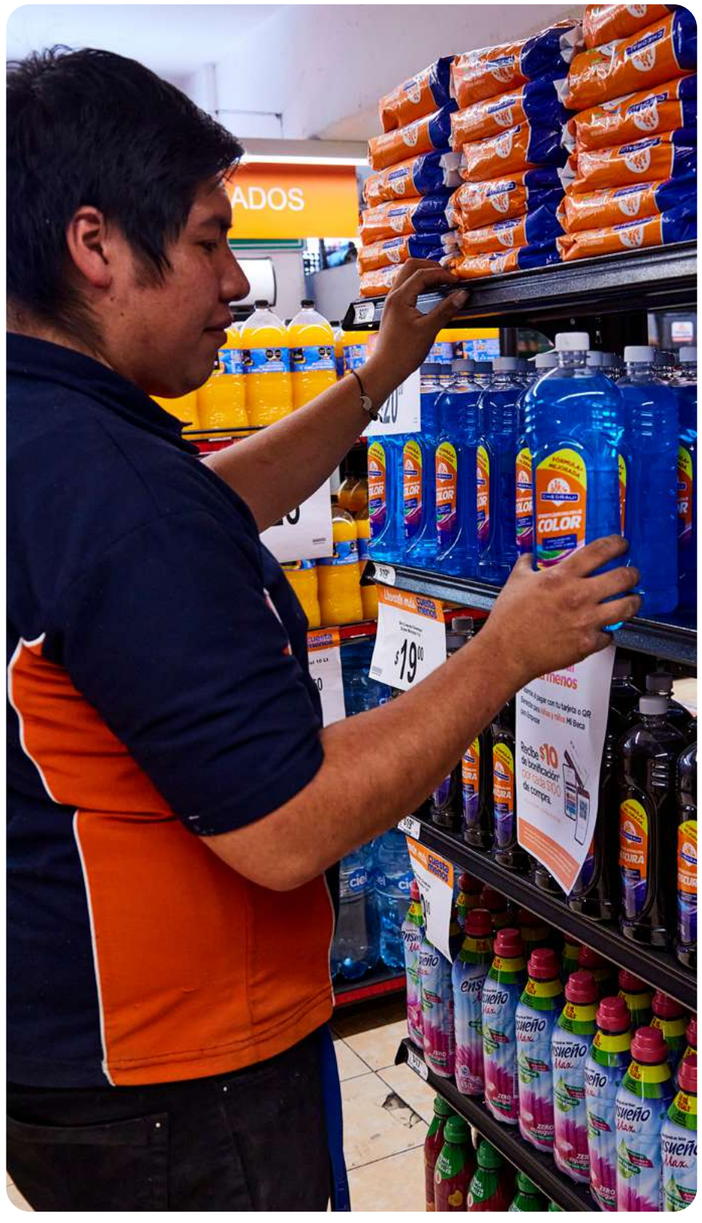


SAFETY PROGRAM FOR EL SUPER AND FIESTA

Our safety program complies with local, state, and federal guidelines, which are regularly reviewed to guarantee full compliance. Our safety program is designed to proactively mitigate risks and negative impacts on employee health and safety. This program consists of the following key points:

GRI 417-1

- Safety training for employees and the safety statement at the time of hiring.
- Online training by classification and job obligations before starting work.
- Corporate training program for meat cutters.
- Periodical training review and updating to ensure compliance with standards and applicability.
- A sound safety-supervision program that includes field personnel with regional responsibilities, conducting quarterly safety audits for each store, distribution center, and bakery/ commissary.
- Quarterly safety audits focused on reviewing various in-store processes, store maintenance, employee process compliance, and other relevant topics.
- The safety team works with store management teams during these periodic visits to address observed deficiencies related to lockout/tagout, equipment lifting, floor conditions, and equipment handling.
- A safety officer for each store, responsible for routine evaluation of fire equipment, eye-wash stations, emergency exits, and review of employee safety policies.
- Quarterly meeting with the store manager to discuss and review safety results with the safety team.
- Monthly safety newsletters compiled by the safety department and sent to stores, highlighting current topics and reminders.
- Reporting employee injuries to an external health administrator. Incidents are investigated to assess necessary measures for process change or review.
- Ongoing training during periodic visits.



OCCUPATIONAL HEALTH MEXICO

The health of our employees is one of our priorities, which is why we offer them various health services, such as:

- Vaccination campaigns.
- Campaigns on preventing occupational illnesses.
- Training offered by IMSS (Mexican Social Security Institute) personnel.
- Participation in Health Fairs. Prior to participating in these activities, employees work is planned such that their work in not an obstacle to attending said fairs.
- Psychological assistance for employees identified as posing certain risks, as per NOM 035.

The services we offer are always in agreement with the IMSS (Mexican Social Security Institute), and in-store doctors receive constant training in various specialties. We adhere to the privacy statement to guarantee that health information collected from our employees is not compromised and is only used for their benefit.

Brochures, communications, and campaigns within the Safety and Hygiene Deputy Manager are distributed to keep employees informed about all health-related actions in the workplace, with the additional support of the medical staff.

In addition to the IMSS benefits, we provide our employees with other health services, such as:

- Agreements with IMSS for disease prevention campaigns, which includes preventive control of risk indicators for all employees.
- **Goal:** Covering the entire store population.
- **Scope:** Taking measurements of weight, height, blood pressure, administering influenza and COVID-19 vaccine, detecting diabetes or hypertension, among others.
- Major medical expense services for management and corporate staff.
- Dental and eyewear benefits for corporate personnel.
- In-store doctors with consultation spaces.
- Places for storing breast milk to facilitate healthy feeding for newborns.

MEXICO (2023)

SASB: FB-FR-310a.3
SASB FB-FR-310a.4

Employees	Men	Women
Affiliated personnel*	22,322	21,521
Number of job-related accidents	728	571
Job-related accident rate	3.26%	2.65%
Number of recorded accidents	311	295
Recorded accident rate	43.00%	52.00%
Number of job-related fatalities	0	0
Job-related fatality rate	0%	0%
Job-related accidents with severe consequences	5	0
Job-related accident rate with severe consequences	0.69%	0%
Main types of accidents on the job	Slips, stumbles, falls, and load handling	Slips, stumbles, falls, and load handling
Number of days lost at work	7,128	4,637
Rate of days lost at work	60.58%	39.41%
Total number of hours not worked	57,024	37,096

* Affiliate to the IMSS.

CHEDRAUI USA (2023)

Employees	Men	Women
Affiliated personnel	N/A	N/A
Number of job-related accidents	466	381
Job-related accident rate	2.44	2.00
Number of recorded accidents	466	381
Recorded accident rate	2.44%	2.00%
Number of job-related fatalities	0	0
Job-related fatality rate	0%	0%
Job-related accidents with severe consequences	345	289
Job-related accident rate with severe consequences	1.81%	1.51%
Main types of accidents on the job	Lifting, cuts, pinches, were the most common	Slips, stumbles, falls, and load handling
Number of days lost at work	18,199	
Rate of days lost at work	N/A	

* No social insurance.



EL SUPER AND FIESTA

Full-time employees and their families who meet the requirements based on the hours worked per week are entitled to health services such as medical, dental, and vision plans. Employees can choose between an EPO (Exclusive Provider Organization) with in-network coverage or an HDHP (High Deductible Health Plan). Similarly, we rely on associated providers to manage these programs, and employees contribute a portion of the premium payment for their benefits.

In October 2023, we conducted Health Week for all our Chedraui USA formats, which included materials from health service providers, informational meetings, proposals for healthy foods, and information about enrolling in health plans.

SMART & FINAL

All our full-time employees and their families, provided they meet the requirements, are entitled to health services such as medical, dental, and vision plans. Part-time employees who work an average of 30 hours or more per week during an initial measurement period of 12 months are entitled to medical benefits for themselves and their children.

Part-time enrollees must maintain the minimum mean hours of work continuously during the standard measurement period (from October 4th of the previous year to October 3rd of the current year) to qualify for benefits the following year. Part-time employees are only entitled to plans offered by an HMO (Health Maintenance Organization) or a PPO (Preferred Provider Organization, for stores outside the area), and they may only cover their children. We rely on associated providers to manage these programs, and employees contribute a portion of the premium payment for their benefits.



9.41

rate of absenteeism vs. 10.85% in 2022

Working in **favor** of the planet



NATURAL CAPITAL

GRI 3-3, 2-22

We continue to work on caring for the planet, reducing the impacts of our operations on the environment, and mitigating climate change.

We comply with all environmental regulations and legislation and adhere to the statutes of the various levels of government where we operate. We are committed to achieving the goal of zero emissions and zero waste to landfills, as well as caring for water, using renewable materials efficiently, and using environment-friendly packaging.

We have identified that our main environmental impacts occur due to being producers of urban solid waste, hazardous solid waste, special handling waste, being a fixed source of emissions, and wastewater discharges.

Likewise, during the current year, we will be working to monitor and account for our Scope 3 emissions, aware of the importance of our company's value chain in mitigating climate change.

Through our Real Estate Division, we aim to reduce our environmental impacts by applying various criteria for sustainable construction as an integral part of Environmental, Urban, Road, and Civil Protection Impact Studies conducted for projects prior to their initiation. This is in compliance with the requirements of various authorities and pursuant to applicable legislation:

- Savings in electricity due to the use of solar panels
- Permeability in outdoor areas
- Including green areas within all construction projects to be performed
- Rescuing existing flora on properties of interest
- Water efficient sanitary facilities
- Alternate water catchment systems

We continue working on our four strategic priorities for Sustainability. Short-, medium-, and long-term objectives have been established, which shall be implemented in 2024.

- ✓ Carbon footprint
- ✓ Water
- ✓ Energy
- ✓ Waste and recycling



Carbon Footprint

GRI 3-3, 305-1, 305-2, 305-3, 305-4, 305-5
FB-FR-110b.1

Mexico

391.8 thousand ton

total CO_2 emissions in 2023.

2,478 less tons of CO_2e were emitted, thus reducing our carbon footprint thanks to the use of solar panels at 34 units nationwide.

Equivalent to:

Having planted over **16 million trees,**
or having taken 137,000 cars off the roads,
having eliminated the use of 162,000 barrels of oil.

Our main goal is to reduce our carbon footprint to the lowest possible level.

We report our emissions through the COA (Annual Operations Certificate) a management tool created by the Ministry of Environment and Natural Resources, whose report, the "Registry of Emissions of Greenhouse Gases and Compounds," is published annually in this report. This is a demonstration of our commitment to mitigate climate change by reducing our CO_2 emissions into the atmosphere.

MEXICO

DIRECT EMISSIONS SCOPE 1

Ton of CO_2	2016 (BASE LINE)	2021	2022	2023
Scope 1 emissions	119,769.33	145,996.33	163,387.28	137,053.61

INDIRECT EMISSIONS SCOPE 2

Ton of CO_2	2016 (BASE LINE)	2021	2022	2023
Scope 2 emissions	75,911.08	72,020.74	246,210.09	254,767.03

For the 2022 and 2023 comparison, in addition to CFE emissions, wind energy emissions are being considered, due to the application for the current year 2023, set in section XLIV, Article 3 of the Electricity Industry Law. In order to obtain the variation of 2022 vs 2023, the same process had to be applied for the wind energy of the year 2022 with its respective emission factor for that year, in order to make both values comparable.

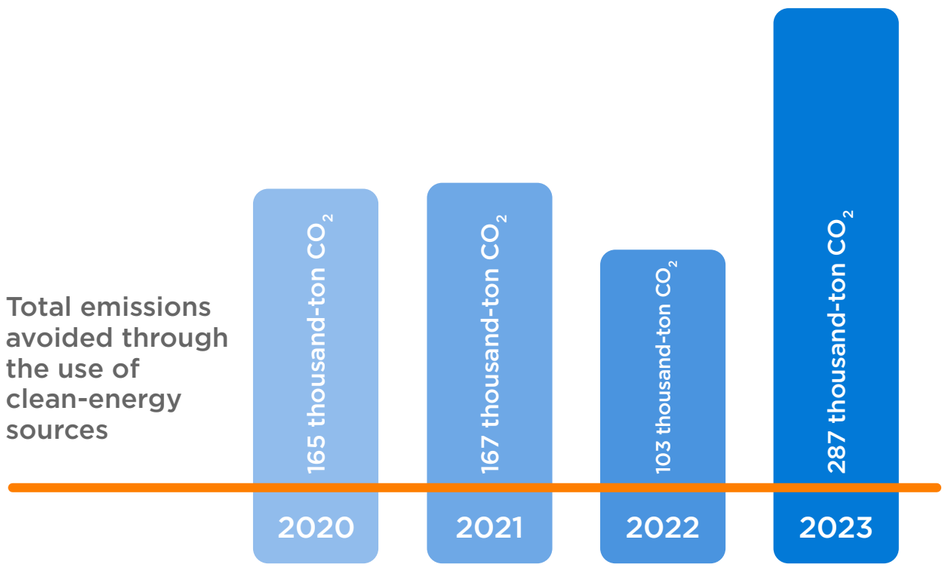
EMISSION INTENSITY RATIO SQUARE METERS

2021	2022	2023
0.15%	0.15%	0.24%

MEXICO

Total emissions (thousand ton)

2021	2022	2023
218.0 tCO_2e	**409.5 tCO_2e**	**391.8 tCO_2e**



Emissions Intensity

0.01 Employee / **0.9** Net Income

SOLAL, S.C.

Dictamen de Verificación Remota

del Inventario de emisiones de GEI 2020 para el Registro Nacional de Emisiones de

TIENDAS CHEDRAUI, S.A. DE C.V.

El equipo verificador asignado por el OC-VV-GEI SOLAL, S.C., en adelante denominado SOLAL, quien fue contratado para la verificación del reporte de emisiones de GEI en el Registro Nacional de Emisiones (RENE) del establecimiento de nombre **TIENDAS CHEDRAUI, S.A. DE C.V.** del **Sector VI. Comercio y Servicios**, cuyo representante legal vigente es **Rolando Jorge Hernández**; y con base en el Reglamento de la Ley General de Cambio Climático en materia del RENE y en los lineamientos establecidos en el documento "Criterios para la verificación de los reportes de Emisiones de Compuestos y Gases de Efecto Invernadero en el marco del Registro Nacional de Emisiones" vigentes y la NMX-SSA-14064-3-IMNC-2007 o la que la sustituya, otorga un:

DICTAMEN POSITIVO

Con respecto a la información contenida en la Cédula de Operación Anual con número de bitácora: SOL-TCH01/RENE001/21 y NRA TCH300000002 del periodo del periodo 01/01/2020 al 31/12/2020, con 169,257.46 toneladas de CO_2 equivalente verificadas, que se desglosan de la siguiente manera:

Categorías de emisión	Emisiones del reporte original (t CO_2e)	Emisiones calculadas por SOLAL (tCO_2e)	Diferencia con reporte original (tCO_2e)	Discrepancia con reporte original (%)
Emisiones directas provenientes de combustión en fuentes fijas	24,583.97	26,537.82	1,953.85	7.95%
Emisiones directas provenientes de fuentes móviles	5,198.97	4,943.49	255.48	4.91%
Emisiones directas provenientes de procesos industriales o actividades comerciales y de servicios	63,104.14	63,227.05	122.90	0.19%
Emisiones directas provenientes de fugas en el sector energía	0.00	0.00	0.00	0.00%
Emisiones directas provenientes de actividades agropecuarias	0.00	0.00	0.00	0.00%
Total Alcance 1 (Emisiones directas):	92,887.08	94,708.35	1,821.28	1.96%
Emisiones indirectas provenientes del consumo de energía eléctrica	75,911.08	74,549.11	1,361.97	1.79%
Emisiones indirectas provenientes del consumo de energía térmica	0.00	0.00	0.00	0.00%
Total Alcance 2 (Emisiones indirectas):	75,911.08	74,549.11	1,361.97	1.79%
TOTAL (Directas + Indirectas):	168,798.16	169,257.46	459.31	0.27%

El proceso de verificación incluyó:

- Revisión documental, de las instalaciones, de sistemas de información y entrevistas desarrolladas el día 14/09/2021.
- Verificación de reporte original de fecha 18/05/2021 con 168,798.16 toneladas de CO_2 equivalente y discrepancia de 0.27%.

María Guadalupe Ibañez Rodriguez
Verificador Líder
Querétaro, Qro, 22 de octubre de 2021

Miguel Ángel Santa Rosa Delgado
Revisor Técnico Independiente
Querétaro, Qro, 22 de octubre de 2021

SOLAL, S.C., Organismo de certificación para la validación y verificación de emisiones de GEI.
Acreditación EMA: GEI 002/15, Aprobación: PFPA-APR-OC-RENE-004/2020.
Camino Real de Carretas 399, Milenio III, 76060, Querétaro, Querétaro, México.
www.solal.com.mx; contacto@solal.com.mx

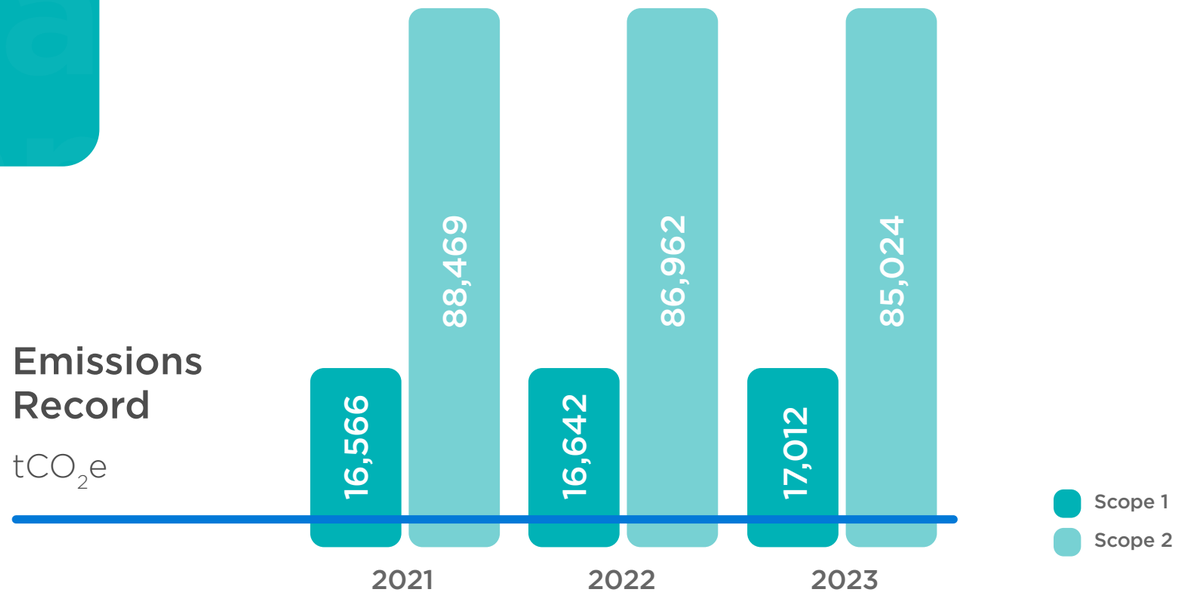
IAF ema ORGANISMO DE CERTIFICACIÓN ACREDITADO GEI002/15

SMART & FINAL

Emission intensities

6.04 ton CO_2e / Employee







Energy

GRI 3-3, 302-1, 302-2, 302-3, 302-4, 302-5
SASB: FB-FR-130a.1, CG-MR-130a.1

During 2023, we continued reducing high consumption rates for electricity, refrigeration, and fuel in our stores to mitigate the impact on energy use. To achieve this, we pursued the use of clean energies such as wind and solar power, by installing solar panels in stores, shopping centers, and perishable goods chambers in Distribution Centers. Additionally, we conducted awareness campaigns and promoted best practices for the use of electricity and fuels in our units, as well as increasing the use of natural gas in our stores.



Through our Risk Committee, we are currently conducting environmental risk assessments to identify both physical and transitional risks that could impact the Company. These assessments allow us to plan the necessary measures for adaptation and mitigation.

Energy Use

2022		2023	
28.6%	CFE	**32.4%**	CFE
70.7%	Wind energy	**66.8%**	Wind energy
0.8%	Solar panels	**1.2%**	Solar panels

USE OF FIXED-SOURCE FUELS / MEXICO

FB-FR-110b.1

Ton de CO_2	2021		2022		2023	
Source	**Liters**	**tonCO_2e**	**Liters**	**tonCO_2e**	**Liters**	**tonCO_2e**
Natural gas (non-renewable)	56,652,008	3,181	65,748,871	3,692	75,997,618	4,267
LP gas (non-renewable)	13,966,207	23,040	15,315,769	25,266	15,072,359	24,864
Gasoline (non-renewable)	504,141	1,204	437,713	1,114	350,018	891
Diesel (non-renewable)	1,238,557	3,511	1,065,943	3,059	1,030,739	2,958
Cooling gas (non-renewable)	42.29	115,058	45.47	130,254	35.76	104,071
Total		**145,996**		**163,387**		**137,053**

TOTAL ENERGY USE FROM RENEWABLE SOURCES

	2021	2022		2023	
Source	**MWh**	**MWh**	**Ton CO_2e**	**MWh**	**Ton CO_2e**
Solar panel (renewable)	3,992	4,340		7,083	
Wind energy (renewable)	378,85	403,029	175,317	390,202	169,799

TOTAL ENERGY USE FROM NON-RENEWABLE SOURCES

	2021		2022		2023	
	MWh	**tonCO_2e**	**MWh**	**tonCO_2e**	**MWh**	**tonCO_2e**
Electricity	170,261	72,020	162,970	70,982	193,989	84,967
Total		**72,020**		**70,982**		**84,967**

Emission Intensity

2023 | **7.76 tonCO_2e** / Employee



CHEDRAUI USA

One significant action regarding energy during the year was the signing of an agreement by Smart & Final Vista with a solar energy provider. Said agreement allows solar credits to be applied to the utility bill based, based on energy generated by the solar panel installed at the store.

We have achieved significant electricity consumption savings through the modernization initiative that began in 2014, for 254 stores. This initiative included installing refrigeration doors, sales floor lighting, more efficient heaters, and automatic doors.



ENERGY USE

Type of Energy	Total		Smart & Final		El Super		Fiesta	
	Use	Cost	Use	Cost	Use	Cost	Use	Cost
Electricity (MWh) Cost (thousand dollars)								
2021	513,649	68,646	245,490	41,905	99,626	15,734	168,533	11,006
2022	499,502	75,645	240,551	46,569	97,204	17,480	161,747	11,597
2023	541,164	80,938	235,560	50,027	92,845	19,112	162,732	11,799
% variation 2023 vs 2022	8.3%	6.9%	-2.07%	7.43%	-4.48%	9.33%	0.6%	1.7%
Natural Gas Consumption (thermias) Cost (Dollars)								
2021	4,833,748	5,134,959	1,878,973	2,422,165	1,811,457	1,846,954	1,143,318	865,840
2022	4,791,505	6,187,057	1,808,528	2,717,698	1,725,221	2,070,663	1,257,756	1,398,696
2023	4,861,609	6,370,907	1,840,159	3,439,461	1,692,630	1,651,028	1,328,820	1,280,418
% variation 2023 vs 2022	1.46%	2.9%	1.75%	26.56%	-1.88%	-20.26	5.6%	-8.4%

Water

GRI 3-3, 303-1, 303-2, 303-4, 303-5

We maintain a focus on the responsible use of drinking water in the workplace. Currently, we have a monthly water consumption report through which we can monitor use increases and take action to eliminate them.

There is also constant monitoring of daily water consumption, identification of waste/leaks, verification of compliance with documentation on water extraction by water truck suppliers in some units that require it, and compliance with concessions for wastewater discharge (WW). Similarly, we conduct wastewater analysis to meet parameters, and investigate technologies for improving their quality. As part of an environmental education culture, we conduct an annual campaign promoting rational use, good practices to optimize consumption, and important awareness data.

Mexico

1,449,726 m³

of water consumed in 2023
vs 1,555,139 m³ in 2022

WATER WITHDRAWAL

GRI 303-3

# Stores	Source	% of consumption
265	Public Network	73%
43	Pipes	12%
57	Public Network and Pipes	16%
365	Total branches	

Headquarters	Source	% of consumption
2	Public network	100%

We do not extract water directly from rivers, lakes, lagoons, or dams, in accordance with current legislation in our country.

Water consumption

Smart & Final
565 ML

El Super and Fiesta
1,286 ML

Total Chedraui USA

1,851 Megaliters

of water consumed throughout 2023

Waste and Recycling

GRI 3-3, 301-1, 301-2, 301-3, 306-1, 306-2, 306-3, 306-4, 306-5, 308-2
SASB: FB-FR-150a.1., FB-FR-430a.3

The main impact of waste generation upstream is the exploitation of resources by our suppliers, over which we currently have no influence. In the case of downstream, there may be several impacts such as soil, water and air pollution, climate change and loss of biodiversity, for their management, we have as a priority an Integrated Waste Management for part of our value chain in which we have greater control, such as transportation inputs of goods from the distribution centers to the branches.

At Chedraui we are fully committed to a circular economy, carrying out various actions to reduce waste, and to ensure proper separation and disposal to avoid sending waste to landfills, and promoting recycling.

Additionally, we have focused on identifying materials with a recyclable percentage and reducing the consumption of virgin plastic.



MEXICO

WASTES

Material used for operations

Non-renewable material used	Ton
Virgin plastic	1,020,612
Recycled plastic	303,062
Styrofoam	303,318
Aluminum	3,494
TOTAL	**1,630,487**

Renewable material used	Ton
Board	44,421
Paper	155,886
TOTAL	200,307

Hazardous Waste

The transportation of hazardous waste generated at our distribution centers is performed by authorized third parties.

Non-toxic waste

5,917

ton



RECYCLING

Proper waste separation takes place in all our stores and distribution centers located in both Mexico and the United States. Additionally, we recycle various materials such as board and shrink-wrap through agreements with two companies who collect the materials for recycling and reuse.

Smurfit and other suppliers
3,593.95 ton
Arteli Stores
2,323.78 ton

TOTAL
5,917.73 ton

- At the entrances of our stores, we have recycling bins for our customers, and at our customer service modules we have collection points for batteries, which are then delivered to specifically authorized locations.
- The used oil we generate is handed over to suppliers who have permits for its transportation.
- Planet Partner Mexico Program.
- All HP and Samsung ink and toner cartridges used in the Company are collected by HP and sent to recycling plants in the United States to be turned into raw materials for manufacturing new products. This gives them a new purpose, contributes to the circular economy, and prevents them from ending up in landfills.

Recycled waste		Ton
National (Except Arteli)		
Shrinkwrap	3,593.95	3,593.95
Arteli Stores		
Board	2,084.66	
Metal	51.25	
Plastic ice chests	0.26	
Cardboard tubes	6.24	
PET	0.40	2,323.78
Plastic	31.05	
Shrink-wrap	149.70	
Plastic grids	0.16	
Plastic pallets	0.08	
TOTAL		**5,917.73**

Recycled waste	Units
Arteli Stores	
Cardboard boxes	62,600
Other boxes	40,470
Firewood	16,425
Wood box	22,097
Pallets	16,425
TOTAL	**158,017**

FOOD DONATIONS

Also, we carry out significant donations to Food Banks of food products no longer suitable for sale but still fit for consumption. With this, we not only support people in vulnerable situations but also prevent a considerable amount of atmospheric emissions.

PLASTIC BAGS

We have implemented a program to replace biodegradable bags with compostable and reusable ones, and our plastic bags comply with all regulatory provisions.

Mexico

70%

of bags used in 2023 were compostable

SUBSTITUTION OF STYROFOAM TRAYS

We have continued with our program to replace Styrofoam trays with PET, setting short and long-term goals as part of our efforts to integrate into the Circular Economy.

Mexico

2024 Goal

40%

of PET trays, and 50% for 2025

Mexico

2030 Goal

100% de of trays used to be made of PET material

Mexico

In 2023 **28.25%**

of PET trays in 2023

CHEDRAUI USA

Non-renewable materials	Weight in ton	Recyclable Materials	
High-density polyethylene	5.34		32%
Low-density polyethylene	1.66		10%
White dye	0.5		3%
Infrared sensors	2.5	2.5	15%
Material recycled post-consumption	6.68	6.68	40%
TOTAL	**16.68**	**9.17**	

CHEP PALLET

We are participating in a Circular Economy model, through the use of CHEP pallets, generating benefits to the environment, for which we received recognition from the company for the use of shared management services with them.

Environmental benefits for participating in the program

67M dm^3*

Wood savings

16M kg CO_2e

Reduction of CO_2 emissions

18M kg

Waste reduction

216

World tours

24k

Trees

4K

People, daily waste

* Cubic decimeters.

Chedraui USA

48,935 ton

of reused materials were recycled

Recovered materials

2,628,372 (units)

Cardboard weight	48,120 ton
Cardboard bales	119,822 units
Shrink-wrap weight	815 ton
Shrinkwrap bales	1,777 units



Smart & Final USA, is in full compliance with the hazardous waste program put forth by the state of California. The waste generated by our facilities is the result of breakages, obsolete products, or products withdrawn from the market.

Mandatory annual training is provided for all employees who may handle hazardous waste, based on their job roles.

We have a food waste program, where the waste is converted into treats for dogs and other animal feed. Similarly, the waste from used oil is collected by a third party for its final disposal.

WASTES - CHEDRAUI USA

41.1 ton
of waste for disposal

37.6 ton
of waste not destined for disposal

Smart & Final

42.7 ton
of non hazardous waste

45.3 ton
of hazardous waste destined for elimination

ZERO WASTE PROGRAM

Through our Zero Waste program, organic food waste is collected, recycled, and converted into feed waste to avoid ending up in the garbage.

Ton	Organic waste	Recycled waste	Landfill	Total waste
2021	11,858	35,573	14,489	61,920
2022	11,240	33,232	15,448	59,919
2023	12,552	25,151	15,251	**52,955**

HAZARDOUS WASTE DESTINED FOR DISPOSAL

	LBS
Aerosols	9,226
Flammable liquids	16,008
Flammable solids	106
Corrosive liquid and solid acids	6,749
Corrosive-based liquids and solids	43,906
Chlorine and spilled/ absorbed chlorine	12,806
Oxidizing liquids	630
Wet matches	83
Broken lightbulbs	144
Lighters	20
Charcoal	950
OTC medicines	122
Total	**41.16 ton**

SMART & FINAL

At Smart & Final we have a hazardous waste program that complies with California state requirements. The waste generated by our operations is mainly a result of breakage, obsolete products or product recalls. We have mandatory annual training for all employees who handle this type of waste, depending on their jobs.

Hazardous Waste			
	Ton (2022)		Ton (2022)
Hazardous waste transported	55.1	Hazardous waste transported	45.3
Hazardous waste treated	26.0	Hazardous waste treated	37.3



EL SUPER

The Grind2Energy™ food waste recycling system is an alternative to avoid disposing of waste in landfills, sending it to sanitary landfills, or traditional composting. Our closed-loop system can recover valuable resources by recycling discarded food to turn it into clean water, beneficial fertilizers for growing more food, and renewable energy in the form of electricity, heat, or compressed natural gas.

838 ton

of processed waste

in 13 El Super units = Generating

152,583 kWh

Of electric power for 169 households = Reducing

575 tCO_2e

= -1.4 million miles of driving

The remaining waste, after being used as energy generated **48 ton of fertilizer**

Biodiversity

REFORESTATION WITH DRONES

GRI 3-3, 304-1, 304-3

Aware of the importance of environmental conservation and Mexico's ecosystems, since 2019 Grupo Chedraui has carried out reforestation campaigns using drones in the states of Oaxaca, Veracruz, and Estado de México.

This is a long-term project aimed at supporting the flora and fauna of areas affected by deforestation and climate change.

The method used offers various benefits, such as reforesting extensive areas much faster than traditional methods; reaching inaccessible areas like slopes or steep terrains without risking human lives; being the most natural forest recovery method as it avoids invasive actions in the forest; enabling quicker response; and generating no waste that could harm the forest, among others.

The environmental benefits derived include:

- Conserving soil in areas severely affected by fires.
- Restoring tree vegetation and original ecosystems at each site.
- Recovering of wildlife populations.
- Restoring of forest functionality and contributing to the continuity of the hydrological cycle in these areas.
- Increasing forest resilience.
- Conserving the country's biodiversity.
- Benefiting local communities.
- Conserving the heritage of damaged communities.
- Benefiting the local economy.

Hectares of reforestation

40
Oaxaca

85
State of Mexico

172.5
Veracruz

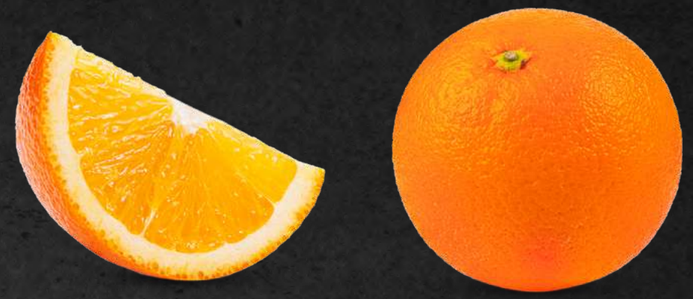
297.5
Hectares of reforestation from 2019 to 2023

Commitment to communities



Smart & Final CHARITABLE FOUNDATION

GRI 3-3, 203-1, 203-2, 413-1



The Smart & Final Foundation has a positive impact in communities via several means; the primary pillars focused on include:

- **Health and wellness**
  - Hygiene products
  - Medical care
  - Dental care
- **Education**
- **Books**
- **Team sports and youth development**
  - Small leagues
  - American Youth Soccer Organization (AYSO)
  - Soccer
  - Boys and girls clubs
  - Young Men's Christian Association (YMCA),
  - Youth's Christian Association
- **Fighting against hunger**
  - Food Banks
  - Seeking to reduce emissions produced by the sanitary landfill in California, the Foundation set out to:
    - Avoid sending food to sanitary landfills by donating to Food Banks and by preparing food baskets with staple items
    - Partnering with 17 Food Banks and their representatives, to ensure food reaches those who need it the most and not ending up in sanitary landfills
  - Pantries
  - Churches
  - Schools
- **Disaster relief**
  - Floods
  - Forest fires

In turn, these pillars are divided into different philanthropical areas:

- **Corporate Philanthropy**

It is our corporate responsibility to support communities through our Smart & Final stores, alleviating hunger by diverting food waste from landfills and rescuing food to donate to food banks and agencies with which we partner, such as "Feeding America" and "Food Finders".

+ 1,950,000 kilos of food donated **= 3.5 million** meals for families and individuals suffering food scarcity in California, Nevada, and Arizona

▶ Employee Philanthropy

We encourage our people to donate to the Smart & Final Foundation through payroll deductions. Employees have the opportunity to manage their personal donation by accessing the payroll system at any time to enroll in payroll deductions, increase or decrease them, or opt out of donating.

The funds contributed by employees support the financial requests of not-for- profit organizations seeking monetary donations through Versaic, our internal request process.

+98,000 USD

donated by our employees

▶ Employee Volunteerism

Another way our Smart & Final Foundation is committed to helping communities is through our volunteerism, whereby employees contribute their time to serve our local communities.

- Through the financial support of our employees and suppliers we were able to donate $970,000 to local not-for-profit organizations in California, Arizona, and Nevada.
- "Second Harvest OC - Harvest Solutions Farm": Employees harvested 23,000 pounds of cabbage, which was donated to families struggling with food insecurity and lacking sufficient fruits and vegetables, complementing their needs.
- "Read Across America": Our employees visited elementary school classes to read to children and promote reading habits along with the commitment to the stories they read.
- Scholastic Book Fair: Employees assist students from Title One schools across the country in choosing three books to take home, which are paid for by the Foundation. Approximately 75% of the children do not have their own books, so this gives them a sense of ownership for the first time.
- Caterina´s Club PastaThon. Smart & Final employees helped collect pasta and sauce at the Anaheim White House, on Giving Tuesday, so that Chef Bruno Serano and his staff could prepare over 25,000 meals per week, feeding children five days a week who experience food insecurity in Los Angeles, San Diego, Orange County, and the Inland Empire.
- American Heart Association: Employees participated in walks through various areas of Northern California to raise funds and awareness for strokes and heart disease. USD $9,000 was donated by the Foundation and USD $4,800 by employees for the cause.
- Food Banks and Agencies: Our employees sorted, packed, and stacked food containers to be donated to families and individuals struggling with food insecurity.

We also assisted an Arizona school district by packing 1,500 bags of food for children who are unsure if they will eat over the weekend, as they receive assistance through a school feeding program for their daily breakfast and lunch at school.

▶ Customer Volunteering

Our customers annually donate to in-store campaigns that provide funds to not-for-profit organizations supported by the Foundation. 100% of all monetary funds raised go to the not-for-profit organization.

- Campaign Programs.
- Olive Crest: USD $522,000 donated to mistreated and abandoned children.
- City of Hope/Kids 4 Hope: USD $500,000 donated to help children with cancer.
- PastaThon Caterina´s Club: USD $332,500 donated to provide food for children experiencing food insecurity.

FOOD DONATION PROGRAM
EL SUPER

Food Finders

111,687 kg

of food products donated,
equivalent to 199,143 meals

Feeding San Diego

16,005 kg

of food products donated,
equivalent to 29,406 meals



Social Responsibility

Legal and regulatory compliance

Environmental

- Waste and recycling
- Use of clean energy
- Emissions reduction
- Water resources

ESG Training

- Human Rights
- Diversity and Inclusion
- Responsible Sourcing

Governance

- Corruption
- Code of Ethics
- Corporate Policies
- Cybersecurity









FUNDACIÓN CHEDRAUI
ayudamos de corazón

GRI 3-3, 203-1, 203-2, 413-1, 413-2

Fundación Chedraui has 4 pillars of action: Education, Health, Social Assistance, and support for victims in cases of natural disasters. In the first three, support is provided through cash donations to 31 Foundations and Institutions in our country, highlighting the School of Arts and Technical Skills, under the pillar for Education.

Additionally, this year our Foundation provided significant support to the victims of Hurricane Otis in Acapulco.

Mission

Contribute to the development of Mexicans through decisive participation in education, health, and social assistance.

Vision

To be an institution that promotes human development and social well-being.

WE SUPPORT
UN GLOBAL COMPACT

Since 2020, we have been signatories to the United Nations Global Compact, committed to aligning our operations with the Ten Universally Accepted Principles in the areas of Human Rights, Labor Standards, Environment, and Anti-Corruption, and taking action in support of the goals of the United Nations' Sustainable Development Goals.

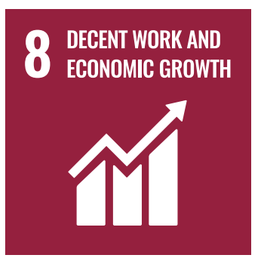
Chedraui Mexico's Social Responsibility is represented by the Fundación Chedraui, through which we develop initiatives to support the communities of our country, addressing areas such as education, health, housing, food, social assistance, sustainable development, and assistance to those affected by natural disasters.

ACTIONS AND SDGS

SDG	PRIORITIES	CHEDRAUI INITIATIVES	CONTRIBUTION TO GOALS
	End all type of poverty throughout the world.	• We support various institutions that provide social assistance and education to thousands of Mexican families and students living in poverty. • We oversee three schools -The School of Arts and Technical Skills- where we provide scholarships to young people from low-income backgrounds so they may attend high school, go to vocational schools, and take intensive courses. • This opportunity enables them to continue their university studies, secure employment, advance in their current jobs, start a business, or enhance existing ones, thereby improving their income and quality of life.	• The 3 campuses of the School of Arts and Technical Skills. Some **70,301** students have graduated, since its inauguration in the 80's. • **+41%** graduates (5,944 in 2022 vs 8,409 in 2023). • **+21% online courses.** • **3,146** in 2022 vs 3,801 in 2023.
	Ending hunger, achieving food security, improving nutrition, and promoting sustainable agriculture.	• Program for donating food in consumable condition, from all Chedraui Stores throughout Mexico. • Delivered to Food Banks and other institutions.	• During 2023, some **5,174,269.85 kilos of food** were donated, benefiting over **765,000 people**. This represents a total value of **$248,364,772.34** pesos.

SDG	PRIORITIES	CHEDRAUI INITIATIVES	CONTRIBUTION TO GOALS
	Ensuring healthy lives and promoting well-being for all at all ages.	Assistance to hospitals, clinics and institutions specializing in cancer. • The Federico Gómez Children's Hospital in Mexico City; and AHTECA (Help Me Brother, I Have Cancer) in Xalapa, Veracruz. • Casa de la Amistad, in Mexico City, which helps children with cancer. • Breast Cancer Foundation, which supports people with this disease. • Casa Nueva Foundation, which assists addicts, in Xalapa, Veracruz. • Down Xalapa Institute, promoting actions for development of persons with Down Syndrome.	**45,687** **employees, trained in health and safety-related subjects.** • Promotion of health within the Company for all employees through good hygiene habits, nutrition, family recreation, and volunteerism. • Vaccination campaigns. • Campaigns for the prevention of occupational diseases. • Participation in Health Fairs.
	Ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all.	• We oversee three schools -The School of Arts and Technical Skills- where we provide scholarships to young people from low-income backgrounds so they may attend high school, go to vocational schools, and take intensive courses. • This opportunity enables them to continue their university studies, secure employment, advance in their current jobs, start a business, or enhance existing ones, thereby improving their income and quality of life. The School has 3 campuses; Xalapa, the Port of Veracruz, and Villahermosa, offering classes both online and on campus. • Assistance for employees so they may complete high school and university studies, increasing their opportunities for better positions within the Company.	• **8,409 graduates** in 2023, a **41% increase** over 2022. • **4,608 on campus** in 2023, a 65% increase vs 2022. • **3,801 online graduates** in 2023, a 21% increase as compared to 2022. • **70,301 students** benefitted since 1987. • **3,869 hours** in training for high school students. • **6,077 female and 2,332 male graduates.**

SDG	PRIORITIES	CHEDRAUI INITIATIVES	CONTRIBUTION TO GOALS
	Achieving gender equality and empowering women and girls.	• Implementation of our Code of Ethics and of gender equality in all our stores, corporate offices, and DCs; fair and equal treatment for all employees, regardless of gender, race, religion, etc. • We are part of the UN Women's gender equality strategy. • Promotion of diversity, gender equality, and respect for human rights. • Diversity and Inclusion Policy.	**Mexico** **47.50%** **Women** **52.49%** **Men** **6 Women / 15 Men Executives**
	Guaranteeing water availability and sustainable management and treatment for all.	• Permanent water-saving program in stores, corporate offices, and distribution centers. • Awareness campaigns regarding water conservation. • Efficient use of energy and water resources. • Permanent water-saving program in stores, corporate offices, and distribution centers. • Water conservation campaigns. • Monitoring of water consumption.	**1,449,726 m³** **water consumed in 2023 vs 1,555,139 m³ in 2022.**

SDG	PRIORITIES	CHEDRAUI INITIATIVES	CONTRIBUTION TO GOALS
	Ensuring access to affordable, reliable, sustainable, and modern energy for all.	• The primary objective of reducing our carbon footprint. • This is done through the use of clean energy sources and other actions.	**Fuel Consumption Solar Panel and Wind (MWh)** 2022 | 407,369 2023 | 397,285 **Energy consumed in 2023** **32.4%** CFE **66.8%** Wind energy **1.2%** Solar panels
	Promoting inclusive and sustainable economic growth, employment, and dignified work for all.	• Promoting human capital development and fair pay for all employees. • Improving working conditions, job stability, and opportunities for internal growth. • Wages, benefits and compensation exceeding that stipulated by law.	**501,151** hours of training **Chedraui University** **Mean training hours** **8.85** Women **8.06** Men **Training at Chedraui University for 59,370 employees**

SDG	PRIORITIES	CHEDRAUI INITIATIVES	CONTRIBUTION TO GOALS
	Reducing inequality in and among countries.	• Promote purchase of local products. • Preference for domestic suppliers.	• We have a Supplier Code of Conduct, which must be followed by all our suppliers. **96%** **of our suppliers are local**
	Guaranteeing sustainable consumption and production modes.	• We promote the responsible consumption of resources; recycling and reusing products and materials; and waste biodegrading.	**38,130 ton** **of recycled cardboard** **2,256 ton** **of recycled shrink-wrap**
	Adopting urgent ways to combat climate change and its effects.	• Sustainability Committee. • Reduce carbon footprint. • Raise employee awareness on the importance of combating climate change. • We maintain our short, medium, and long-term commitment to using clean energy, reducing emissions, conserving water, and recycling waste.	**297.5** **hectares of reforestation from 2019 to 2023, in different states throughout Mexico**

SDG	PRIORITIES	CHEDRAUI INITIATIVES	CONTRIBUTION TO GOALS
	Conservation and sustainable use of oceans, seas, and resources.	• Promote responsible fishing.	**We are the first supermarket chain in Latin America to have a Sustainable Seafood Purchasing Policy**
	Sustainable forestry, combating desertification, halting and reversing land degradation, and stopping biodiversity loss.	• Promote forest conservation, and conduct reforestation campaigns. • Drones are used in our reforestation campaigns in the states of Oaxaca and Veracruz.	**Hectares of reforestation with the use of drones:** **40** **Oaxaca** **85** **State of Mexico** **172.5** **Veracruz**

SDG	PRIORITIES	CHEDRAUI INITIATIVES	CONTRIBUTION TO GOALS
	Promoting fair, peaceful, and inclusive societies.	• Company's Code of Ethics • Guided by our Code of Ethics, we embrace a culture of integrity, respect, and transparency.	• **3rd place, with a score of con 96.08** in the Corporate Transparency Index. • Supplier Code of Conduct published and signed by them. • Employee training in the Code of Ethics, ensuring they are fully familiarized with it, and then that they sign the same.
	Revitalizing the World Alliance for Sustainable Development.	• Promoting alliances with organizations and institutions seeding social and environmental development.	• **Partnerships with 83 institutions** to work on issues related to education, health, social assistance, housing, disaster relief, dissemination of principles and values, and training.

For greater information on the Chedraui Foundation: https://fundacionchedraui.mx/

EDUCATION

Through the Chedraui Foundation, support is provided to various schools from preschool to high school education, with in-kind donations. Additionally, we support students from public elementary schools through the "See Well to Learn Better Foundation" by donating prescription glasses to those in need.

Several projects are conducted in secondary education, among which the School of Arts and Technical Skills stands out with its three campuses located in the Port of Veracruz, Villahermosa, and Xalapa. These campuses offer high school studies, technical careers, and intensive courses.

We offer both in-person and online education plans, providing the facilities and necessary tools for young people and adults in the country to obtain a quality education, allowing them to continue their studies and have better job opportunities, as well as specializing in their field or even starting their own business.

Additionally, the Chedraui Foundation grants university scholarships to the most outstanding students of the School who do not have the necessary resources, thereby enabling them to obtain a university degree and improve their quality of life through better employment opportunities.

8,409 students
graduated in 2023





70,301
students benefitted since 1987

3,869
hours of classes in High School

Graduates

6,077
Female

2,332
Male

	Students from the School of Arts and Technical Skills 2023	Variation 2023 vs 2022
Totals	8,409	41% Increase
On Campus	4,608	65% Increase
Online	3,801	21% Increase

https://www.liceodeartesyoficios.org/

HEALTH

Through collaboration agreements with various health organizations, we provide care to individuals with various illnesses and conditions who do not have the necessary resources to access needed quality medical care.

Assistance Institutions

- Federico Gómez Children's Hospital in Mexico City.
- AHTECA (Help Me, Brother, I Have Cancer), Xalapa, Veracruz.
- Patronato Pro Asistencia Pública de Veracruz, through which we support the "Dr. Luis F. Nachón Civic Hospital" in Xalapa, Veracruz, as well as its patients.
- Casa Nueva Foundation, which assists individuals with addictions in Xalapa, Veracruz.
- Xalapa Down Syndrome Institute, which promotes actions aimed at the development of people with Down Syndrome.
- Breast Cancer Foundation in Mexico City.
- Casa de la Amistad in Mexico City, which cares for children with cancer.









NUTRITION

Through Chedraui Stores and with the voluntary cooperation of employees from various departments, we help separate food items that do not meet the quality standards for sale but are in perfect condition to be consumed. These items are then delivered to organizations that assist Mexican families with limited resources, including BAMX (Mexican Association of Food Banks). Emmanuel Foundation, *A Compartir* Food Bank, and Local *Caritas*.

Our Food Donation Policy aims to reduce hunger and improve nutrition among the most vulnerable sectors of the population by directly delivering perishable and non-perishable food items in good condition to organizations who help Mexican families with limited resources.

SOCIAL ASSISTANCE

We provide social assistance to help improve the lives of individuals and families in vulnerable areas of the country through institutions that promote universal values, comprehensive education, charity, and volunteerism. These include organizations such as Cáritas Mexicana, Cáritas Xalapa, and other regional Cáritas branches, as well as various assistance and healthcare institutions located in Mexico City and several cities in the state of Veracruz. We provide in-kind donations such as household appliances, toys, school supplies, personal hygiene items, medical supplies, and cleaning products to these institutions. These donations are contributed by companies such as Colgate, Industrias MAN, Azor, Epima, Novelty, BSN Medical, and Fantex, among others.

IMPROVEMENT PROJECTS

We have allocated almost $18 million pesos for various improvement projects in Xalapa, Veracruz; Ayutla de los Libres, Guerrero; Toluca, Temoaya, State of Mexico; and Cuautla, Morelos.

$17,973,423
pesos for the cities where we have presence
+275% vs 2022



CORPORATE VOLUNTEERISM

We continue implementing various community support initiatives through our corporate volunteerism program, which carries out these activities within working hours. This includes the sorting of food items in good condition and their donation to over 40 institutions in Mexico, including the Mexican Association of Food Banks, Caritas organizations in various municipalities, and the Emmanuel Foundation, among others.

In 2023, we exceeded donation quantities from the previous year, as well as the total weight of food donated.

Over 1,000

volunteers for the Separation, Selection, and Food Donation program





FOOD MANAGEMENT

Through our suppliers, we strive to minimize food loss that occurs during production, storage, importing, transportation, and any stage of the supply chain lifecycle until it reaches our facilities, whether Distribution Centers and/or Stores.

Studies and reviews of sales behavior in each of our stores are conducted to eliminate surplus food exceeding demand and becoming food waste, which translate into losses for the Company. Strict records, control, and supervision of the shrinkage generated by each business unit are conducted to prevent these surpluses.

Food waste is minimized through the aforementioned actions, and through food donations from all our units to food banks and institutions authorized by our Foundation. This ensures the proper use and destination of these food products for not-for-profit purposes for Mexican families in need.

Another way to reduce food loss is to sell food items with different sizes, dimensions, and shapes (such as produce that deviate from the norm in terms of shape, size, color) but always in good condition while maintaining quality and freshness. These items can be marketed at a differentiated price to prevent waste.

Additionally, through the analysis of product sales and movement, we create special promotions to minimize the withdrawal and loss of both perishable and non-perishable food items nearing their expiration date. With sufficient time, these items are donated as long as they are in good condition and well in advance of their expiration date.

To support the effectiveness of our actions, we establish reduction goals for food shrinkage by segment and by category type, implementing specific action plans to achieve these objectives, which are periodically communicated to our employees.

Training programs are provided to raise awareness among employees regarding the importance of reducing food shrinkage, including proper reception, storage, transportation, and display of products, as well as timely and careful removal for donation. In partnership with food banks and authorized institutions, personnel from these institutions are invited to provide additional training to our personnel, who also participate as volunteers to ensure the proper implementation of our food donation policy.

All of these efforts, in addition to reducing food waste and ensuring proper food donation, help to mitigate greenhouse gases by preventing them from reaching landfills.

In USA

1.9 million

kilos donated, equivalent to 3.5 million meals

In Mexico

5.1 million

kilos donated vs 4.8 million in 2022

$ 258,864,772

pesos of food products donated
vs $ 254,890,319 in 2022

765,792

persons benefitted in Mexico /
43 institutions benefitted.

11,590 tCO_2

were no longer emitted thanks
to the donation of food products

HURRICANE OTIS

On October 25, 2023, Acapulco, Guerrero, Mexico, was struck by one of the strongest meteorological phenomena in Mexico's history, category-5 Hurricane Otis. This situation caused significant damage to our five stores and resulted not only in the destruction of this port city, but also significant social and economic events following the hurricane.

The Company has a Business Continuity Plan involving its top executives, which allowed us to prevent and anticipate some of the tasks necessary for the rehabilitation of our stores in the shortest time possible, as well as organizing humanitarian aid for our employees affected by said hurricane.

Preparation through communication, questionnaires, and emails allowed us to identify the extent of the phenomenon and the needs of each store, reinforcing them to face the situation in the best possible way. During the hurricane, the commitment and capacity of our personnel helped minimize the impact caused by the hurricane.

The support and coordination of the corporate areas, made possible through links, meetings, and communication groups, also contributed to the swift rehabilitation of all Business Units. The Plan details all tasks for each area and the parties in charge of managing them.

Chedraui works continuously to address such unforeseen vulnerabilities in order to minimize negative impacts on the community, employees, and business continuity.

It is important to mention the great support received from the Fundación Chedraui and Human Resources to ensure that our people had all the support and backing of the Company.

On November 6th, we reopened our stores, becoming the first retail company to do so in Acapulco, receiving recognition from the business, government, and social sectors.

As an additional action, we conducted a fundraising campaign so those customers willing and able could make donations to the hurricane victims. Donation points were set up in our stores at the checkout area, as well as through bank deposits or e-transfers to the Chedraui Foundation account.

In-store customer donations and bank deposits	+	Amount matched by Chedraui Foundation (1x1)	+	Additional Chedraui Foundation donation	=	Total support to victims in Acapulco
$2,546,304 pesos		**$2,546,304 pesos**		**$11,486,468 pesos**		**$16,579,076 pesos**

The support provided during 2023 and 2024 was and continues to be entirely for victims and in the following stages:

- Water, rehydration and energy drinks; perishable and non-perishable food products
- Personal hygiene items
- Household cleaning supplies
- Galvanized sheets, plywood sheets and various building materials for housing construction
- Housing reconstruction
- Furniture and household appliances
- Reconstruction of schools and computer classrooms including equipment

ROUNDUP CAMPAIGNS

$7,251,235
pesos +94% vs 2022



9 benefitted institutions
in 2023, plus the campaign in favor of hurricane victims in Acapulco

Ver Bien ANTAD
(eye health, free eyeglasses for public grade school students)

BAMX
(Mexican Association of Food Banks)

Alimentos de México a Compartir AC (AMA)

Banco de Alimentos Maná A.C (Xalapa)

Cáritas Mexico
(assistance for low-income population)

Fundación Casa Nueva I.A.P.
(assistance for addicts)

Fundación Emmanuel I.A.P.
(support for inmates and their families)

Educadores Integrales I.A.P.
(Teachers Organization)
(dissemination of universal values)

FUCAM A.C.
(Assistance for persons with breast cancer)

Victims of Hurricane Otis in Acapulco, Guerrero



Chedraui Total Social Investment in 2023

$359,559,641
+14.12% vs 2022
In favor of the poorest and most vulnerable populations in our country, to enhance their living conditions.

SUPPORT FOR UNICEF

Support for UNICEF (United Nations International Children's Emergency Fund) through Instant Lottery Campaigns, with the sale of tickets at all our units.

Financial performance



Summary of Retail Operations

GRI 3-3, 201-1

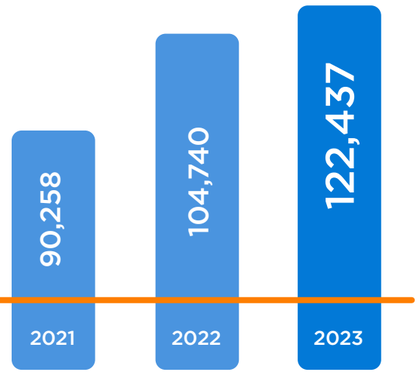
RETAIL MEXICO

Millions of Pesos	2022	2023	Variation
Sales	104,740	122,437	16.9%
EBITDA	8,560	10,404	21.5%
EBITDA Margin	8.2%	8.5%	0.3 percentage points



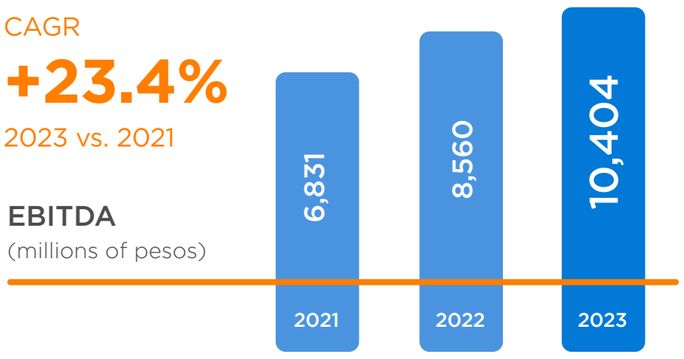
CAGR
+16.5%
2023 vs. 2021

Sales
(millions of pesos)

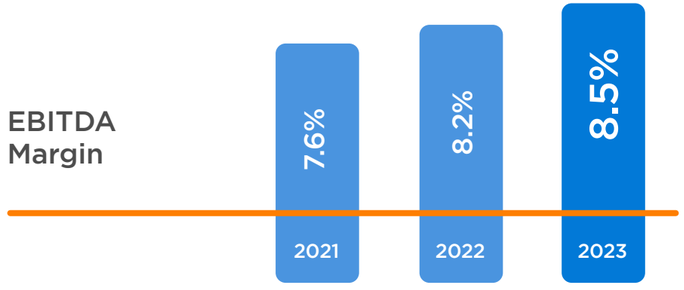


CAGR
+23.4%
2023 vs. 2021

EBITDA
(millions of pesos)



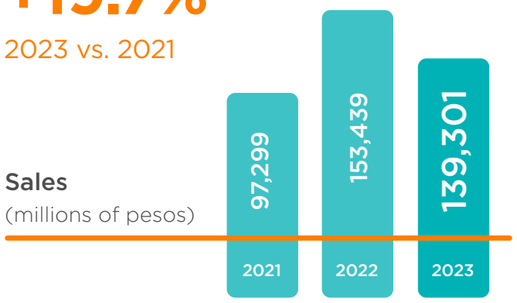
EBITDA Margin



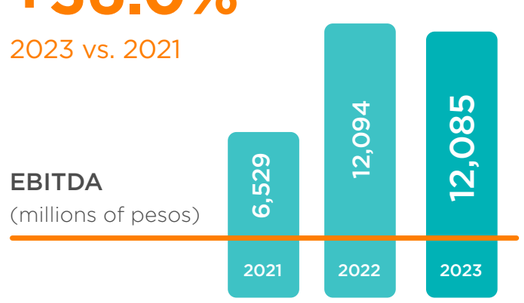
RETAIL US

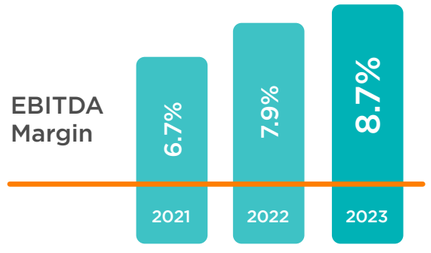
Figures in millions of pesos	2022	2023	Variation
Sales	153,439	139,301	-9.2%
EBITDA	12,094	12,085	-0.1%
EBITDA Margin	7.9%	8.7%	0.8%

CAGR
+19.7%
2023 vs. 2021



CAGR
+36.0%
2023 vs. 2021





EBITDA Breakdown (millions of pesos)

	2022	2023	Variation
El Super	3,381	3,539	4.7%
Fiesta	1,851	1,889	2.1%
Smart & Final	6,862	6,657	-3.0%
Total	12,094	12,085	-0.1%

Store operation summary

	2022	2023	Net variation
Retail Mexico			
Tiendas Chedraui	205	210	5
Super Chedraui	75	77	2
Super Ché	8	8	0
Supercito	80	129	49
Arteli	36	36	0
Total in Mexico	**404**	**460**	**56**
Retail US			
El Super	64	65	1
Fiesta Mart	59	59	0
Smart & Final	253	255	2
Total in the USA	376	379	3
TOTAL Retail	**780**	**839**	**59**

Real Estate Division

Millions of pesos	2022	2023	Variation
Sales	1,147	1,319	15.0%
EBITDA	773	831	7.5%
EBITDA Margin	67.4%	63.0%	-4.4%



2023 FINANCIAL RESULTS

During 2023, our customer-centric strategy continued to yield positive results both in Mexico and the United States. We achieved our financial goals with continued organic growth through the opening of 57 stores in Mexico and three in the United States, totaling 460 and 379 stores, respectively.

Efforts to improve all Chedraui business lines resulted in consistent profitability increases. By the end of 2023, we achieved an 18.6% ROE, a 130 basis-point increase as compared to the close of 2022.

In financial results, consolidated revenues totaled $263.058 billion pesos in 2023, a 1.4% increase. This growth was affected by the consolidation of Chedraui USA revenues, due to a 12.2% appreciation of the Mexican peso against the dollar. Excluding this effect, the growth would have been 8.9% compared to 2022. Sales benefited from the addition of 57 stores in Mexico and 3 in the United States and from the increase in same-store sales (SSS) of 10.1% in Mexico and 3.2% in Chedraui USA (in dollar terms) within the Retail Division in the United States.

In the real estate division, the strong revenue performance for the year was due to the addition of 11,017 square meters of leasable area, an annual growth of 2.6%, and a higher occupancy rate of 97.3% compared to 94.4% in 2022.

Gross profit in 2023 increased by 3.3% compared to 2022, reaching $61.267 billion pesos, with a margin of 23.3% achieving a year-over-year expansion of 42 basis points.

Operating income showed a 14.3% growth due to the increase in gross profits and an improvement in the expense-to-sales ratio of 18 bp.

During the year, EBITDA amounted to $23.320 billion pesos, an 8.8% increase compared to 2022, with an EBITDA margin of 8.9%, which resulted 8.3% higher than the previous year. Excluding the aforementioned currency depreciation, EBITDA growth would have been 16.7%.

Finally, net income in 2023 totaled $7.894 billion pesos, a 27.8% increase compared to the previous year, representing 3% of consolidated sales and a 60 points, 2.4% improvement compared to 2022.

Consolidated Income Statement

Figures in millions of pesos	2022	2023	Variation
Net sales	259,326	263,058	1.4%
Gross profits	59,300	61,267	3.3%
Operating expenses (w/o depreciation)	37,873	37,947	0.2%
EBITDA	21,427	23,320	8.8%
Net consolidated Income	6,176	7,894	27.8%
Majority Net income	5,997	7,645	27.5%
Basic profit per share	6.27	7.97	27.1%
Number of outstanding shares	963,917,211	963,917,211	n/a
Price per share at Dec. 31st	83.18	102.58	23.3%

Consolidated Balance Sheet

Figures in millions of pesos	2022	2023	Variation
Cash and cash equivalents	11,566	13,696	18.4%
Inventory	21,039	20,774	-1.3%
Long-term assets	105,744	99,923	-5.5%
Total Assets	143,439	140,238	-2.2%
Suppliers	30,652	31,823	3.8%
Total liabilities	104,071	94,364	-9.3%
Majority shareholder investment	39,074	45,379	16.1%



Retail Mexico

As of December 31, 2023, the Retail Division in Mexico had five more Chedraui Stores, compared to those recorded on the same date in 2022; two additional Súper Chedraui; and 49 additional Supercito units that were integrated into the operation. This resulted in an annual expansion in sales floor of 2.5%.

Total sales in Mexico increased by 16.9% compared to 2022.

Moreover, EBITDA grew by 21.5% compared to the previous year, representing 8.5% of sales, which is equivalent to a 32 basis-point an expansion in the year.

Figures in millions of pesos	2022	2023	Variation
Sales	104,740	122,437	16.9%
EBITDA	8,560	10,404	21.5%
EBITDA Margin	8.2%	8.5%	32pp



Retail US

During 2023, El Super and Fiesta Mart (ES & FM) exceeded expectations; however, Smart & Final experienced a decrease. This is attributed to customers being more cautious, seeking to offset reduced government assistance with promotions and smaller presentations. Our customer base in all three formats continues to grow, with particularly strong performance in El Super and Fiesta Mart.

Revenue at Chedraui USA grew by 3.4% in dollars; however, when translated into pesos, the 12.2% appreciation of the Mexican peso resulted in a 9.2% decrease compared to 2022. The revenue growth in dollars is explained by the increase in customer base and the opening of three new stores during the year.

EBITDA for the U.S. operation reached $12,085 billion pesos, a marginal decrease of 0.1% resulting from changes in exchange rates; **however, in dollars, EBITDA grew by 13.8%.** In 2023, the operation achieved a margin expansion of pesos of 8.7% over sales, representing a 79 basis-point increase when compared to the previous year.

Figures in millions of pesos	2022	2023	Variation
Sales	153,439	139,301	-9.2%
EBITDA	12,094	12,085	-0.1%
EBITDA Margin	7.9%	8.7%	79pp

EBITDA by banner

Figures in millions of pesos	2022	2023	Variation
El Super	3,381	3,539	4.7%
Fiesta	1,851	1,889	2.1%
Smart & Final	6,862	6,657	-3.0%
Total	12,094	12,085	-0.1%

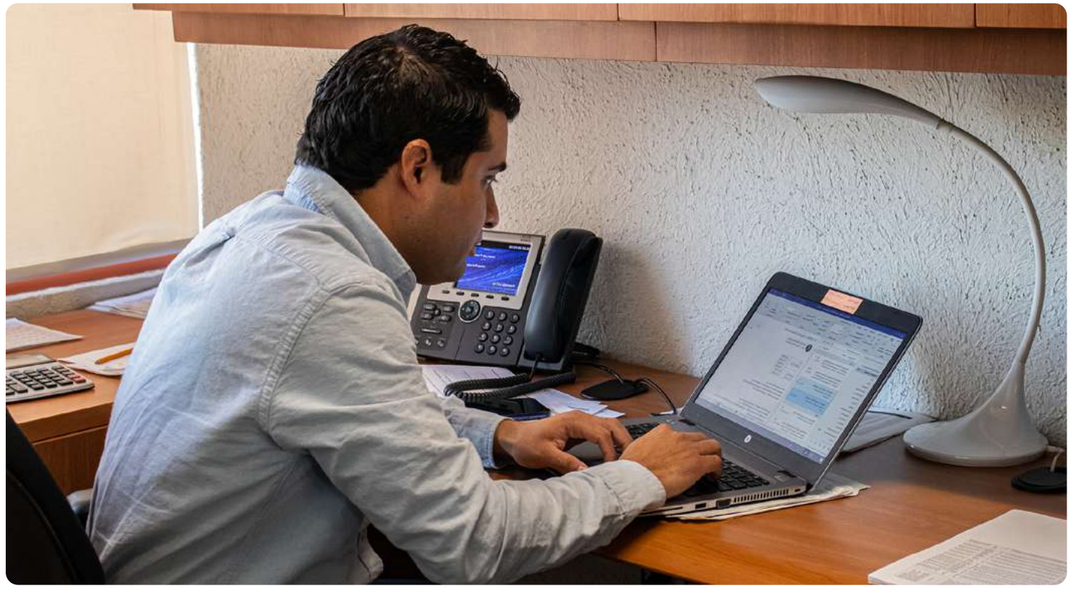


REAL ESTATE DIVISION

Revenues for this division were recorded as being $1,319 billion pesos, representing 15.0% growth over those obtained for 2022. This was the result of sound performance throughout 2023. EBITDA for the Real Estate segment increased by 7.5%, that is, $831 million pesos, with an EBITDA margin of 63%.

Figures in millions of pesos	2022	2023	Variation
Ventas	1,147	1,319	15.0%
EBITDA	773	831	7.5%
Margen EBITDA	67.4%	63.0%	-437pp





FINANCING

It's worth noting that the cash generation from our operations allowed the Company to record a net cash position of $5,553 billion pesos by close of December 2023, comprising $8,143 billion pesos in long-term debt and $13,696 billion pesos in cash and temporary investments.

The cumulative CAPEX invested from January to December 2023 amounted to $7,488 billion pesos or 2.8% of consolidated sales, compared to $6,789 billion pesos invested in 2022.

With these figures, the compounded net cash to EBITDA figure for the last twelve months closed at 0.24x.

CORPORATE PRACTICES COMMITTEE REPORT

INFORME DEL COMITÉ DE AUDITORÍA Y PRÁCTICAS SOCIETARIAS

Ciudad de México, a 12 de marzo de 2024

AL H. CONSEJO DE ADMINISTRACIÓN DE
GRUPO COMERCIAL CHEDRAUI, S.A.B. DE C.V.
Presente

En cumplimiento a lo dispuesto por los artículos 42 y 43 de la Ley del Mercado de Valores, los Estatutos Sociales y de las recomendaciones contenidas en el Código de Mejores Prácticas Corporativas, actualmente denominado Código de Principios y Mejores Prácticas de Gobierno Corporativo, en mi carácter de Presidente del Comité de Auditoría y Practicas Societarias (en lo sucesivo el "Comité") de Grupo Comercial Chedraui, S.A.B. de C.V., me permito informar a ustedes sobre las actividades relevantes llevadas a cabo por el Comité durante el ejercicio social terminado el 31 de diciembre de 2023.

El Comité fue debidamente integrado por acuerdo de la asamblea de accionistas de la Sociedad de fecha 05 de abril de 2010; con apego a la legislación vigente aplicable sus miembros han sido designados o ratificados, según sea el caso, de manera anual por resolución adoptada por los accionistas de la Sociedad, reunidos legalmente en asamblea.

Para analizar los resultados de las operaciones y los eventos relevantes de la Sociedad, el Comité celebró las sesiones que permitieron asegurar el estricto, adecuado y permanente seguimiento de los acuerdos adoptados en el ejercicio de sus funciones, dando seguimiento a los acuerdos tomados por la Asamblea de Accionistas y el Consejo de Administración, invitando a dichas sesiones a los funcionarios de la Sociedad que se consideró conveniente.

I. ACTIVIDADES REALIZADAS EN MATERIA DE AUDITORIA:

a) La Sociedad cuenta con un área de auditoría interna y un sistema de control interno, los cuales fueron supervisados y evaluados junto con los principales aspectos que requieren mejoría. A efecto de realizar las recomendaciones pertinentes, se consideraron los dictámenes y la opinión de los Auditores Externos y de los Expertos Independientes. Adicionalmente, se revisaron las recomendaciones preventivas y correctivas implementadas a efecto de evitar incumplimientos a los lineamientos y políticas de operación y registro contable de la Sociedad y sus subsidiarias. Al respecto, en opinión del Comité no se encontraron diferencias o desviaciones materiales que reportar y el mismo cumple con lo que la Sociedad y sus subsidiarias requieren para operar en un ambiente de control.

b) Se presentaron al Consejo de Administración de la Sociedad para su autorización los siguientes asuntos relacionado con los servicios de auditoría externa de estados financieros básicos (i) la recomendación al Consejo para la ratificación del despacho Galaz,Yamazaqui, Ruiz Urquiza, S.C. (miembro de Deloitte Touche Tohmatsu Limited), como Auditor Externo; (ii) la contratación de servicios distintos al de auditoría externa de estados financieros básicos; (iii) el importe de las remuneraciones, tanto del servicio de auditoría externa como de los servicios distintos al de auditoría externa de estados financieros básicos.

Informe del Comité de Auditoría y Prácticas Societarias
Grupo Comercial Chedraui, S.A.B. de C.V.

c) Dimos seguimiento a las actividades de auditoría externa (i) contribuyendo a que el área de auditoría interna de la Sociedad facilite el desarrollo de las actividades de auditoría externa; (ii) fomentando que la Sociedad cuente con políticas que le permitan contar con personal encargado de la preparación, revisión y autorización de la contabilidad, así como de los estados financieros básicos y sus notas, objeto de la auditoría externa, y con los conocimientos de la regulación contable que resulta aplicable a la Sociedad; y (iii) en relación con la auditoría externa se llevaron a cabo, según correspondió las actividades previstas en la fracción III. del Artículo 27 de la Circular de Auditores Externos.

Se mantuvo al consejo de administración de la Sociedad informado del desempeño de las actividades de seguimiento a las actividades de auditoría externa de estados financieros básicos, así como a la emisión de los comunicados y opiniones señalados en el artículo 15 de la Circular Única de Auditores Externos.

d) Establecimos políticas de operación dentro de la Sociedad, para la evaluación periódica de los Auditores Externos que prestan los servicios de auditoría externa de los estados financieros básicos de la Sociedad, y de la emisión de los comunicados y opiniones señalados en el artículo 15 de Disposiciones de Carácter General aplicables a las Entidades y Emisoras Supervisadas por la Comisión Nacional Bancaria y de Valores que contraten Servicios de Auditoría Externa de Estados Financieros Básicos (la "Circular de Auditores Externos"), así como la forma en la que se llevará a cabo tomando en consideración la realización de las actividades previstas en el artículo 34 de la Circular de Auditores Externos.

e) Llevamos a cabo la evaluación del desempeño de la firma de auditoría externa responsable del dictamen sobre información financiera por el ejercicio terminado el 31 de diciembre de 2023, basando nuestro actuar en las actividades prevista en el Artículo 34 de la Circular Única de Auditores Externos, así como su apego a las normas contables que la rigen, considerando que Galaz, Yamazaki, Ruiz Urquiza, S.C., miembro de Deloitte Touche Tohmatsu y su socio Manuel Nieblas Rodríguez a cargo de la auditoría, cumplen con los requisitos necesarios de experiencia, conocimientos, calidad personal, profesional, además de contar con la independencia de acción, intelectual y económica, requerida para dictaminar los estados financieros de la Sociedad y sus subsidiarias conforme a lo previsto en la Circular de Auditores Externos y en el resto de la legislación aplicable.

Con el fin de ratificar el nombramiento del Auditor Externo para el ejercicio en cuestión (i) llevamos a cabo las actividades de verificación previstas en el artículo 20 de la Circular de Auditores Externos.

f) Se valoraron los servicios adicionales o complementarios, previamente aprobados por el Consejo de Administración, que fueron proporcionados a la Sociedad por la firma de auditoría externa, concluyendo que la ejecución de los mismos, no impiden emitir una opinión sobre la información financiera con la independencia y diligencia que se requiere.

g) El Comité revisó de manera trimestral los Estados Financieros Consolidados de la Sociedad y sus subsidiarias, incluyendo el análisis y la aprobación de las políticas de operación, procedimientos y prácticas contables de la Sociedad y sus subsidiarias, que periódicamente se proporciona a la Bolsa Mexicana de Valores, S.A.B. de C.V. y a la Comisión Nacional Bancaria y de Valores, cerciorándonos de que los mismos cuentan con la calidad, suficiencia y fueron preparados siguiendo los mismos procedimientos, criterios y prácticas contables empleados en la elaboración de la información anual. La administración de la Sociedad ha sido responsable y diligente en el proceso de emisión de los estados financieros con base en las NIIF (IFRS), ha preparado oportunamente la información que es dada a conocer al público inversionista y ha implementado los sistemas de control interno al efecto.

h) Durante el ejercicio social terminado el 31 de diciembre de 2023, no existieron modificaciones de las políticas contables aprobadas para el periodo en cuestión.

i) Asimismo, el Comité elaboró para su posterior presentación a la Asamblea de Accionistas, la opinión a que se refiere el Artículo 28, fracción IV, inciso c) de la Ley de Mercado de Valores, en relación con los estados financieros consolidados auditados de la Sociedad y subsidiarias al 31 de diciembre de 2023, dictaminados por los Auditores Externos de la Sociedad.

j) El Comité verificó, conjuntamente con la administración de la Sociedad y los Auditores Externos e Internos, los factores de riesgo que puedan afectar las operaciones de la Sociedad y su patrimonio, determinándose que los mismos han sido apropiadamente identificados y administrados, a través de un adecuado ambiente de control interno.

k) El Comité llevo a cabo reuniones regulares con la administración de la Sociedad, para mantenerse informado de la marcha de la misma, las actividades y lineamientos generales propuestos para el reporte de eventos relevantes y poco usuales. También se reunió con los Auditores Externos e Internos para comentar el desarrollo de su trabajo, las limitaciones que pudieran haber tenido y facilitar cualquier comunicación privada que desearen tener con el Comité.

l) Se conoció el grado de adhesión de la Sociedad al Código de Mejores Prácticas Corporativas, actualmente denominado Código de Principios y Mejores Prácticas de Gobierno Corporativo, recomendado por la Bolsa Mexicana de Valores.

m) Los miembros del Comité han estado atentos al seguimiento de todos los acuerdos tomados en las Asambleas de Accionistas y en las Sesiones del Consejo de Administración, fundamentalmente, a través de los informes y asuntos que se tratan en las sesiones del propio Comité.

II. ACTIVIDADES RELACIONADAS EN MATERIA DE PRÁCTICAS SOCIETARIAS:

a) Se nos informó del proceso de evaluación de desempeño de los directivos relevantes. No se detectaron o reportaron acciones por parte de directivos relevantes que no fueran acordes al marco jurídico de actuación correspondiente, tomando en cuenta las circunstancias bajo las cuales han llevado a cabo su gestión.

b) Revisamos los reportes de operaciones con partes relacionadas, las cuales se efectuaron bajo condiciones de mercado y dentro de los límites establecidos en la Ley del Mercado de Valores.

c) Revisamos los paquetes y criterios de asignación de las remuneraciones integrales al Director General y los directivos relevantes, no encontrando motivo para hacer algún tipo de observación, al encontrarse dentro de las políticas establecidas por el Consejo de Administración.

d) En este ejercicio el Consejo de Administración no otorgó ninguna de las dispensas previstas por el artículo 28, Fracción III, inciso f) de la Ley del Mercado de Valores

e) Se analizaron y fue ratificada la aprobación a las políticas corporativas de la Sociedad.

Las actuaciones del Comité, sus actividades y trabajos relacionados con sus funciones en materia de Auditoría y de Prácticas Societarias han quedado debidamente documentadas en las actas al efecto se levantan en cada sesión, mismas que fueron oportunamente revisadas y aprobadas por los miembros del Comité.

Basados en las revisiones y comentarios antes realizados y en la opinión que sobre la información financiera expresó el Auditor Externo Galaz, Yamazaki, Ruiz Urquiza, S.C., el Comité considera que Grupo Comercial Chedraui, S.A.B. de C.V. ha aplicado adecuadamente las políticas y criterios contables y por lo tanto su información financiera

es razonable, por lo que RECOMIENDA al Consejo de Administración, la aprobación de los estados financieros consolidados auditados de la Sociedad al 31 de diciembre de 2023, a fin de que se incluyan en el Informe Anual del Director General sobre el ejercicio de 2023, que en su oportunidad se someterá para su aprobación ante la Asamblea de Accionistas.

Atentamente,
Comité de Auditoría y Prácticas Societarias



Clemente Ismael Reyes-Retana Valdés
Presidente

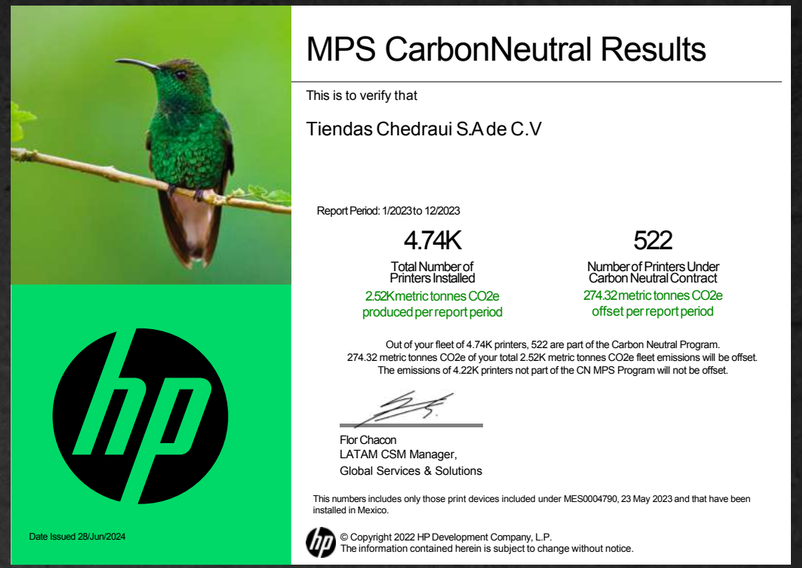
Recognitions



In 2023, **S&P Dow Jones Indexes** announced that issuer **“CHDRAUI B”** shares are now part of the sample of the **S&P/BMV CP Index.**

The Federal Consumer Protection Agency (PROFECO), recognized Grupo Chedraui as a **“Consumer Ally”**, for having the lowest prices nationwide during the second and fourth quarters of 2023.

In the basic food basket category, Grupo Chedraui was recognized for the **lowest average price at the national level.**





About **this report**



GRI 2-1, 2-2, 2-3, 2-4, 2-5

Our *Integrated Annual Report* 2023, includes financial, social, economic, environmental and corporate governance performance for Grupo Comercial Chedraui, S.A.B. de C.V. and the social and environmental information for de Chedraui USA, Inc. , El Super and Fiesta Mart, L.L.C. Also, Smart & Final Stores LLC for the period comprising Jan. 1 to Dec. 31, 2023.

In identifying the material aspects to strengthen in Chedraui's Corporate Social Responsibility Strategy and Model, as well as the topics to report in our Integrated Annual Report 2023, we conducted a double materiality assessment to understand both financial and sustainability risks and opportunities. This study included a comparison between the maturity of relevant companies in the retail sector and the risk characterized by the requirements established by sectoral and social endorsers –both binding and voluntary– in economic, social, environmental, and governance matters.

The relevant topics were presented via on line surveys to a significant sampling of employees, suppliers, customers, and NGOs to determine the level of importance that each topic has for stakeholders, and their positive and negative impacts. In accordance with the prioritization exercise conducted simultaneously with this study, the groups consulted were those with high importance and influence.

This report has been prepared following the guidelines of the Global Reporting Initiative Universal Standards 2021, meeting the 9 compliance requirements it demands; the principles of accuracy, balance, clarity, comparability, comprehensiveness, sustainability context, timeliness, and verifiability required by GRI. It also adheres to the guidelines proposed by the Value Reporting Foundation (VRF), consisting of the International Integrated Reporting Framework and the Sustainability Accounting Standards Board (SASB) for the Retail and Food Distributor sector, and the Women's Empowerment Principles (WEPS). It has independent verification.

We also report our contribution to the Sustainable Development Goals through actions and initiatives implemented by the Chedraui Foundation and its adherence to the 10 Universal Principles of the Global Compact.



GRI Index and **SASB**



Statement of use	Grupo Comercial Chedraui, S.A.B. de C.V. has reported in accordance with the GRI Standards for the period January 1st to December 31st 2023.
GRI 1 used	GRI 1: Foundation 2021

Gri Standard/ Other Source	Disclosure		Location	Reason
General Disclosures				
GRI 2: General Disclosures 2021	2-1	Organizational details	14, 41, 173	
	2-2	Entities included in the organization's sustainability reporting	173	
	2-3	Reporting period, frequency and contact point	173, 238	
	2-4	Restatements of information	84	
	2-5	External assurance	173	
	2-6	Activities, value chain and other business relationships	14, 30, 41	
	2-7	Employees	11, 84	
	2-8	Workers who are not employees	84	
	2-9	Governance structure and composition	62	
	2-10	Nomination and selection of the highest governance body	62	
	2-11	Chair of the highest governance body	62	

Gri Standard/ Other Source	Disclosure		Location	Reason
General Disclosures				
GRI 2: General Disclosures 2021	2-12	Role of the highest governance body in overseeing the management of impacts	62	
	2-13	Delegation of responsibility for managing impacts	62	
	2-14	Role of the highest governance body in sustainability reporting	62	
	2-15	Conflicts of interest	71, 73	
	2-16	Communication of critical concerns	78	
	2-17	Collective knowledge of the highest governance body	62	
	2-18	Evaluation of the performance of the highest governance body	62	
	2-19	Remuneration policies	62	
	2-20	Process to determine remuneration	62, 68	
	2-21	Annual total compensation ratio	93	
	2-22	Statement on sustainable development strategy	5, 54, 123	

Gri Standard/ Other Source	Disclosure		Location	Reason
General Disclosures				
GRI 2: General Disclosures 2021	2-23	Policy commitments	69, 110	
	2-24	Embedding policy commitments	69, 110	
	2-25	Processes to remediate negative impacts	69, 110	
	2-26	Mechanisms for seeking advice and raising concerns	78	
	2-27	Compliance with laws and regulations	62, 112	
	2-28	Membership associations	82	
	2-29	Approach to stakeholder engagement	59	
	2-30	Collective bargaining agreements		58.09% of employees unionized
Material topics				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	57	
	3-2	List of material topics	57	
Economic performance				
GRI 3: Material Topics 2021	3-3	Management of material topics	105	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	9, 162	
	201-2	Financial implications and other risks and opportunities due to climate change	80	
	201-3	Defined benefit plan obligations and other retirement plans	105	
	201-4	Financial assistance received from government		N/A

Gri Standard/ Other Source	Disclosure		Location	Reason
General Disclosures				
Market presence				
GRI 3: Material Topics 2021	3-3	Management of material topics	62	
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	93	
	202-2	Proportion of senior management hired from the local community	62	
Indirect economic impacts				
GRI 3: Material Topics 2021	3-3	Management of material topics	140	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	140, 143, 144	
	203-2	Significant indirect economic impacts	140, 143, 144	
Procurement practices				
GRI 3: Material Topics 2021	3-3	Management of material topics	30	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	11, 30	
Anti-corruption				
GRI 3: Material Topics 2021	3-3	Management of material topics	71	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	71	
	205-2	Communication and training about anti-corruption policies and procedures	71	
	205-3	Confirmed incidents of corruption and actions taken	71	

Gri Standard/ Other Source	Disclosure		Location	Reason
General Disclosures				
Anti-competitive behavior				
GRI 3: Material Topics 2021	3-3	Management of material topics	74	
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	74	
Tax				
GRI 3: Material Topics 2021	3-3	Management of material topics	75	
GRI 207: Tax 2019	207-1	Approach to tax	75	
	207-2	Tax governance, control, and risk management	75	
	207-3	Stakeholder engagement and management of concerns related to tax	75	
	207-4	Country-by-country reporting	75	
Materials				
GRI 3: Material Topics 2021	3-3	Management of material topics	131	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	131	
	301-2	Recycled input materials used	131	
	301-3	Reclaimed products and their packaging materials	131	

Gri Standard/ Other Source	Disclosure		Location	Reason
General Disclosures				
Energy				
GRI 3: Material Topics 2021	3-3	Management of material topics	127	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	11, 127	
	302-2	Energy consumption outside of the organization	127	
	302-3	Energy intensity	127	
	302-4	Reduction of energy consumption	127	
	302-5	Reductions in energy requirements of products and services	11, 127	
Water and effluents				
GRI 3: Material Topics 2021	3-3	Management of material topics	130	
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	130	
	303-2	Management of water discharge-related impacts	130	
	303-3	Water withdrawal	130	
	303-4	Water discharge	130	
	303-5	Water consumption	130	
Biodiversity				
GRI 3: Material Topics 2021	3-3	Management of material topics	138	
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	138	

Gri Standard/ Other Source	Disclosure		Location	Reason
General Disclosures				
GRI 304: Biodiversity 2016	304-2	Significant impacts of activities, products and services on biodiversity		N/A
	304-3	Habitats protected or restored	138	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		N/A
Emissions				
GRI 3: Material Topics 2021	3-3	Management of material topics	124	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	11, 124	
	305-2	Energy indirect (Scope 2) GHG emissions	124	
	305-3	Other indirect (Scope 3) GHG emissions	124	
	305-4	GHG emissions intensity	124	
	305-5	Reduction of GHG emissions	124	
	305-6	Emissions of ozone-depleting substances (ODS)		N/A
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		N/A
Waste				
GRI 3: Material Topics 2021	3-3	Management of material topics	131	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	131	
	306-2	Management of significant waste-related impacts	131	

Gri Standard/ Other Source	Disclosure		Location	Reason
General Disclosures				
GRI 306: Waste 2020	306-3	Waste generated	131	
	306-4	Waste diverted from disposal	131	
	306-5	Waste directed to disposal	131	
Supplier environmental assessment				
GRI 3: Material Topics 2021	3-3	Management of material topics	21	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	21	
	308-2	Negative environmental impacts in the supply chain and actions taken	131	
Employment				
GRI 3: Material Topics 2021	3-3	Management of material topics	84	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	84, 88, 91	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	105	
	401-3	Parental leave	105, 106	

Gri Standard/ Other Source	Disclosure		Location	Reason
General Disclosures				
Occupational health and safety				
GRI 3: Material Topics 2021	3-3	Management of material topics	112	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	112	
	403-2	Hazard identification, risk assessment, and incident investigation	112	
	403-3	Occupational health services	112	
	403-4	Worker participation, consultation, and communication on occupational health and safety	112	
	403-5	Worker training on occupational health and safety	112	
	403-6	Promotion of worker health	112	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	112	
	403-8	Workers covered by an occupational health and safety management system	112	
	403-9	Work-related injuries	11, 112	
	403-10	Work-related ill health	112	

Gri Standard/ Other Source	Disclosure		Location	Reason
General Disclosures				
Training and education				
GRI 3: Material Topics 2021	3-3	Management of material topics	94	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	11, 94	
	404-2	Programs for upgrading employee skills and transition assistance programs	94	
	404-3	Percentage of employees receiving regular performance and career development reviews	102	
Diversity and equal opportunity				
GRI 3: Material Topics 2021	3-3	Management of material topics	107	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	11, 107	
	405-2	Ratio of basic salary and remuneration of women to men	93, 107	
Non-discrimination				
GRI 3: Material Topics 2021	3-3	Management of material topics	107	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken		There were no Incidents of discrimination in 2023

Gri Standard/ Other Source	Disclosure		Location	Reason
General Disclosures				
Freedom of association and collective bargaining				
GRI 3: Material Topics 2021	3-3	Management of material topics	30, 71	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	30, 71, 110	
Child labor				
GRI 3: Material Topics 2021	3-3	Management of material topics	30, 71	
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	30, 71, 78, 110	
Forced or compulsory labor				
GRI 3: Material Topics 2021	3-3	Management of material topics	30, 71	
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	30, 71 , 78, 110	
Security practices				
GRI 3: Material Topics 2021	3-3	Management of material topics	112	
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	112	

Gri Standard/ Other Source	Disclosure		Location	Reason
General Disclosures				
Local communities				
GRI 3: Material Topics 2021	3-3	Management of material topics	140, 144	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	11, 140, 144	
	413-2	Operations with significant actual and potential negative impacts on local communities	144	
Supplier social assessment				
GRI 3: Material Topics 2021	3-3	Management of material topics	30	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	30	
	414-2	Negative social impacts in the supply chain and actions taken	73	
Public policy				
GRI 3: Material Topics 2021	3-3	Management of material topics	82	
GRI 415: Public Policy 2016	415-1	Political contributions	82	

Gri Standard/ Other Source	Disclosure		Location	Reason
General Disclosures				
Customer health and safety				
GRI 3: Material Topics 2021	3-3	Management of material topics	30, 32, 33	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	30, 32, 33	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		There were no incidents of non-compliance concerning the health and safety impacts of products and services
Marketing and labeling				
GRI 3: Material Topics 2021	3-3	Management of material topics	117	
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	117	
	417-2	Incidents of non-compliance concerning product and service information and labeling		There were no incidents of non-compliance concerning product and service information and labeling
	417-3	Incidents of non-compliance concerning marketing communications		There were no incidents of non-compliance concerning marketing communications
Customer privacy				
GRI 3: Material Topics 2021	3-3	Management of material topics	28	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	28	

SASB (Sustainability Accounting Standards Board)

FOOD RETAILERS & DISTRIBUTORS

Topic	Code	Metric	Page #	Response
Air Emissions from refrigeration	FB-FR-110b.1	Gross global Scope 1 emissions from refrigerants	124, 128	
Energy Management	FB-FR-130a.1	Operational energy consumed, percentage grid electricity and percentage renewable	127	
Food Waste Management	FB-FR-150a.1	Amount of food waste generated, percentage diverted from the waste stream	131	
Data Security	FB-FR-230a.1	Number of data breaches, percentage that are personal data breaches, number of customers affected		
	FB-FR-230a.2	Description of approach to identifying and addressing data security risks	28, 76, 112	
Product Health & Nutrition	FB-FR-260a.2	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	28, 33	
Product Labelling & Marketing	FB-FR-270a.1	Number of incidents of non-compliance with industry or regulatory labelling or marketing codes		There were no incidents of non-compliance with industry or regulatory labelling or marketing codes
	FB-FR-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing or labelling practices		Non
Labour Practices	FB-FR-310a.1	Average hourly wage and percentage of in-store and distribution centre employees earning minimum wage, by region	93	
	FB-FR-310a.2	Percentage of active workforce employed	84, 91	
	FB-FR-310a.3	Number of work stoppages and total days idle	112, 119	
Management of Environmental & Social Impacts in the Supply Chain	FB-FR-430a.1	Revenue from products third-party certified to environmental or social sustainability sourcing standards	32	

ACTIVITY METRICS

Activity metric	Code	Page #
Number of retail locations and distribution centres	FB-FR-000.A	41
Total area of retail space and distribution centres	FB-FR-000.B	41

SASB (Sustainability Accounting Standards Board)

MULTILINE AND SPECIALTY RETAILERS & DISTRIBUTORS

Topic	Code	Metric	Page #	Response
Energy Management in Retail & Distribution	CG-MR-130a.1	Total energy consumed, percentage grid electricity and percentage renewable	11	
Data Security	CG-MR-230a.1	Description of approach to identifying and addressing data security risks	28	
	CG-MR-230a.2	Number of data breaches, percentage that are personal data breaches, number of customers affected	28	
Labour Practices	CG-MR-310a.1	Average hourly wage and percentage of in-store and distribution centre employees earning minimum wage, by region	93	
	CG-MR-310a.2	Average hourly wage and percentage of in-store and distribution centre employees earning minimum wage, by region		
Workforce Diversity & Inclusion	CG-MR-330a.1	Percentage of gender and diversity group representation for (a) executive management, (b) non-executive management and (c) all other employees	108	

ACTIVITY METRICS

Activity metric	Code	Page #
Number of: retail locations and distribution centres	CG-MR-000.A	41
Total area of: retail space and distribution centres	CG-MR-000.B	41

External Assurance

AuditaRSE

Independent Verification Letter

To the Stakeholders of Grupo Comercial Chedraui, S.A.B. de C.V.

AuditaRSE, at the request of Grupo Comercial Chedraui, S.A.B. de C.V. (Chedraui), has been requested to perform the independent verification of its Integrated Annual Report 2023, concerning their Social Responsibility and GRI Standards, performance.

Scope

The scope of the verification was based on reviewing the content and performance indicators presented in the report regarding Social Responsibility issues, where the opinions contained in the aforementioned report and its preparation are the responsibility of Chedraui.

Our work consisted in issuing an independent and responsible opinion on the veracity of the information contained, by obtaining adequate and sufficient evidence for such purpose.

The review was based on ISAE 3000, Accountability AA1000 and GRI Standards, considering the level of compliance application, the UN Sustainable Development Goals, as well as the Sustainability Accounting Standards Board (SASB) for the "Food Retailers and Distributors" and "Specialty and Multiline Distributors and Retailers" sectors, applicable to the company's operations.

Verification Process

The verification was performed by carrying out the following activities:

- Physical: Through validation and analysis of the aspects described in the report.
- Testimonials: Through interviews with the areas in charge of the development of the report and those responsible for collecting the information, in order to validate its content and to know the management and depth of the work programs.
- Documentary: By examining samples of data and information contained in the report through:
  - Verifying the existence of external and internal evidence supporting the information presented.
  - Reviewing the systems, processes and procedures for collecting, consolidating and reporting data presented in an aggregated manner.
  - Consulting the company's Portal and web pages described in the report, to corroborate some of the data contained that refer to specific sources and topics in detail.
  - Validating the consistency of the information presented, in relation to the previous report and the monitoring of relevant programs and indicators.

AuditaRSE
gsuarezsor@gmail.com

AuditaRSE

Within the review process, the GRI Standards determined in the Materiality Study were considered, and others coming from the content of the report, as well as the adherence to the Sustainability Accounting Standards (SASB) for the sectors applicable to the company's operations, having determined that the following standards below were met:

GRI Standards							SASB Standards	
							Food Retailers and Distributors	Specialty and Multiline Distributors and Retailers
1	2-15	2-30	207-1	303-5	401-1	404-3	FB-FR-110b.1	CG-MR-130a.1
2	2-16	3-1	207-2	304-1	401-2	405-1	FB-FR-110b.3	CG-MR-230a.1
2-1	2-17	3-2	207-3	304-3	401-3	405-2	FB-FR-130a.1	CG-MR-230a.2
2-2	2-18	3-3	207-4	305-1	403-1	407-1	FB-FR-150a.1	CG-MR-310a.1
2-3	2-19	201-1	301-1	305-2	403-2	408-1	FB-FR-230a.1	CG-MR-310a.2
2-4	2-20	201-2	301-2	305-3	403-3	409-1	FB-FR-230a.2	CG-MR-330a.1
2-5	2-21	201-3	301-3	305-4	403-4	410-1	FB-FR-260a.2	CG-MR-410a.3
2-6	2-22	202-1	302-1	305-5	403-5	413-1	FB-FR-310a.1	CG-MR-000.A
2-7	2-23	202-2	302-3	306-1	403-6	413-2	FB-FR-310a.2	CG-MR-000.B
2-9	2-24	203-1	302-4	306-2	403-7	414-1	FB-FR-310a.3	
2-10	2-25	203-2	302-5	306-3	403-8	416-1	FB-FR-430a.1	
2-11	2-26	204-1	303-1	306-4	403-9	416-2	FB-FR-430a.4	
2-12	2-27	205-1	303-2	306-5	403-1	417-1	FB-FR-000.A	
2-13	2-28	205-2	303-3	308-1	404-1	418-1	FB-FR-000.B	
2-14	2-29	206-1	303-4	308-2	404-2			

Conclusions

During our verification work, we were able to appreciate the continuous efforts and participation of the different areas of the company, to comply with its social responsibility strategy with stakeholders.

In the absence of any evidence of differences and contradictions in the information presented, we consider that the **2023 Integrated Annual Report of Grupo Comercial Chedraui, S.A.B. de C.V.**, with regard to Social Responsibility information and GRI Standards, shows reliable data which represents in a coherent and reasonable manner the results of the reporting period in accordance with the GRI Standards, as well as the inclusion of SASB Standards applicable to the operating sectors, and adherence to the UN Sustainable Development Goals.

Mexico City, June 14th, 2024.

Guillermo Suárez Soriano
AuditaRSE

AuditaRSE
gsuarezsor@gmail.com

Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report Dated March 12, 2024.

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Independent Auditors' Report

To the Board of Directors and Stockholders of Grupo Comercial Chedraui, S. A. B. de C. V.

Opinion

We have audited the consolidated financial statements of Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries (the Entity) which include the consolidated statements of financial position as of December 31, 2023 and 2022, the related consolidated statements of profit or loss and other comprehensive income, changes in stockholders' equity and cash flows for the years ending on those dates, as well as the explanatory notes to the consolidated financial statements containing information on material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as of December 31, 2023 and 2022, as well as their financial performance and their cash flows for the years then ended, in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

Bases for the opinion

We have performed our audits in conformity with International Auditing Standards (IAS). Our responsibilities under these standards are explained more extensively in the section *Auditors' responsibilities in relation to the audit of the consolidated financial statements* of our report. We are independent from the Entity in conformity with the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA Code of Ethics) and that issued by the Mexican Institute of Public Accountants (IMCP Code of Ethics), and we have complied with the other ethical responsibilities in conformity with the IESBA Code of Ethics and the IMCP Code of Ethics. We believe that the audit evidence obtained provides a sufficient and adequate basis for our opinion.

Key audit matters

The key audit matters are those matters which, in our professional judgment, have been most important in our audit of the consolidated financial statements for the current period. These matters have been dealt with in the context of our audit of the consolidated financial statements taken as a whole and in the formation of our opinion on the latter, and we do not issue a separate opinion on these matters. We have determined that the matters described below are the key audit matters which should be communicated in our report.

Investment properties

To determine the fair value of the investment properties in accordance with International Accounting Standard 40 ("IAS 40"), certain judgments were used by management. There is a risk that the determination of the assumptions used by management to calculate future cash flows may not be reasonable based on current and future foreseeable conditions.

Our audit procedures to cover this risk included the following:

Control and substantive testing over the financial projections that were used to determine the fair value of the investment properties, for which we tested the reasonability of the revenues and expenses used to determine the discounted future cash flows, also, we tested the arithmetical accuracy of the projections, and evaluated the assumptions used by the Entity to determine them, and confirmed, their alignment to the budgets approved by the Board of Directors. Additionally, we evaluated the reasonableness of the discount rate used determined by an external specialist, for which purpose we involved our financial advisory specialists. The results of our audit procedures were reasonable.

Notes 3 and 12 to the consolidated financial statements include the Entity's disclosures regarding investment properties.

Other Matter

The accompanying consolidated financial statements have been translated into English for the convenience of readers.

Information other than the Consolidated Financial Statements and the independent Auditor's Report

Management is responsible for the other information. The other information comprises two documents, the Entity's Annual Report and the information that will be incorporated in the Annual Report which the Entity is required to prepare in accordance with article 33 Fraction I, subsection b) of the fourth title, first chapter of the General Provisions Applicable to Issuers of Securities and Other Participants in the Securities Market in Mexico (the provisions). As of the date of our auditor's report, we have not yet obtained these documents and they will be available only after the issuance of this Audit Report.

Our opinion of the consolidated financial statements does not cover the other information and we do not express any form of security about it.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether if the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. When we read the Annual Report we will issue the auditors' legend about the reading thereof, required in Article 33 Fraction I, subsection b) numeral 1.2. of the Provisions or if we conclude that it is materially misstated we would be required to report this fact.

Responsibilities of Management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and reasonable presentation of the accompanying consolidated financial statements in conformity with the IFRS, and for any internal control that management believes necessary to enable the preparation of the consolidated financial statements free from material misstatement due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities in relation to the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with IASs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and evaluate the risks of material misstatements in the consolidated financial statements, due to fraud or error, by designing and applying audit procedures which respond to these risks, and by obtaining audit evidence which is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting material misstatements resulting from fraud is greater than those resulting from an error, because fraud may involve collusion, forgery, deliberate omissions, intentionally erroneous declarations or the evasion of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtained sufficient and adequate audit evidence related to the financial information of the entities and business activities which comprise the Entity in order to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the entities comprising the Entity. We are the only persons responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Affiliated to a Member Firm of Deloitte Touche Tohmatsu Limited

C. P. C. Manuel Nieblas Rodríguez
March 12, 2024
Mexico City, Mexico

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Financial Position

As of December 31, 2023 and 2022
(In thousands of Mexican pesos)

Assets	Notes	2023	2022
Current asset:			
Cash	5	$ 13,695,971	$ 11,565,501
Accounts and notes receivables – Net	6	1,759,344	1,989,668
Recoverable taxes	7	3,149,224	2,092,357
Accounts receivables from related parties	26	77,518	59,753
Inventories	9	20,773,755	21,039,486
Prepayments		858,924	948,122
Total current assets		40,314,736	37,694,887
Non-current assets:			
Property and equipment – Net	10	43,762,927	43,009,813
Right of use assets – Net	11	33,045,943	38,323,995
Investment properties	12	11,575,227	11,294,064
Investment in associates and join ventures	13	952,624	967,300
Other and intangible assets – Net	14	10,170,530	11,626,089
Derivative financial instruments	8	145,222	267,870
Deferred income tax asset	28b	270,402	254,654
Total non-current assets		99,922,875	105,743,785
Total		$ 140,237,611	$ 143,438,672

Equity and liabilities	Notes	2023	2022
Current liabilities:			
Accounts and notes payable to suppliers	16	$ 31,194,316	$ 29,749,085
Factoring Corporativo, S.A. de C.V. – related party	16	628,644	903,125
Current portion of lease liabilities	18	2,177,782	2,329,019
Payable taxes		1,367,698	1,379,757
Accrued expenses and other liabilities		8,545,371	8,780,172
Total current liabilities		43,913,811	43,141,158
Non-current liabilities:			
Long-term debt	17	8,142,667	12,681,782
Employee benefits	19	2,030,222	2,292,467
Deferred income tax liability	28b	1,410,978	2,069,021
Lease liabilities	18	36,913,629	41,622,043
Other liabilities		1,952,602	2,264,542
Total non-current liabilities		50,450,098	60,929,855
Total liabilities		94,363,909	104,071,013
Stockholders' equity:			
Capital stock	21	252,120	252,120
Additional paid in capital	21	3,818,466	3,798,788
Retained earnings	23	40,537,022	34,031,804
Remeasurement of defined benefit obligations	22	534,042	389,661
Cumulative translation adjustment	22	139,869	424,176
Financial instruments measurement	22	97,223	177,766
Equity attributable to owners of the Entity		45,378,742	39,074,315
Non-controlling interest	24	494,960	293,344
Total stockholders' equity		45,873,702	39,367,659
Total		$ 140,237,611	$ 143,438,672

The accompanying notes are part of the consolidated financial statements.

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the years ended December 31, 2023 and 2022
(In thousands of Mexican pesos, except earnings per share)

	Notes	2023	2022
Revenues:			
Net sales		$ 263,057,724	$ 259,325,570
Cost of sales		201,790,575	200,025,921
Gross profit		61,267,149	59,299,649
Operating expenses:			
Wages and employee benefits		25,917,302	26,234,844
Professional services		2,701,465	2,933,152
Marketing expenses		2,208,613	2,030,739
Maintenance		2,080,869	2,227,818
Gas and electricity		3,407,304	3,285,068
Depreciation and amortization		7,607,654	7,680,740
Other expenses - net		1,631,610	1,161,445
Total operating expenses		45,554,817	45,553,806
Operating profit		15,712,332	13,745,843
Interest expense		(3,231,693)	(3,382,480)
Interest income		564,812	269,217
Exchange gain – Net		57,450	49,740
Other financing expenses		(2,108,177)	(2,048,935)
		(4,717,608)	(5,112,458)
Share of profit in associates and joint ventures		75,034	88,766
Profit before tax		11,069,758	8,722,151
Income taxes	28	3,176,094	2,546,410
Consolidated profit for the year		$ 7,893,664	$ 6,175,741

The accompanying notes are part of the consolidated financial statements.

	Notes	2023	2022
Controlling interest		$ 7,644,896	$ 5,997,095
Non-controlling interest	24	248,768	178,646
Consolidated profit for the year		$ 7,893,664	$ 6,175,741
Other comprehensive income, net of income taxes:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligations	22 and 24	$ 154,218	$ 613,183
Items that may be reclassified subsequently to profit or loss:			
Cumulative translation adjustment	22 and 24	(315,971)	(45,098)
Financial instruments measurement	22 and 24	(89,746)	230,638
Total comprehensive income for the year		$ 7,642,165	$ 6,974,464
Controlling interest		$ 7,424,427	$ 6,722,240
Non-controlling interest	24	217,738	252,224
Total consolidated comprehensive income for the year		$ 7,642,165	$ 6,974,464
Basic and diluted earnings per share (in pesos)	25	$ 7.97	$ 6.27
Weighted average shares outstanding		959,521,409	956,472,628

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2023 and 2022
(In thousands of Mexican pesos)

	Notes	Stockholder' equity		Other items of comprehensive income of the controlling company			Non-controlling interest	Total
		Capital stock	Additional paid in capital	Retained earnings	Remeasurement of defined benefit obligations	Cumulative translation adjustment	Financial instruments measurement	
Balance as of January 1, 2022		$ 252,120	$ 3,526,882	$ 28,498,035	$ (167,564)	$ 464,107	$ (30,085)	$ 116,904	$ 32,660,399
Dividends paid	23	-	-	(499,146)	-	-	-	-	(499,146)
Comprehensive income for the year	22	-	-	5,997,095	557,225	(39,931)	207,851	252,224	6,974,464
Repurchase of shares, net		-	271,906	29,019	-	-	-	-	300,925
Other	23 and 24	-	-	6,801	-	-	-	(75,784)	(68,983)
Balance as of December 31, 2022		252,120	3,798,788	34,031,804	389,661	424,176	177,766	293,344	39,367,659
Dividends paid	23	-	-	(897,592)	-	-	-	-	(897,592)
Comprehensive income for the year	22	-	-	7,644,896	144,381	(284,307)	(80,543)	217,738	7,642,165
Repurchase of shares, net		-	19,678	(217,653)	-	-	-	-	(197,975)
Other	23 and 24	-	-	(24,433)	-	-	-	(16,122)	(40,555)
Balance as of December 31, 2023		$ 252,120	$ 3,818,466	$ 40,537,022	$ 534,042	$ 139,869	$ 97,223	$ 494,960	$ 45,873,702

The accompanying notes are part of the consolidated financial statements.

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022
(In thousands of Mexican pesos)

	2023	2022
Cash flow from operating activities:		
Profit before income tax	$ 11,069,758	$ 8,722,151
Adjustments for:		
Depreciation and amortization	7,607,654	7,680,740
Other asset movements – mainly exchange fluctuation	(245,951)	(230,894)
Fair value loss on investment property	52,730	32,815
Loss on disposal of property and equipment	24,929	48,470
Interest income	(564,812)	(269,217)
Measurement of derivative financial instruments	7,961	(102,743)
Interest expense	3,231,693	3,382,480
	21,183,962	19,263,802
Movements in working capital:		
Accounts and notes receivables – Net	52,082	159,677
Inventories	(815,454)	(3,100,045)
Share of profit in associates and joint ventures	(75,034)	(88,766)
Other assets – Net	(1,075,214)	803,352
Increase (decrease) in:		
Accounts and notes payable to suppliers	2,106,709	2,944,299
Other account payables	471,623	614,929
Tax on income actually paid	(3,882,197)	(2,061,359)
Changes in benefit obligations	7,064	(344)
Net cash generated by operating activities	17,973,541	18,535,545

	2023	2022
Investing activities:		
Business acquisition	(8,465)	(1,106,722)
Acquisitions of property, equipment and investment property	(7,278,084)	(5,401,455)
Proceeds from disposal of property and equipment	334,584	38,604
Acquisition of other assets	(213,159)	(280,488)
Interest received	564,812	269,217
Net cash used in investing activities	(6,600,312)	(6,480,844)
Financing activities:		
Repayment of loans	(2,922,575)	(3,883,715)
Interest payment	(3,231,693)	(3,382,480)
Dividends paid	(897,592)	(499,146)
Leases liability payment	(1,715,785)	(2,051,334)
Other stock movements	(71,588)	4,592
Proceeds from sale of treasury shares	478,167	868,631
Repurchase of treasury shares	(676,142)	(567,706)
Net cash used in investing activities	(9,037,208)	(9,511,158)
Net increase in cash	2,336,021	2,543,543
Effects of exchange rate changes on the balances of cash held in foreign currencies	(205,551)	(79,243)
Cash at the beginning of the year	11,565,501	9,101,201
Cash at the end of the year	$ 13,695,971	$ 11,565,501

The accompanying notes are part of the consolidated financial statements.

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022
(In thousands of Mexican pesos)

1. ACTIVITIES

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries (the Entity or the Group) are engaged in the operation of self-service stores and real estate companies; they specialize in the sale of electronic goods, perishables, clothing, groceries and general merchandise.

The Entity is incorporated in Mexico; its domicile is located at Constituyentes No. 1150, Col. Lomas Altas, Miguel Hidalgo, 11950 Mexico City, and conducts its business primarily in Mexico and the United States of America (USA).

The financial statements are presented in thousands of Mexican pesos and are rounded to the nearest monetary unit.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

a. New and amended International Financial Reporting Standards (IFRS or IAS) that are effective for the current year

In the current year, the group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies	The group has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies	The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.
Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The group has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates	The group has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorization of these financial statements, the group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1	*Non-current Liabilities with Covenants*
Amendments to IAS 7	*Supplier Finance Arrangements*
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the group in future periods, except if indicated below:

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early. The directors of the parent company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

The directors of the parent company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers

- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

The Entity's management anticipates that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods if such transactions arise.

3. SIGNIFICANT ACCOUNTING POLICIES

a. *Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards released by IASB.

b. *Basis of preparation*

The consolidated financial statements have been prepared on the historical cost basis except for investment property and financial instruments, that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

i. Historical cost

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

ii Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Entity considers the characteristics of the asset or liability if market participants would consider those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2, *Inventories* or value in use in IAS 36, *Impairment of assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and inputs are unobservable inputs for the asset or liability;
- Level 3 inputs are not based on observable market data (unobservable inputs).

The significant accounting policies adopted are mentioned below.

c. Going concern basis

The consolidated financial statements have been prepared by management assuming that the Entity will continue to operate as a going concern. The Entity analyzed the applicability of the going concern assumption, concluding favorably.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Entity and entities (including structured entities) controlled by the Entity and its subsidiaries. Control is achieved when the Entity:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Entity has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Entity considers all relevant facts and circumstances in assessing whether or not the Entity's voting rights in an investee are sufficient to give it power, including:

- The size of the Entity's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Entity, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Entity has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Entity obtains control over the subsidiary and ceases when the Entity loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Entity gains control until the date when the Entity ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the controlling interests and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Entity and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Entity's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Entity are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Entity's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquirer's identifiable net assets. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Total comprehensive income is attributed to non-controlling interest even if this results in the non-controlling interests having a deficit balance.

The results of each component of other comprehensive income are attributed to the company's shareholders and non-controlling interests. The total comprehensive income statements of the subsidiaries are attributed to the company's shareholders and non-controlling interests, even if this results in a deficit in the non-controlling interests.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Changes in the Entity's ownership interests in existing subsidiaries

Subsidiaries listed below are companies incorporated and operating in Mexico, except for Chedraui USA, Inc., which has its registered and operations in the United States of America (USA).

The shareholding in its capital during presented periods for which country of incorporation and operations is Mexico and in the USA for Chedraui USA, Inc., is listed below:

Company or Group	Participation rate	Activity
Tiendas Chedraui, S. A. de C.V.	99.91%	A chain of 460 self-service stores specializing in the sale of groceries, perishables, electronic goods, clothing and general merchandise. These stores operate under the following formats of stores: 180 Tiendas Chedraui, 30 Tiendas Chedraui Selecto, 63 Super Chedraui, 14 Super Chedraui Selecto, 8 Super Che and 124 Supercito, 5 Supercito Selecto and 36 stores under the commercial name of Arteli.
Real estate division	99.99%	Seven companies engaged in the acquisition, construction, sale and lease of real property used for real estate activities.
Services division	99.99%	Four companies providing administrative and personnel services.
Chedraui USA, Inc.	90.47%	Chain of self-service stores with 65 stores located in the southern California, USA, that operate under the commercial name El Super, 59 stores located in Texas, USA, that operate under the commercial name of Fiesta Mart, 255 stores under the name of Smart & Final that operate in the south of USA and 17 stores in a Joint Venture under the commercial name of Smart & Final that operate in the Northwest of Mexico.
Tienda de Descuento Arteli, S.A. de C.V.	100%	It is a Holding Entity that operates under the commercial name of Arteli.
Grupo Crucero Chedraui, S. A. de C. V.	99.99%	Sub-holding company.
Fundación Antonio Chedraui Caram, A.C. and Liceo de Artes y Oficios, A.C.		A foundation whereby the Entity has control and is established to help create institutes, scholarships and support the humanistic, scientific, educational, art and teaching activities related to health and social assistance.
Supervisión y Mantenimiento de Inmuebles, S.A. de C.V.	0.0%	A company over which the Entity exercises control, which establishes the maintenance of the commercial squares.

e. Detail of the subsidiaries not completely owned but whereby the Entity has a significant non-controlling interest

Name of the subsidiary	Place of registration and operation	Proportion of shareholding and voting rights of the non-controlling interest		Assigned income to the non-controlling interest		Retained non-controlling interest	
		2023	2022	**2023**	2022	**2023**	2022
Chedraui USA, Inc.	USA	9.53%	9.86%	$ 239,512	$ 169,333	$ 441,254	$ 246,657

(i) The Entity owns 90.47% of the equity of Chedraui USA, Inc. and based on the contractual arrangements between the Entity and other investors, the Entity has the power to appoint and remove a majority of the Board of Chedraui USA, Inc. the relevant activities of Chedraui USA, Inc., are determined by the Board of Chedraui USA, Inc., based on a simple majority vote. Therefore, Chedraui USA, Inc., is controlled by the Entity and is consolidated into these consolidated financial statements.

A summary of the Chedraui USA, Inc. financial information before intercompany eliminations is detailed below:

	2023	2022
Current assets	$ 10,598,785	$ 12,409,027
Non-current assets	46,971,024	55,548,025
Current liabilities	13,143,490	14,987,559
Non-current liabilities	39,795,464	50,467,896
Equity attributable to controlling interest	1,915,181	(752,228)
Non-controlling interest	201,744	77,325
Incomes	139,301,103	153,438,513
Cost, expenses and taxes	136,787,174	147,036,333
Net income of the year	2,513,929	1,717,363
Net income profit of the year to owners of the equity of the Entity	2,274,352	1,548,031
Net income profit of the year to non-controlling interest	239,577	169,332
Net income of the year	2,513,929	1,717,363
Net cash flow from operating activities	10,112,197	11,432,919
Net cash flow from investing activities	(2,822,191)	(1,872,316)
Net cash flows from financing activities	(6,381,724)	(7,850,627)
Net increase in cash flow	908,281	1,709,975

(*) The functional currency of this subsidiary is the US dollar, which as of December 31, 2023 and 2022 was equivalent to $16.89 and $19.36 Mexican pesos per dollar, respectively.

f. Financial instruments

Financial assets and financial liabilities are recognized in the Entity's statement of financial position when the Entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

g. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Entity may make the following irrevocable election / designation at initial recognition of a financial asset:

- The Entity may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- The Entity may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

(i) Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Entity recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss and is included in the "finance income - interest income" line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other gains and losses';

- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss in the 'other gains and losses'. Other exchange differences are recognized in other comprehensive income in the investment's revaluation reserve;

- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other gains and losses'; and

- For equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investment's revaluation reserve.

See hedge accounting policy regarding the recognition of exchange differences where the foreign currency risk component of a financial asset is designated as a hedging instrument for a hedge of foreign currency risk.

Impairment of financial assets

The Entity recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guaranteed contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Entity always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Entity recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Entity measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a. Significant financial difficulty of the issuer or the borrower;
b. A breach of contract, such as a default or past due event (see (ii) above);
c. The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
e. The disappearance of an active market for that financial asset because of financial difficulties.

(ii) Write-off policy

The Entity writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Entity's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(iii) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Entity's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Entity in accordance with the contract and all the cash flows that the Entity expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 *Leases*.

For a financial guarantee agreement, where the Entity is obligated to make payments only in the event of default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss forecast is the expected payment to reimburse the holder for a credit loss that it incurs minus any amount that the Entity expects to receive from the holder, the debtor or any other party.

If the Entity has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Entity measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Entity recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Entity derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Entity has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

h. *Financial liabilities and equity*

Classification as debt or equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Entity, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Entity manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of an Entity of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Entity's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item (Note 22) in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guaranteed contracts issued by the Entity that are designated by the Entity as at FVTPL are recognized in profit or loss.

Fair value is determined in the manner described in note 20.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the 'other gains and losses' line item in profit or loss (note 23) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognized in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Entity derecognizes financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Entity exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Entity accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

i. Derivative financial instruments

The Entity enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps. Further details of derivative financial instruments are disclosed in notes 8.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Entity has both legal right and intention to offset.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realized or settled within 12 months.

j. ***Hedge accounting***

The Entity designates certain derivatives as hedging instruments in respect of interest rate risk in fair value hedges, cash flow hedges.

At the inception of the hedge relationship, the Entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Entity documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Entity actually hedges and the quantity of the hedging instrument that the Entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Entity adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Note 20 sets out details of the fair values of the derivative instruments used for hedging purposes.

Movements in the hedging reserve in equity are detailed in note 22.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss and is included in the 'other gains and losses' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Entity expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Entity discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognized in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

k. ***Inventories and cost of goods sold***

Inventories are stated at the lower of cost and net realizable value. Cost includes the value of inventories sold and, if applicable, direct labor costs and overhead incurred to bring inventories to their current location and condition. The cost is calculated using the average cost method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

l. ***Property, equipment and right-of-use***

Property and equipment are initially recorded at cost.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. After the adoption of IFRS 1, the buildings are valued at historical cost and depreciated on a straight line.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

m. Investment property

Investment properties are properties held to earn lease income and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

n. Intangible assets

1. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and separately recognized from goodwill; its initial cost will be their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2. Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

o. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Entity of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease (see Note 15).

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation.

p. Goodwill

Goodwill originated from a business acquisition is recognized at cost determined at the business acquisition date (see Note 15) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Entity's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the

cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

q. Investment in associates and join venture

An associate is an entity over which the Entity has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Under the equity method, an investment in an associate or a joint venture is recognized initially in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Entity's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Entity's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Entity's investment in an associate. When necessary, the entire carrying amount of the investment including goodwill is tested for impairment in accordance with IAS 36, as a single asset by comparing its recoverable amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Entity discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Entity retains a interest in the former associate or a joint venture and the retained interest is a financial asset, the Entity measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Entity accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

The Entity continues using the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no revaluation at fair value on these changes in the participation.

When the Entity reduces its ownership interest in an associate or a joint venture but the Entity continues to use the equity method, the Entity reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When an Entity transacts with an associate or a joint venture of the Entity, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Entity.

The Entity applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Entity does not take into account adjustments to their carrying amount required by IAS 28.

r. ***Business combinations***

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Entity, liabilities incurred by the Entity to the former owners of the acquiree and the equity interests issued by the Entity in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Entity entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share Based Payments* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Where the consideration transferred by the Entity in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at fair value at the date of acquisition and is included as part of the consideration transferred in a business combination. Changes in the fair value of contingent consideration that qualify as measurement period adjustments are adjusted retrospectively with corresponding goodwill adjustments. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot be more than one year from the date of acquisition) about facts and circumstances that existed at the date of acquisition.

The accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is considered within goodwill. Other contingent consideration that is classified as an asset or liability is remeasured at fair value at subsequent reporting dates with changes in the fair value recognized in the income statement.

The non-controlling interests that are shareholdings and that grant their holders a proportional share of the Entity's net assets in the event of liquidation, can be measured initially at either fair value or at the value of the proportional participation of the non-controlling interest. In the recognized amounts of the net identifiable assets of the acquired company. The base measurement option is performed in each transaction. Other types of non-controlling interests are measured at fair value or, when applicable, based on what is specified by another IFRS.

When a business combination is achieved in stages, the Entity's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

s. ***Leasing***

– The Entity as lessee

The Entity assesses whether a contract is or contains a lease, at inception of the contract. The Entity recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Entity recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Entity uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Entity remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Entity applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Entity has not used this practical expedient. In relation to contracts that contain lease components and one or more additional lease or non-lease components, the Entity assigns the consideration of the contract to each lease component under the relative sales price method independent of the lease component and relative sales price independent aggregate for all non-lease components.

– The Entity as lessor

The Entity enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Entity is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Entity is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Lease income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Entity's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Entity's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Entity applies IFRS 15 to assign the corresponding consideration to each component under the contract.

t. Foreign currencies

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except when they arise from exchange rate differences arising from transactions related to exchange rate risks.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Entity's foreign operations are translated into Currency Units using exchange rates prevailing at the end of each reporting period.

The adjustments corresponding to the goodwill and the fair value of identifiable acquired assets and assumed liabilities generated in the acquisition of an operation abroad are considered as assets and liabilities of said operation and are converted at the exchange rate in effect at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income.

u. Translation of financial statements of subsidiaries in foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Entity's foreign operations are translated into Currency Units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

v. Employee benefits

Retirement benefits costs from termination benefits.

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income, and
- Remeasurement.

The Entity presents the first two components of defined benefit costs in profit or loss in the line item. Gains and losses for reduction of service are accounted for as past service costs.

The Entity recognizes service costs within profit or loss as cost of sales and administrative expenses.

Net interest expense or income is recognized within finance costs.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the Entity's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Short-term employee benefits and others long-term benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Entity in respect of services provided by employees up to the reporting date.

Statutory employee profit sharing ("PTU")
For the subsidiaries incorporated in Mexico, PTU is recorded in the results of the year in which it is incurred and is presented in operating expenses in the consolidated statement of profit or loss and other comprehensive income.

As established by the Income Tax Law ("LISR"), as of December 31, 2023 and 2022, PTU is determined based on taxable income, according to the established legislation.

Long-term deferred compensation
The Entity has a plan for certain executives which provides a long-term deferred benefit which is determined by reference to the share price of the Entity and certain of its subsidiaries. The benefit is settled in cash when it becomes payable by the executives and is measured at its estimated fair value at the end of the period.

w. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred taxes.

1. Current tax
Current income tax (ISR) is recognized in the results of the year in which is incurred.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Entity's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

2. Deferred income tax
Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Entity is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, the Entity has recognized any deferred taxes on changes in fair value of the investment properties.

3. Current and deferred tax
Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

x. Provisions
Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the cash value over time is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

y. Liability for employee accidents

The Entity is liable for losses on claims up to 500 US dollars to its workers in the USA. The rest of the obligations for accidents of workers in the USA are covered by the Entity's insurance policies, the Entity has granted letters of credit as guarantee for the insurance. Significant judgment is required to estimate Incurred But Not Reported (*IBNR*) amounts, as parties have yet to assert such claims. Workers' compensation liabilities are calculated on a present value basis utilizing a risk-adjusted discount rate. The liability as of December 31, 2023 is approximately $1,219,357.

z. Liability for client accidents

The Entity is liable for losses on general liability claims up to 250 dollars, in its stores in the USA. The rest of the obligations for accidents that occur in its stores in the USA are covered by an insurance company; however, significant judgment is required to estimate IBNR amounts as parties have yet to assert such claims. The liability as of December 31, 2023 is approximately $865,558.

aa. Revenue recognition

The entity recognizes income from the following sources:

- Sales of goods and dividend income.
- Income from the lease of premises.

– *Sales of goods*

The Entity sells clothes, general merchandise, electronic goods, groceries and perishable foods, mainly as retail sales and directly with customers through its points of sale.

Revenues are recognized when the benefits and risks of the goods have been transferred to the buyer. The buyer has the right to return the goods within 15 days after the sale. The Entity uses its historical experience to estimate the number of products returned to a portfolio level using an expected value method. It is considered highly probable that there will not be a significant reversal in the accumulated income recognized, consequently, a provision for refunds is not recognized.

– *Loyalty programs*

The Entity operates the 'Monedero Chedraui' and 'Cupones Chedraui' loyalty programs through which customers accumulate benefits in goods purchases or receive discount coupons, which provides them with a discount on future purchases. These points provide a discount to customers, which they would not receive if they did not buy the goods sold by the entity (they have a material right). The promise to give customers a discount is a separate performance obligation.

The selling prices for points are valued, based on the discounts granted when the benefits are exchanged by the client, considering the probability of redemption, being evidence of this, the historical experience of the Entity. A liability is recognized by income related to the loyalty program at the point of the initial sale. The loyalty program income is recognized when the client exchanges the benefits. The liabilities generated by the loyalty program are determined at fair value in proportion to the pattern of rights exercised by customers. As of December 31, 2023, and 2022, a balance of $552,851 and $421,686, respectively, is included in the balance sheet in creditors and accumulated expenses.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When applying the Entity's accounting policies, as described in Note 3, the Entity's management must utilize its judgment, estimates and assumptions regarding the book values of assets and liabilities in the consolidated financial statements. The estimates and relative assumptions are based on experience and other factors that are considered relevant. Actual results could differ from these estimates.

Underlying estimates and assumptions are periodically reviewed. Accounting estimate reviews are recognized in the review period and future periods if they affect current and future periods.

a. Essential judgments when applying accounting policies

Below we present essential judgments, apart from those involving estimates, made by management during the application of the Entity's accounting policies and, which have a significant effect on the consolidated financial statements.

- The defined benefit obligation of the Entity is discounted at a rate set at market rates of high-quality corporate bonds at the end of the reporting period. Are required to use professional judgment in establishing criteria for the bonuses it must include on the population from which the yield curve is derived. The most important criteria considered for the selection of bonds include the size of the issuance of corporate bonds; the classification and identification of atypical bonds are excluded.

- The Entity is primarily self-insured for Workers' compensation, auto, medical and general liability. The Entity recognizes its self-insurance liabilities using actuarial estimates, based on claims filed and an estimate of claims incurred but not yet reported ("IBNR") and the Company updates these reserves as new information becomes known. Actual claims experience can affect these estimates, and to the extent that subsequent claim costs vary from estimates, future profits could be affected. The Entity has purchased stop-loss coverage to limit its exposure to any significant exposure on a per-claim basis. The Entity is insured for covered costs in excess of these per claim limits.

- The calculation of the value in use to perform the impairment tests requires the Entity's base on its judgments to determine the future cash flows that should arise from the cash generating units and an appropriate discount rate to calculate the present value. Goodwill is assigned to each of the Entity's cash generating units which expects to obtain benefits from the synergies of this combination.

- The calculation of the value in use to perform the impairment tests requires that the Entity; based on its judgment, determine the cash-generating units appropriate to its environment to determine discounted future cash flows at an appropriate discount rate to calculate present value. Goodwill is assigned to each of the Entity's cash-generating units that expects to obtain benefits from certain synergies. In its case, the impact would be recorded in the corresponding asset item and the result of the period.

b. *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Determination of future cash flows for impairment assessment

When performing impairment tests on its long-lived assets, the Entity makes estimates of the value in use assigned to its property and equipment, intangible assets, goodwill and cash-generating units. The value in use calculations require the Entity to determine the future cash flows that will arise from the cash-generating units and an appropriate discount rate to calculate the present value. The Entity uses projections of future cash flows using estimates of market conditions, determination of prices and sales volumes.

Estimation of useful life

The Entity reviews the estimate of the useful life, residual value and amortization method for its fixed assets at the end of each reporting period and the effect of any change in the estimate is recognized prospectively. Furthermore, at the end of each reporting period the Entity reviews the book values of its tangible and intangible assets to determine whether there is any indication that they have suffered a loss from impairment.

Fair value of investment properties

The Entity reviews the fair value of the investment properties based on future cash flows, applying an appropriate discount rate. At the end of each period, if applicable, it makes the respective adjustments in results for the year.

Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Entity uses observable market data to the extent they are available. When the input data of level 1 are not available, the Entity hires qualified professional to perform independent valuation appraiser.

Lease liability and right-of-use assets determination

When estimating the amount of the lease liability, the Entity uses estimates such as discount rates and the exercise of contract extension periods. These estimates have a significant impact in determining the values of these liabilities and assets.

5. CASH AND CASH AND EQUIVALENTS

		2023		2022
Cash	$	332,087	$	186,024
Bank balances		2,683,400		3,055,469
Cash equivalents		10,680,484		8,324,008
	$	13,695,971	$	11,565,501

6. ACCOUNTS AND NOTE RECEIVABLE

		2023		2022
Costumers	$	534,972	$	473,479
Expected credit losses		(26,326)		(29,943)
		508,646		443,536
Rebates receivables		708,443		1,058,259
Sundry debtors (*)		521,677		465,020
Advance payments		1,314		3,191
Notes receivable		19,264		19,662
	$	1,759,344	$	1,989,668

(*) Includes an account receivable for $105,501 for claims for losses resulting from the effects of Hurricane Otis, which occurred at the end of October 2023.

a. *Accounts receivable from customers*

The customer balances disclosed in the table above are classified as accounts receivable and therefore are valued at amortized cost, which is similar to their book value, 99% of the retail sales are made in cash.

The accounts receivable from customers detailed in this Note included the amounts overdue at the end of the reporting period (see aging analysis below) for which the Entity has recognized an allowance for doubtful accounts because it is highly likely that customers will default on their payments. This provision is recorded following its determination, while the reserve amount is updated at least on every reporting date. The additional disclosures required by IFRS 7, "Presentation of financial instruments", for estimating the allowance for doubtful accounts have not been included, as they are considered immaterial.

The accounts receivable aging past due but not fully included in the reserve is as follows:

		2023		2022
Up to 30 days	$	22,387	$	1,944
31 – 60 days		1,597		846
61 – 90 days		1,574		5,681
More than 90 days		28,087		20,902
Total	$	53,645	$	29,373

The reserve of uncollectible accounts as of December 31 is integrated as follows:

		2023		2022
Balance at the beginning of the year	$	(29,943)	$	(56,956)
Reserve increases		(721)		(5,199)
Reservation application		4,338		32,212
Balance at the end of the year	$	(26,326)	$	(29,943)

7. RECOVERABLE TAXES

		2023		2022
Income tax	$	392,033	$	270,027
Value added tax (VAT)		2,297,055		1,391,277
Recoverable tax (employment subsidy)		93		367
Recoverable tax for production and services (IEPS)		460,043		430,686
	$	3,149,224	$	2,092,357

8. DERIVATIVE FINANCIAL INSTRUMENTS

The Entity has contracted derivatives to manage the loan interest rate risk, while also controlling the movement of the debt from fixed to variable rates and vice versa.

At the end of 2023, there is one swap to fix the SOFR (Secured Overnight Financing Rate), formerly London Inter-Bank Offered Rate (“LIBOR”) due in July 2025 with a notional of US$200 million and a fixed rate of 1.409% that covers a long-term loan contracted by a subsidiary of Grupo Comercial Chedraui.

The Entity obtains financing under different conditions, when they are floating rate, in order to reduce their exposure to risks of volatility in interest rates and foreign currency, the entity contracts financial derivatives instruments to interest rate that convert the profile interest payments from variable to fixed converting the foreign currency debt into local currency rate. The negotiations with derivatives are conducted only with institutions of recognized solvency and limits have been established for each institution. The policy or the Entity is to not trade for speculative purposes with derivative financial instruments.

In case of any of its subsidiaries does not have necessary conditions to be able to contract a derivative that mitigates an exchange rate or interest risk rate, will be Grupo Comercial Chedraui, S. A. B. de C. V. who will contract it.

The Entity recognizes all the assets or liabilities that arise from operations with derivative financial instruments in the balance sheet at fair value, regardless of the purpose of their holding. The fair value is determined based on recognized market prices and when they are not listed on a market, it is determined according to valuation techniques accepted in the financial field.

When derivatives are contracted in order to hedge risks and comply with all hedging requirements, their designation is documented at the beginning of the hedging operation, describing the objective, characteristics, accounting recognition and how the measurement of the effectiveness, applicable to that operation.

Derivatives designated as hedges recognize changes in valuation according to the type of hedge in question: (1) when they are at fair value, fluctuations in both the derivative and the hedged item are valued at fair value and are recognized in profit or loss; (2) the present value of the cash flow is recognized in comprehensive income and is applied to results when the hedged item affects them; the ineffective portion is recognized in results.

The Entity suspends hedge accounting when the derivative has expired, has been sold, is canceled or exercised, when the derivative is not highly effective to offset changes in the fair value or cash flows of the hedged item or when the derivative entity decides to cancel the coverage designation.

By suspending hedge accounting, in the case of cash flow hedges, the amounts that have been recorded in stockholders’ equity as part of comprehensive income, remain in the capital until the time when the effects of the forecasted transaction or firm commitment affect the results. In the event that the firm commitment or forecast transaction is no longer likely to occur, the gains or losses that were accumulated in the comprehensive income account are immediately recognized in results. When the coverage of a forecasted transaction was satisfactory and subsequently does not meet the effectiveness test, the accumulated effects on comprehensive income in stockholders’ equity are carried proportionally to the results, to the extent that the forecasted asset or liability affect the results.

9. INVENTORIES

	2023	2022
Finished goods	$ 20,083,625	$ 20,433,816
Raw materials	459,742	426,855
Productions in process	56,783	24,531
Others	173,605	154,284
	$ 20,773,755	$ 21,039,486

10. PROPERTY AND EQUIPMENT

a. The reconciliation of property and equipment is as follows:

Cost	Building	Store equipment	Furniture and fixtures	Vehicles	Construction in process	Land	Total
Balances as of January 1, 2022	$ 33,558,008	$ 20,826,005	$ 2,433,909	$ 307,409	$ 869,109	$ 6,244,818	$ 64,239,258
Acquisitions	2,187,760	2,525,952	259,028	42,439	385,847	419	5,401,445
Net effect of foreign currency exchange differences	(403,831)	(425,306)	(8,949)	(6,027)	(3,701)	(4,345)	(852,159)
Business acquisition	521,391	399,556	246,113	54,748	420	-	1,222,228
Disposals	(57,720)	(240,993)	(34,715)	(9,556)	(4,031)	(12,398)	(359,413)
Transfers to investments properties	(332,945)	-	-	-	-	2,000	(330,945)
Other transfers	216,530	2,648	2,794	710	(205,045)	78,017	95,654
Balances as of December 31, 2022	35,689,193	23,087,862	2,898,180	389,723	1,042,599	6,308,511	69,416,068
Acquisitions	2,802,129	2,727,041	503,001	28,994	1,072,927	143,992	7,278,084
Net effect of foreign currency exchange differences	(837,794)	(831,529)	(18,253)	(10,897)	(10,526)	(7,563)	(1,716,562)
Disposals	(211,760)	(946,499)	(83,438)	(18,023)	-	-	(1,259,720)
Other transfers	357,421	253,442	16,401	3	(710,215)	127,736	44,788
Transfers to investments properties	(321,776)	-	-	-	-	(12,117)	(333,893)
Balances as of December 31, 2023	$ 37,477,413	$ 24,290,317	$ 3,315,891	$ 389,800	$ 1,394,785	$ 6,560,559	$ 73,428,765

Depreciation	Building	Store equipment	Furniture and fixtures	Vehicles	Construction in process	Land	Total
Balances as of January 1, 2022	$ (9,271,574)	$ (10,595,840)	$ (2,019,629)	$ (174,590)	$ -	$ -	$ (22,061,633)
Depreciation expenses	(1,407,353)	(2,373,678)	(183,319)	(52,764)	-	-	(4,017,114)
Business acquisition	(199,931)	(214,831)	(151,828)	(32,903)	-	-	(599,493)
Transfers	500	(740)	243	(3)	-	-	-
Disposals	22,676	207,857	34,323	7,129	-	-	271,985
Balances as of December 31, 2022	(10,855,682)	(12,977,232)	(2,320,210)	(253,131)	-	-	(26,406,255)
Depreciation expenses	(1,566,336)	(2,268,278)	(260,878)	(38,966)	-	-	(4,134,458)
Transfers	2,416	13,294	20,796	145	-	-	36,651
Disposals	10,383	756,259	59,107	12,475	-	-	838,224
Balances as of December 31, 2023	$ (12,409,219)	$ (14,475,957)	$ (2,501,185)	$ (279,477)	$ -	$ -	$ (29,665,838)
Total as of December 31, 2022	$ 24,833,511	$ 10,110,630	$ 577,970	$ 136,592	$ 1,042,599	$ 6,308,511	$ 43,009,813
Total as of December 31, 2023	$ 25,068,194	$ 9,814,360	$ 814,706	$ 110,323	$ 1,394,785	$ 6,560,559	$ 43,762,927

b. The following useful lives are used in the calculation of depreciation:

	Years
Buildings[2]	50
Improvement to lease properties	30 in average
Store equipment	12 in average
Furniture and fixtures	10
Computer equipment[1]	3
Vehicles	4

(1) Presented within the furniture and fixtures heading.
(2) Adaptations to leased properties are included in buildings and are amortized at the lower of the life of the adaptation and the lease period.

11. RIGHT-OF-USE ASSETS

a. The reconciliation of rights-of-use is as follows:

Gross right-of-use assets	Building	Store equipment	Vehicles	Airplane	Computer equipment	Intangible	Total
Cost:							
Balances as of January 1, 2022	$ 49,732,852	$ 132,535	$ 264,049	$ 796,364	$ 390,009	$ 14,012	$ 51,329,821
Business acquisition	212,266	-	901	-	2,619	-	215,786
Acquisitions	367,114	-	29,729	-	92,831	-	489,674
Others	(26,172)	(64)	39	2,878	-	-	(23,319)
Disposals	(263,559)	-	(18,321)	-	(2,240)	-	(284,120)
Reevaluations	1,084,616	-	-	-	-	-	1,084,616
Exchange effects	(2,136,921)	-	(765)	-	-	-	(2,137,686)
Balances as of December 31, 2022	48,970,196	132,471	275,632	799,242	483,219	14,012	50,674,772
Business acquisition	820,305	-	71,248	-	73,932	-	965,485
Others	(36,245)	-	-	6,484	-	-	(29,761)
Disposals	(232,240)	-	(7,895)	-	(2,357)	-	(242,492)
Reevaluations	850,001	-	-	-	-	-	850,001
Exchange effects	(4,058,463)	-	(780)	-	-	-	(4,059,243)
Balances as of December 31, 2023	$ 46,313,554	$ 132,471	$ 338,205	$ 805,726	$ 554,794	$ 14,012	$ 48,158,762
Depreciation							
Balances at December 31, 2022	$ (8,206,844)	$ (114,660)	$ (206,673)	$ (486,021)	$ (385,354)	$ (14,012)	$ (9,413,564)
Disposals	35,763	-	15,653	-	1,226	-	52,642
Depreciation expenses	(2,870,329)	(14,132)	(32,625)	(60,821)	(11,948)	-	(2,989,855)
Balances at December 31, 2022	(11,041,410)	(128,792)	(223,645)	(546,842)	(396,076)	(14,012)	(12,350,777)
Disposals	27,259	-	5,718	-	1,587	-	34,564
Depreciation expenses	(2,657,579)	(400)	(39,472)	(61,051)	(38,104)	-	(2,796,606)
Balances at December 31, 2023	$ (13,671,730)	$ (129,192)	$ (257,399)	$ (607,893)	$ (432,593)	$ (14,012)	$ (15,112,819)
Net book value:							
Total at December 31, 2022	$ 37,928,786	$ 3,679	$ 51,987	$ 252,400	$ 87,143	$ -	$ 38,323,995
Total at December 31, 2023	$ 32,641,824	$ 3,279	$ 80,806	$ 197,833	$ 122,201	$ -	$ 33,045,943

b. The Entity leases various assets, including buildings and computer equipment. The average lease term is as follows:

Leased assets	Average lease term **2023**	Average lease term 2022
Vehicles	3 years	3 years
Buildings	25 years	25 years
Airplane	10 years	10 years
Computer equipment	4 years	3 years
Various equipment (*)	7 years	7 years

(*) Dining room equipment.

The Entity has the option to purchase certain equipment for a nominal amount at the end of the lease period. The Entity's obligations are covered by the title to the assets leased that is maintained by the lessor.

The expired contracts were replaced by new leases with identical underlying assets. This resulted in the addition of rights-of-use assets of $7,549 in 2023.

The maturity analysis of the lease liabilities is presented in note 18.

Amounts recognized in the consolidated financial statements for leases:

		2023		2022
Depreciation of lease right-of-use assets	$	2,898,366	$	3,078,528
Interest accrued on lease liabilities		2,553,402		2,745,485
Expense related to short-term lease		112,804		90,847
Expense related to leasing of low value assets		8,683		6,784
Expense related to variable lease payments not included in the measurement of lease liabilities		221,252		164,525

The Entity has commitments of $2,177,782 and $2,329,019 as of December 31, 2023 and 2022, respectively, for short-term leases.

Some of the leases of properties in which the Entity is a lessee contain variable lease payment terms that are related to sales generated in the leased stores. Variable payment terms are used to link lease payments to store cash flows and reduce fixed cost. The composition of the lease payments is detailed in the following table:

		2023		2022
Fixed payments	$	4,299,018	$	4,813,672
Variable payments, short-term and low-value leases		342,740		262,155
Total lease payments	$	4,641,758	$	5,075,827

As of December 31, 2023, and 2022, variable payments constitute 7.38% and 5.16%; respectively of the Entity's total lease payments. The Entity expects this proportion to remain constant in future years. Variable payments depend on sales and consequently, on economic development during the following years. Taking into consideration the development of expected sales in the following years, it is expected that the expense for variable leases will continue in a similar proportion of store sales.

12. INVESTMENT PROPERTY

		2023		2022
Balances as of the beginning of the year	$	11,294,064	$	10,995,934
Transfers from property and equipment		333,893		330,945
Fair value loss on investment property		(52,730)		(32,815)
Balances as of year end	$	11,575,227	$	11,294,064

All the Entity's investment properties are free from third-party interests.

There has been no change in valuation technique on the current year. The fair value of the Entity's investment properties is considered the highest and best use of the property in its current use. The net gain on property revaluation is presented under other expenses-net in the consolidated statements of profit or loss and other comprehensive income.

The Entity receives lease income from investment properties, all of which are under operating leases, amounting to $1,292,304 and $1,128,660 for 2023 and 2022, respectively. Operating expenses directly related to investment properties were $490,080 and $386,564 for 2023 and 2022, respectively.

The following information is relevant to investment properties classified as Level 3 fair value hierarchy:

Property	Fair Value hierarchy	Valuation Technique	Significant unobservable inputs	Value / Range	Relationship unobservable inputs of fair value
Land and construction	Level 3	Cash flows	Discount rate	12.00%	At higher discount rate, lower fair value
			Earnings before interest, taxes, depreciation and amortization	Based on the contractual rent at market price	At higher earnings before interest, taxes, depreciation and amortization, fair value increased
			Growth rates	Mexico: 3.5%	At higher inflation rate, higher fair value
			Occupancy rate	Average 99%, depending on location	A higher occupancy rate results in higher fair value

There were no transfers between levels of the fair value hierarchy during the year.

13. INVESTMENT IN ASSOCIATES AND JOIN VENTURES

As of December 31, 2023, and 2022 the entire share in the results of associates and joint ventures for $75,034 and $88,766 corresponds to the investment in Smart & Final del Noroeste, S.A. of C.V.

Name	Type of invest	Principal activity	Place of incorporation and principal place of business	Investment in Joint Venture and Associates	
				2023	2022
Smart & Final del Noroeste, S.A. de C.V.	Join venture	The Entity is engaged in the purchase and sale of groceries, food products and general merchandise.	Mexico	$ 952,219	$ 962,965
Others	Associate	Real Estate	Mexico	405	4,335
Total				$ 952,624	$ 967,300

The financial information of Smart & Final del Noroeste, S.A. de C.V. is as follows:

		2023		2022
Total assets	$	1,221,913	$	1,178,022
Total liabilities		432,236		608,314
Capital attributable to shareholders of the entity		789,677		569,708
Revenues		3,068,879		3,123,757
Cost of sales, operating expenses and taxes		2,918,811		2,946,225
Profit for the year		150,068		177,532
Profit in associates and joint ventures		50%		50%
Profit for the year in joint ventures		75,034		88,766

14. OTHER AND INTANGIBLE ASSETS

		2023		2022
Guarantee deposits	$	429,021	$	359,719
Goodwill (1) – Note 15		5,205,016		5,831,612
Advances for acquisition of property and equipment		450,739		450,566
Other non-current assets, mainly prepaid expenses		178,634		277,446
Other assets		6,263,410		6,919,343
Intangibles:				
Software and licenses		3,427,549		3,345,911
Accumulated software and licenses amortization		(2,606,596)		(2,215,616)
		820,953		1,130,295
Marca Arteli		35,586		47,448
Fiesta Mart trademark		1,650,494		1,891,618
Smart & Final trademark		1,400,087		1,637,384
Total other and intangible assets	$	10,170,530	$	11,626,089

(1) Represents the excess of the price paid for the market value of the assets and assumed liabilities related to:

		2023		2022
Cash generating units to which goodwill is assigned:				
254 tiendas in California, USA	$	2,524,042	$	2,892,783
61 stores in Texas USA		938,507		1,075,615
29 stores in the south of Angeles USA		826,507		947,254
3 stores in Baja California Sur Mexico		216,026		216,026
5 stores in the center of Mexico		10,290		10,290
36 stores in Hidalgo, Tamaulipas, Veracruz y San Luis Potosí		689,644		689,644
Total	$	5,205,016	$	5,831,612

The reconciliation of intangibles is as follows:

Cost		2023		2022
Balance at beginning of January	$	3,345,911	$	3,134,412
Disposals		(24,111)		(5,123)
Acquisitions		213,159		280,488
Foreign currency translation effect		(107,410)		(63,866)
Balance at December 31:	$	3,427,549	$	3,345,911
Amortization				
Balance at beginning of January	$	(2,215,616)	$	(1,829,213)
Amortization cost		(397,986)		(391,527)
Disposals		7,006		5,124
Balance at December 31:	$	(2,606,596)	$	(2,215,616)
Intangible	$	820,953	$	1,130,295

15. GOODWILL

Cost		2023		2022
Balances at the beginning of the year	$	5,831,612	$	5,452,219
Business combinations that occurred during the year		-		689,645
Effect of differences in foreign currency exchange rates		(626,596)		(310,252)
	$	5,205,016	$	5,831,612

a. Goodwill that arises from the acquisition of Tienda de Descuento Arteli, S.A. de C.V.

Consideration transferred	$	1,682,239
Less: fair value of the assets acquired		992,594
Goodwill	$	689,645

On December 14, 2022, the Entity acquired all of the shares of Arteli Tienda de Descuento, S.A. of C.V. During fiscal year 2023, the Entity concluded the period for measuring the net assets acquired, therefore it retroactively adjusted the provisional amounts recognized on the date of the acquisition, in accordance with the provisions of IFRS 3 'Business Combinations,' be within the measurement period.

b. Assignment of goodwill to cash-generating units

For impairment testing purposes, goodwill was assigned to the group of cash-generating units that benefited from the synergies generated by the Group's acquisition.

16. ACCOUNTS AND NOTES PAYABLE TO SUPPLIERS

The amount recognized for suppliers is based on source documentation, whether the amount indicated by the respective receipt or contract at the balance sheet date, or the disbursement required to settle the current obligation. The Entity has implemented financial risk management policies to ensure that all accounts payable is settled according to pre-agreed credit terms.

The debt with suppliers (including liabilities to affiliated parties related to suppliers) is calculated according to agreed contractual maturities. At December 31, 2023 and 2022, the Entity's debt obligation is composed as follows:

		2023		2022
Current	$	12,015,620	$	14,295,087
Up to 30 days		10,989,630		9,882,558
Up to 60 days		4,334,673		3,762,934
Up to 90 days		2,661,988		2,186,947
More than 90 days		1,821,049		524,684
	$	31,822,960	$	30,652,210

17. LONG-TERM DEBT

		2023		2022
Syndicated loan contracted on July 26, 2021 for 620 million dollars, entered into by Chedraui USA, Inc., with the guarantee of Grupo Comercial Chedraui, S.A.B. de C.V, Tiendas Chedraui, S.A. de C.V., Inmobiliaria Kira, S.A, Fiesta Mart Investments, L.L.C., Fiesta Mart Holdings, L.L.C, Fiesta Mart, L.L.C., with the participation of 3 leading banks: Bank of America, N.A., BBVA Bancomer S.A. and Scotiabank Inverlat, S.A., as well as 8 additional banks. The agreed rate of SOFR plus 1.55%. with expiration on 5 years. During 2023 and 2022, prepayments were made for $173 million dollars and $165 million dollars, respectively.	$	4,763,967	$	8,809,482
Refinanced syndicated Loan on July 26, 2021 for 200 million dollars (intervention of 8 banks) entered into by Chedraui USA, Inc. with Bank of America, N.A. with endorsement granted by Grupo Comercial Chedraui, S.A.B de C.V., Tiendas Chedraui, S.A. de C.V., Inmobiliaria Kira, S.A. of C.V., Fiesta Mart Investments, L.L.C., Fiesta Mart Holdings, L.L.C, Fiesta Mart, L.L.C., with the participation of 3 leading banks: Bank of America, N.A., BBVA Bancomer S.A. and Scotiabank Inverlat, S.A., at a SOFR rate plus 1.25% with a term of 4 years.		3,378,700		3,872,300
Long term debt		8,142,667		12,681,782
Less – current portion		-		-
	$	8,142,667	$	12,681,782

The Entity currently has two contracts, one for US$ 200 million and the other for US$ 620 million, signed on July 26, 2021, which already include the mechanism to replace the LIBOR rate with a new rate called SOFR (Secured Overnight Financing Rate). On May 31, 2023 and June 14, 2023, the replacement of rates from LIBOR to SOFR was carried out for the current contracts, establishing that the new applicable rates will be SOFR + 1.25% and SOFR + 1.55%, for the contracts indicated respectively.

At December 31, 2023 and 2022, the Entity was in compliance with the covenants set forth in each of the contracts.

a. Reconciliation of obligations derived from financing activities

	Balance at January 1, 2023	Acquisitions	Other	Payments	Exchange effect	**Balance at December 31, 2023**
Borrowings from financial institutions	$ 12,681,782	$ -	$ -	$ (2,922,575)	$ (1,616,540)	$ 8,142,667
Leases obligations	$ 43,951,062	$ 965,485	$ 540,414	$ (1,715,785)	$ (4,649,765)	$ 39,091,411

	Balance as of January 1, 2022	Acquisitions	Other	Payments	Exchange effect	Balance as of December 31, 2022
Borrowings from financial institutions	$ 17,567,538	$ -	$ -	$ (3,883,715)	$ (1,002,041)	$ 12,681,782
Leases obligations	$ 46,773,757	$ 716,592	$ 886,886	$ (2,051,334)	$ (2,374,839)	$ 43,951,062

18. LEASE LIABILITIES

	2023	**2023**	2022	2022
Maturity	Liabilities	Interest	Liabilities	Interest
1 year	$ 2,177,782	$ 2,372,231	$ 2,329,019	$ 2,292,354
2 years	2,292,095	2,262,117	2,315,535	2,525,488
3 years	2,534,135	2,154,613	2,462,572	2,389,301
4 years	2,308,548	1,986,516	2,690,362	2,259,806
5 years	2,034,696	1,841,761	2,535,130	2,092,941
Subsequent years	27,744,155	14,828,108	31,618,444	17,471,958
	$ 39,091,411	$ 25,445,346	$ 43,951,062	$ 29,031,848
Maturity of short-term	$ 2,177,782	$ 2,372,231	$ 2,329,019	$ 2,292,354
Maturity of long-term	$ 36,913,629	$ 23,073,115	$ 41,622,043	$ 26,739,494

The Entity does not face a significant liquidity risk regarding its lease liabilities. Lease liabilities are monitored through the Entity's Treasury.

19. EMPLOYEE BENEFITS

a. *Defined contribution plans*

The Entity by law make payments equivalent to 2% of wage workers integrated (ceiling) plan defined contribution savings system of retirement established by the law. The expense for this item was $143,542 in 2023 and $114,154 in 2022. Additionally, there is a contribution made by the Entity that until 2022 was equivalent to 3.15% of the integrated salary of its employees and from 2023 on it will gradually increase reaching 11.875% in 2030. The expense for this item was $278,192 in 2023 and $177,221 in 2022.

The Entity makes payments to defined contribution plans in the US, also known as 401 (k) plans, in which the Entity makes contributions to the individual funds of its employees, in proportion to the voluntary contributions made by the employees. The expense for this item was $170,662 and $182,262 in 2023 and 2022.

b. *Defined benefit plans*

Seniority premium in Mexico: The Entity maintains a defined benefit pension plan, which covers all employees who reach 65 and 60 years of age, according to the benefit plan defined by the Entity. This plan also provides seniority premium benefits, which consist of a lump sum payment of 12 days' wage for each year worked, calculated using the most recent salary, not to exceed twice the minimum wage established by law. The net liabilities at December 31, 2023 and 2022 are approximately $1,576,769 and $1,312,387, respectively.

Smart & Final pension plan: As a result of the acquisition of Smart & Final Inc., there is a defined benefit plan which, prior to June 1, 2008, covered substantially all full-time employees following a vesting period of 5 years (the "Participants") and provided defined benefits based on the years of service and final average salary at the time of retirement. This plan was frozen for the accruing of future benefits for the majority of the Participants (the "Frozen Participants") effective June 1, 2008. As of December 31, 2023, there were 436 employees who work in Smart & Final's distribution and transportation operation who still continue to accumulate benefits in this plan (the "active participants"). No new employees are eligible for participation in the Smart & Final Pension Plan with the exception of eligible new hires in Smart & Final's distribution and transportation operations. The Entity makes contributions to the Smart & Final Pension Plan in accordance with the requirements of the "*Employee Retirement Income Security Act of 1974, as amended*". The defined benefit net as of December 31, 2023 and 2022 is approximately $454,227 and $803,105, respectively.

Supplemental executive retirement plan (the "SERP"): As a result of the acquisition of Smart & Final Inc., there is a nonqualified defined benefit supplemental executive retirement plan which provides supplemental income payments for certain current executives and former corporate officers in retirement. No new participants are eligible for participation and service and compensation accruals were frozen effective January 1, 2008. The defined benefit net liability as of December 31, 2023 and 2022 is approximately $(116,851) and $(73,257).

Post-employment and post-retirement benefits: As a result of the acquisition of Smart & Final Inc., there is a plan that offers health benefits for certain employees who have retired from the Entity. Prior to June 1, 2008, substantially all full-time employees could become eligible for such benefits if they reached retirement age while still working for the Entity. The Entity froze the accruing of benefits for eligible participants effective June 1, 2008. Participants who were eligible for a retiree medical benefit and retired prior to June 1, 2008 continue to be eligible for retiree medical coverage. Net defined benefit liability as of December 31, 2023 and 2022, is approximately $116,078 and $250,000, respectively.

The related liability and the annual cost of following plans are calculated by an independent actuary in accordance with the bases defined in the plans, using the projected unit credit method.

c. *Deferred compensation plan*

The Entity maintains a long-term incentive plan ("LTI") that requires certain key employees to elect to defer up to 100% of their variable compensation between 3 and 5 years. The long-term liability for this deferred compensation as of December 31, 2023 and 2022 is $649,958 and $709,110, respectively and is presented under Other long-term liabilities in the consolidated statement of financial position.

The plans typically expose the Group to actuarial risks such as, investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estates.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The present value of the defined benefit obligation and the labor cost of the current service and past service cost were calculated using the method of projected unit credit.

The main assumptions used for the purposes of actuarial valuation are the following:

d. Nominal rates used in actuarial calculations are as follows:

	2023 %	2022 %
Discount of the projected benefit obligation at present value	9.25	9.25
Discount of the projected benefit obligation at present value in the USA	4.73	4.95
Salary increase	4.50	4.50
Salary increase in the USA	3.25	7.35
Salary increase (minimum by law)	3.50	3.50

e. The amounts recognized in the results of these defined benefits plan, are:

	2023	2022
Service cost:		
Current service cost	$ 176,992	$ 209,721
Net interest expense	168,366	141,895
	$ 345,358	$ 351,616
Remeasurement on the net defined benefit liability:		
Actuarial gains arising from changes in demographic assumptions	$ (293,928)	$ (612,197)

The remeasurement of the net defined benefit liability is included in other comprehensive income.

f. The amount included in the statements of financial position that arises from the Entity's obligation with respect to its defined benefit plans is as follows:

	2023	2022
Defined benefit obligations	$ 5,116,429	$ 5,430,892
Fair value of plan assets	(3,086,207)	(3,138,425)
Net liability arising from defined benefit obligation	$ 2,030,222	$ 2,292,467

g. Changes in the present value of the defined benefit obligation:

	2023	2022
Opening defined benefit obligation	$ 5,430,892	$ 6,851,383
Exchange Effect	(510,108)	-
Business acquisition	-	82,100
Adjustments to the opening balance	(116,695)	(1,136,770)
Current service cost	176,992	209,721
Interest cost	168,366	141,895
Actual return on plan assets	390,121	-
Benefits paid	(129,211)	(105,240)
Cost recognized via comprehensive income	(293,928)	(612,197)
Closing defined benefit obligation	$ 5,116,429	$ 5,430,892

h. Movements in the fair value of plan assets in the year were as follows:

	2023	2022
Opening fair value of plan assets	$ 2,638,398	$ 3,433,896
Foreign exchange effect	(321,442)	(210,689)
Interest income on plan assets	280,483	(769,369)
Return on plan assets	109,656	97,504
Contributions from the employer	4,217	6,623
Contributions from employer	(116,672)	116,672
Contributions from plan participants	106,648	164,493
Administrative expenses	(42,622)	(60,572)
Benefits paid	(57,776)	(140,160)
Closing fair value of plan assets	2,600,890	2,638,398
Insurance policy reserve fund	485,317	500,027
Final fair value of plan assets	$ 3,086,207	$ 3,138,425

The plan's assets are managed by specialists in external investment portfolios or assigned to investment funds that follow investment indices or indicators, which are periodically adjusted as decided by the Entity. The portfolio administrators allocate the plan assets according to the instructions of the Entity. The Entity's investment strategy has been to allocate the largest proportion of plan assets to investments in shares to achieve returns that make plan assets grow to cover labor liabilities, but always within acceptable risk ranges.

The Entity engaged independent professionals to measure the present value of the defined benefit obligation and the market value of the respective assets for the pension plan, death or disability and seniority premium.

The appointed consultants issued their report in conformity with the guidelines of IFRS.

Adjustments to actuarial assumptions, including the change in the discount rate for valuing employee benefits, are recognized directly in other comprehensive income in stockholders' equity without affecting profit or loss.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate in Mexico had been 100 basis points lower, the defined benefit obligation would have increased by $106,052.

If the U.S. discount rate had been 50 basis points lower, the defined benefit obligation would have increased by $471,518.

If the expected salary increase in Mexico decreases by 100 basis points, the defined benefit obligation will decrease by $91,205.

If the life expectancy in Mexico had increased by one year for both men and women, the defined benefit obligation would have increased by $696.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

20. FINANCIAL INSTRUMENTS

a. *Capital management risk*

The Entity manages its capital to ensure that the Entity and its subsidiaries will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Entity's overall strategy remains unchanged from 2022.

The Entity's management reviews the capital structure when presenting his financial projections as part of the business plan to the Board of Directors and shareholders of the Entity. As part of this review, the Board considers the cost of capital and the associated risks.

The Entity is constituted as a S.A.B. de C.V. according to the terms of the Mexican Securities Exchange Commission and in accordance with the General Law of Commercial Companies; the fixed minimum capital is $183,436.

The capital structure of the Entity consists of net debt (borrowings as detailed in note 18 offset by cash and cash equivalents) and equity of the Entity (comprising issued capital, reserves, and retained earnings as detailed in Note 21).

The Entity is not subject to any externally imposed capital requirements.

The Entity's Boards of Directors reviews the capital structure of the Entity on a quarterly basis.

1. Gearing ratio

The gearing ratio at end of the reporting period was as follows

		2023		2022
Debt (i)	$	8,142,667	$	12,681,782
Cash		13,695,971		11,565,501
Net debt	$	(5,553,304)	$	1,116,279
Total of Equity (ii)	$	45,873,702	$	39,367,659
Net debt to equity ratio		(12.11%)		2.84%

(i) Debt is defined as long- and short-term borrowings, as described in Notes 18.
(ii) The Equity includes the non-controlling interest.

b. *Financial instruments categories*

		2023		2022
Financial assets				
Cash	$	13,695,971	$	11,565,501
Loans and receivables:				
Accounts and notes receivable	$	1,759,344	$	1,989,668
Current accounts receivable from related parties		77,518		59,753
Guarantee deposits (**)		429,021		359,720
Long-term derivative financial instruments		145,222		267,870
Financial liabilities				
At amortized cost:				
Accounts and notes payable to suppliers and related parties	$	31,822,960	$	30,652,210
Other accounts payables (*)		7,661,123		7,866,092
Current portion of lease obligations		2,177,782		2,329,019
Long-term debt		8,142,667		12,681,782
Lease obligations		36,913,629		41,622,043

(*) Included in the balance into the accrued taxes and expenses.
(**) Included in the balance into the other long-term liabilities.

c. *Financial risk management objectives*

The activities carried out by the Entity expose it to a number of financial risks, including market risk (which encompasses foreign exchange, interest rate and price risks – such as investment in share certificates and commodity prices futures), credit risk and liquidity risks.

The Entity seeks to minimize the potential negative effects of these risks on its financial performance through an overall risk management program. Both, financial risk management and the use of derivative and non-derivative financial instruments are ruled by Entity policies approved by the Board of Directors and are carried out by the Entity's treasury, identifying, evaluating and covering the financial risks in coo-peration with its subsidiaries.

d. *Market risk*

The Entity's activities mainly expose it to exchange rate and interest rate financial risks.

e. *Exchange risk management*

The Entity carries out transactions in foreign currency, thereby generating exposure to exchange rate fluctuations, which are handled within the parameters of the approved policies using foreign currency forwards.

The book values of the foreign currency-denominated monetary assets and liabilities at the end of the reporting period are as follows:

In thousands of US dollars		2023		2022
Assets	$	13,996	$	14,820
Liabilities		(29,050)		(32,858)
Net US dollar liabilities	$	(15,054)	$	(18,038)
Year-end exchange rate ($ per 1 dollar)		16.89		19.36

Approximately 1.76% and 2.06% of goods inventories were imported by the Entity in 2023 and 2022, respectively.

Transactions in thousands of US dollars as of December 31, 2023 and 2022 include import purchases of $116,056 and $103,770 respectively.

– Foreign currency sensitivity analysis

The Entity performs transactions in different currencies; however, its most significant exposure is with the US dollar.

The following analysis details the Entity's sensitivity to an increase and/or decrease of 20% in the exchange rate of the Mexican peso against the US dollar. Such fluctuation represents management's assessment of the possible reasonable change in the exchange rate.

The sensitivity analysis includes only the monetary position at the close of the period, eliminating the commitments covered with financial instruments, and the transactions performed in a functional currency comparable with the dollar.

When the peso appreciates, the results and stockholders' equity will increase; conversely, when the peso depreciates it would result in a decrease in results and stockholders' equity.

The exchange-parity variance results in an adjustment of $50,859 and $69,855 for the years ended December 31, 2023 and 2022, respectively. The sensitivity analysis may not be representative of the exchange risk during the period due to variances in the net foreign currency-denominated position.

f. Interest rate risk management

The Entity is exposed to interest rate risks because it obtains loans at both fixed and variable interest rates. The risk is managed by the Entity by maintaining an appropriate combination of fixed rate and variable rate loans and by using interest rate collars. Hedging activities are regularly assessed to align them with interest rates and the defined risk appetite, ensuring the application of more profitable hedging strategies.

The Entity's exposures to the interest rates of financial assets and liabilities are detailed in the following liquidity risk management section in this note.

– *Interest rate sensitivity analysis*

The following sensitivity analyses have been determined based on the exposure to interest rates both for the derivative instruments and non-derivative instruments at the end of the reporting period. For variable-rate liabilities, an analysis is prepared on the basis that the liability amount remains in effect at the close of the period.

Management evaluates the rates based on the historical behavior of the market and projections obtained from public and private financial institutions. Based on these and the cash flows generated by its operation, it visualizes risks when the rates have a variance equivalent to 100 basis points above the average annual rate handled.

If the exchange rates had been 100 points above or below the real rate obtained and all the other variables remained constant, the result and stockholders' equity would have varied $50,846 and $44,402 as of December 31, 2023 and 2022, respectively, if such a situation should arise, the management would have to evaluate the option of contracting an instrument to cover the rates contracted or seek to renegotiate different payment or collection conditions. The sensitivity analysis may not be representative of the interest rate risk during the period due to variances in debt balances.

g. Credit risk management

Credit risk refers to the risk that the counterparties may default on their contractual obligations, resulting in a loss for the Entity. The main credit risk relates to cash and cash equivalents, accounts receivable and derivative financial instruments. The Entity's policy is only to execute transactions with renowned institutions with a high credit rating, thereby minimizing the exposure to risks derived from cash and cash equivalents and derivative financial instruments.

The Entity only carries out transactions with entities that have a risk rating equivalent to the investment grade or higher. This information is provided by independent rating agencies and, if not available, the Entity uses other publicly available financial information and its own business records to qualify its principal customers. The Entity's exposure and the credit ratings of its counterparties are continuously monitored, and the cumulative value of the completed transactions is distributed among the approved counterparties. The credit exposure is controlled by the counterparty limits that are reviewed and approved annually by the risk management committee.

In regard to accounts receivable, the Entity has credit and collection policies, which include the periodic review and the creation of allowances in accordance with such policies. The maximum exposure to credit risk as of December 31, 2023 and 2022 is $2,437,431 and $2,706,954, respectively.

h. Liquidity risk management

The Entity manages liquidity risk by maintaining adequate reserves, banking facilities and for obtaining loans, by continuously monitoring projected and real cash flows. The consolidated statement of financial position presents negative working capital of $3,599,075; However, this situation does not represent a material risk of ongoing business since the Entity generates cash flows derived from its operation each year that are used to meet its obligations, $17,973,542 during 2023 and $18,535,546 during 2022. Likewise, as of December 31, 2023, there are credit lines available for $8,796,000 as well as a current program of Stock Certificates of up to $10,000,000.

Interest and liquidity risk tables

The following tables as of December 31, 2023 and 2022 show the Entity's remaining contractual maturities for non-derivative financial liabilities with agreed-upon payment periods. The tables have been designed based on the non-discounted cash flows of the financial liabilities as of the most recent date on which the Entity must make payments. The tables include both cash flows of interest and capital. To the extent that interest is at a variable rate, the undiscounted amount is derived from the curves in the interest rate at the end of the reporting period. The contractual maturity is based on the minimum date on which the Entity must make the payment.

2023	One year	Two years	Three years	More than three years	Total
Financial assets (**)	$ (16,107,076)	$ -	$ -	$ -	$ (16,107,076)
Borrowings with financial institutions	561,445	561,445	3,826,628	4,959,040	9,908,558
Various debtors	5,588,503	-	-	-	5,588,503
Accounts and notes payable to suppliers	31,822,959	-	-	-	31,822,959
Lease obligations	4,550,013	4,554,213	4,688,748	50,743,784	64,536,758
Total	$ 26,415,844	$ 5,115,658	$ 8,515,376	$ 55,702,824	$ 95,749,702

(*) TIIE 11.47% and LIBOR 5.46% for interest projection plus spread of each credit.
(**) Includes cash, accounts receivable and escrow deposits.

2022	One year	Two years	Three years	More than three years	Total
Financial assets (**)	$ (14,242,512)	$ -	$ -	$ -	$ (14,242,512)
Borrowings with financial institutions	774,266	774,266	774,266	13,790,338	16,113,136
Various debtors	5,788,288	-	-	-	5,788,288
Accounts and notes payable to suppliers	30,652,210	-	-	-	30,652,210
Lease obligations	4,621,373	4,841,023	4,851,873	58,668,641	72,982,910
Total	$ 27,593,625	$ 5,615,289	$ 5,626,139	$ 72,458,979	$ 111,294,032

(*) TIIE 10.76% and LIBOR 3.4% for interest projection plus spread of each credit.
(**) Includes cash, accounts receivable and escrow deposits.

The following tables as of December 31, 2023 and 2022 presents the liquidity analysis of the Entity's derivative financial instruments. The table has been designed based on non-discounted contractual cash inflows and outflows, which are settled on a net basis, and non-discounted gross cash inflows and outflows of those derivatives that require a gross settlement. When the amount payable or receivable is not fixed, the amount disclosed was determined in reference to projected interest rates, as shown by the yield curves as of the end of the reporting period.

2023	Less than 1 year	More than 1 year and less than 5	More than 5 years	Total
Derivative financial instruments	$ (7,932)	$ (4,594)	$ -	$ (12,526)

2022	Less than 1 year	More than 1 year and less than 5	More than 5 years	Total
Derivative financial instruments	$ (6,048)	$ (9,578)	$ -	$ (15,626)

i. Fair value of financial instruments

1. Fair value of financial instruments recorded at amortized cost

Entity's management believe that the book values of the financial assets and liabilities recognized at amortized cost in the consolidated financial statements, approximate to fair value.

		2023		2022
Financial Assets				
Accounts and notes receivable - Net	$	1,759,344	$	1,989,668
Current accounts receivable from related parties		77,518		59,753
Deposits in guarantee (**)		429,021		359,720
Financial Liabilities				
Accounts and documents payable to suppliers and affiliated companies		31,822,960		30,652,210
Various creditors - short term (*)		7,661,123		7,866,092
Current portion of deferred revenue		144,033		149,203
Long-term debt		8,142,667		12,681,782

(*) Balance included in the statement of financial position in creditors and accumulated expenses.
(**) Balance included in the statement of financial position in other assets and intangibles - net.

2. Valuation techniques and assumptions used to determine fair value

Financial instruments are shown at market value indicated by the financial institution with whom it was hired at the end of the year by which it is reported.

Type of derivative contract or value	Notional amount	Reference variable	Fair Value	Amount due by year	Collateral
As of December 31, 2023:					
Swap rate SOFR	200 million USD	SOFR at 28 days	$ 145,222	200 million in 2025	The line of credit or "Threshold" is for $27 million. At December 31 of 2023 there was no position no collateral for these derivatives.
As of December 31, 2022:					
Swap rate SOFR	200 million USD	LIBOR at 28 days	$ 267,870	200 million in 2025	The line of credit or "Threshold" is for $27 million. At December 31 of 2023 there was no position no collateral for these derivatives.

21. STOCKHOLDERS' EQUITY

Common stock as of December 31, 2023 and 2022 is composed of 963,917,211 no-par value common shares. Fixed capital shares are non with draw able and variable capital may not exceed ten times the fixed capital.

a. At the ordinary Shareholders' Meeting held on April 10, 2023, the payment of cash dividends to the Company's shareholders was approved in the amount of $0.9333 (zero pesos, nine, three, three, three cents) for each released share and in circulation of the Company on the date of payment of the dividend. The payment was made against the Entity's net tax profit account, through the S.D. Indeval, S.A. de C.V., Institution for the Deposit of Securities, the amount of the dividend paid was $899,600.

b. A Stockholders' Ordinary General Meeting held on April 7, 2022 approved a cash dividend payable to the Entity's shareholders in the amount of $0.5224 (zero dot four seven five zero cents) for each share released and outstanding at the dividend payment date. The payment was made against the net tax income account of the Entity, through S.D. Indeval, S.A. de C.V., Institución para el Depósito de Valores, and the dividend amount paid was $503,643.

c. Retained earnings include the statutory legal reserve. The General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 5% of capital stock at par value. The legal reserve may be capitalized but may not be distributed unless the Entity is dissolved. The legal reserve must be replenished if it is reduced for any reason. As of December 31, 2023, and 2022, the legal reserve at par value was $36,687.

d. Stockholders' equity, except for restated paid-in capital and tax retained earnings will be subject to income tax payable by the Entity at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated income tax of the year in which the tax on dividends is paid and the following two fiscal years, against the tax of the year and the provisional payments thereof.

e. The balance of the tax income account as of December 31, are:

		2023		2022
Contributed capital account (CUCA)	$	8,759,245	$	8,369,239
Net tax profit account (CUFIN)		20,634,562		20,093,433

f. Capital risk management

The Entity manages its capital to ensure that it will continue as a going concern while maximizing stockholder profits by optimizing its capital structure.

The Entity's management reviews the capital structure when presenting its financial projections as part of the business plan to the Board of Directors and the Entity's stockholders. As part of this review, the Board of Directors considers the cost of capital and the associated risks.

In 2010, the Entity signed an agreement with the minority shareholders of its subsidiary Chedraui USA, Inc., for the purchase of its shares to acquire all of them, starting in 2010 for USD $14 million and from 2012 for an amount of USD $10 million. The agreement does not require the sale of shares and only constitutes an offer to purchase.

As of the date of issuance of the consolidated financial statements, there are no longer shares subject to this agreement because the remaining shares at the beginning of the year were repurchased during fiscal year 2023.

22. OTHER COMPREHENSIVE INCOME

		2023		2022
Cumulative translation adjustment	$	139,869	$	424,176
Financial instruments measurement, net of deferred taxes		97,223		177,766
Remeasurement of defined benefit obligations, net of deferred taxes		534,042		389,661
Total	$	771,134	$	991,603

a. Cumulative translation adjustment

		2023		2022
Balance at beginning of the year	$	424,176	$	464,107
Cumulative translation adjustment		(284,307)		(39,931)
Balance at end of the year	$	139,869	$	424,176

b. Effect for financial instruments measurement

	2023	2022
Balance at beginning of the year	$ 177,766	$ (30,085)
Net (loss) profit for financial instruments measurement	(115,061)	296,930
Income taxes related to valuation of derivative instruments	34,518	(89,079)
Balance at end of the year	$ 97,223	$ 177,766

c. Remeasurement of defined benefit obligations

	2023	2022
Balance at beginning of the year	$ 389,661	$ (167,564)
Remeasurement of defined benefit obligations	293,928	612,197
Income taxes related to remeasurement of defined benefit obligations	(149,547)	(54,972)
Balance at end of the year	$ 534,042	$ 389,661

23. RETAINED EARNINGS

	2023	2022
Balance at beginning of the year	$ 34,031,804	$ 28,498,035
Net income attributable to owners of the Entity	7,644,896	5,997,095
Dividends paid	(897,592)	(499,146)
Acquisition of non-controlling interest	(217,653)	29,019
Changes on non-controlling interest	(24,433)	6,801
Balance at end of the year	$ 40,537,022	$ 34,031,804

24. NON-CONTROLLING INTEREST

	2023	2022
Balance at beginning of year	$ 293,344	$ 116,904
Comprehensive utility:		
Participation in comprehensive income	248,768	178,646
Minority exchange effect	(31,664)	(5,167)
Financial Instruments	(9,203)	21,887
Remediation of labor obligations	9,837	56,858
	217,738	252,224
Other capital movements:		
Premium on share sales	(11,974)	-
Result of previous years	10,478	(12,272)
Minority Capital	(14,626)	(63,512)
	(16,122)	(75,784)
Balance at end of the year	$ 494,960	$ 293,344

25. EARNINGS PER SHARE

	2023 Mexican pesos per share	2022 Mexican pesos per share
Basic and diluted earnings per share	$ 7.97	$ 6.27

The income and weighted average numbers of ordinary shares used in calculating basic and diluted earnings per share are as follows:

	2023	2022
Net income attributable to owners of the Entity	$ 7,644,896	$ 5,997,095
Weighted average number of ordinary shares for the purposes of basic earnings per share	959,521,409	956,472,628
Treasury shares as of December 31,	4,704,086	4,205,834

26. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The balances and transactions between the Entity and its subsidiaries, which are related parties of the Entity, have been eliminated in the consolidation and are not disclosed in this note. The transactions between the Entity and other related parties are detailed below.

a. Transactions with related parties, carried out in the ordinary course of business were as follows:

		2023		2022
Administrative revenues	$	6,458	$	5,759
Financial portal revenues		5,050		6,240
Air transportation revenues		-		23,286
Concrete sale revenues		1,247		5,603
Asset acquisition		-		(78,708)
Leases expenses		(37,404)		(36,734)
Interests expenses		-		(177)
Advertising expense		(22,778)		(14,170)

b. Balance due to related parties are as follows:

		2023		2022
Hípico Coapexpan, S.A. de C.V.	$	-	$	(522)

c. Balances receivable from related parties are as follows:

		2023		2022
Horse Nation, S.A. de C.V,	$	-	$	764
Smart & Final del Noroeste, S.A de C.V.		-		28,558
Others (mainly officers)		77,518		30,953
Total	$	77,518	$	60,275

d. Compensation to Administration employees and other key executives during the year, were as follows:

		2023		2022
Direct benefits	$	736,294	$	545,898
Variable benefits		948,635		991,708
	$	1,684,929	$	1,537,606

The compensation of the directors and key executives is determined by the Compensations' committee based on the performance of the individuals and market trends.

27. OPERATING LEASE AGREEMENTS

The Entity as Lessor

Lease agreements

Operating leases relate to leases of investment properties owned by the Entity with lease terms from 1 to 20 years, with the option of extending them for up to 20 additional years. All operating lease agreements include market and inflation lease review clauses with a variable rent for all the revenues generated. The lessee has no option to purchase the property at the date of expiry of the lease period.

The properties lease income earned by the Entity on its investment properties, all of which are leased under operating leases, amounted to $1,292,304 and $1,128,660, as of December 31, 2023 and 2022, respectively.

The operating expenses related to the lease income earned from the investment properties amounted to $490,080 and $386,564 as of December 31, 2023 and 2022, respectively.

The Entity has non-cancellable operating leases receivable, as follows:

		2023		2022
No more than one year	$	1,016,589	$	910,115
More than 1 year and no more than 5 years		1,795,854		1,555,519
More than 5 years		668,568		529,633
	$	3,481,011	$	2,995,267

28. INCOME TAXES

The Entity is subject to ISR. According to the Income Tax Law, the rate for 2023 and 2022 was 30% without foreseen changes for subsequently years.

As a result of repeal of Income Tax Law in effect until December 31, 2013, the tax consolidation regime was eliminated, therefore, the Entity and its subsidiaries has the obligation of pay the deferred income tax determined at that date during the following next five years as of 2014, as follows: Pursuant to Transitory Article 9, section XV, subsection d) of the 2014 Tax Law, given that as of December 31, 2013, the Entity was considered to be a holding company and was subject to the payment scheme contained in Article 4, Section VI of the transitory provisions of the ISR law published in the Federal Official Gazette on December 7, 2009, or article 70-A of the ISR law of 2014 which was repealed, it must continue to pay the tax that it deferred under the tax consolidation scheme in 2007 and previous years based on the aforementioned provisions, until such payment is concluded.

The cash flows of payments related to income tax increased during the year ended December 31, 2023 and 2022 were $3,882,107 and $2,061,359, which are presented within operating activities in the statement of cash flows.

Chedraui USA, Inc. is subject to a federal income tax of 21% with no change foreseen for subsequent years; however, the state taxes of California, Texas, New Mexico, Nevada and Arizona (locations with presence of their stores) represent; on average, an additional rate of 6.4% and 6.6% for 2023 and 2022, respectively, which may vary in subsequent years depending on the business loans for employment and incentives granted by the state government. The average state rate for 2023 and 2022 was (1.9)% and 1.9% respectively.

Income taxes for the year ended December 31, are as follows:

	2023	2022
ISR expense:		
Incurred	$ 3,637,432	$ 3,183,469
Deferred	(461,338)	(637,058)
	$ 3,176,094	$ 2,546,410

a. The reconciliation of the legal and effective ISR rates expressed as a percentage of profit before taxes as of December 31 is as follows:

	2023	2022
Legal rate	30%	30%
Effects of inflation	(3%)	(4%)
Not deductible items	3%	2%
Differences in statutory rates in other jurisdictions	(2%)	(2%)
Others	1%	3%
Effective rate	29%	29%

b. The main items that give rise to the deferred ISR liability are:

	2023	2022
Deferred ISR asset:		
Effect of tax loss carryforwards	$ 81,227	$ 157,901
Allowance for doubtful accounts	7,199	7,639
Inventories	69,293	144,453
Accrued expenses	1,346,242	1,651,795
Deferred ISR asset	$ 1,503,961	$ 1,961,788
Deferred ISR liability:		
Other assets	$ (214,779)	$ (225,975)
Property, equipment and rights of use	(2,429,758)	(3,550,180)
Deferred ISR liability	$ (2,644,537)	$ (3,776,155)
Total net liability	$ (1,140,576)	$ (1,814,367)
Statements of Financial Position:		
Deferred tax assets	$ 270,402	$ 254,654
Deferred tax liabilities	(1,410,978)	(2,069,021)
Total net liability	$ (1,140,576)	$ (1,814,367)

As of December 31, 2023 and 2022, the subsidiaries of the Entity, based on their tax-projections, recorded a deferred income tax asset corresponding to the tax loss carryforwards, because it is more likely than not that with the future fiscal profits, the deferred income tax recorded will be recovered.

The benefits of restated tax loss carryforwards for which the deferred ISR asset and tax credit, respectively, have been recognized, can be recovered subject to certain conditions. Expiration dates and restated amounts as of December 31, 2023, are:

Expiration year	Tax loss carryforwards
2026	$ 46,884
2028	47,450
2030	58,084
2032	17,806
Total	$ 170,224

As of December 31, 2023, and 2022 there is an asset for net operating losses related to our operations in the USA for $31,436 and $8,288 respectively; these net operating losses do not expire.

The Entity does not have records of deferred tax liabilities due to the difference in rates on reinvested earnings since the Entity, in its functions as Holding Company, maintains control of the dividend policy that its subsidiaries issue and has estimated that such dividends are not subject to distribution in the foreseeable future. This, in accordance with paragraph 39 of IAS12.

29. CONTINGENCIES

a. The Entity is involved in many lawsuits and claims, arising from the normal course of its operations, which are expected that not have material effects in its financial position and future operating profit.

b. According to Income Tax Law, companies that carry out transactions with related parties are subject to limitations and fiscal obligations, in the determination of agreed prices, since these must be equivalent to the prices used between independent parties in similar transactions. As of December 31, 2023, a study is being carried out with an independent to ensure that transactions with related parties were carried out at market value, which will be concluded during the first half of 2024.

c. The Entity, as well as its assets, are not subject, with exception as indicated in the preceding paragraphs, to any legal action other than owns of its routing and activity.

30. REPORTABLE SEGMENTS

IFRS 8 requires the classification of segments of operation identified based on internal reports about components of the Entity, which are regularly reviewed by the officer making the operational decisions of the Entity in order to allocate resources to the segments and assessing their performance.

The Entity's main business is the sale of electronic goods, groceries, and general goods in its stores, as well as operating real property.

a. Analytical information by operating segment:

	Revenues (*)	
Segments	**2023**	2022
Domestic supermarkets	$ 122,437,304	$ 104,739,845
USA supermarkets	139,301,103	153,438,514
Real Estate lease income	1,319,317	1,147,211
Consolidated	$ 263,057,724	$ 259,325,570

* There are no individual clients that have contributed 10% or more to the Entity's revenues in 2023 and 2022.

	Operating profit	
Segments	**2023**	2022
Domestic supermarkets	$ 7,924,460	$ 6,597,135
USA supermarkets	6,981,400	6,402,181
Real estate	806,472	746,527
Consolidated	$ 15,712,332	$ 13,745,843

	Total assets	
Segments	**2023**	2022
Domestic supermarkets	$ 53,409,551	$ 50,692,987
USA supermarkets	57,569,810	67,947,550
Real estate	11,719,275	11,416,928
Non-assignable items	17,538,975	13,381,207
Consolidated	$ 140,237,611	$ 143,438,672

Segments	Depreciation and amortization 2023	2022
Domestic supermarkets	$ 2,479,402	$ 1,962,884
USA supermarkets	5,103,781	5,691,699
Real estate	24,471	26,157
Consolidated	$ 7,607,654	$ 7,680,740

Segments	Property and equipment and Investment properties 2023	2022
Domestic supermarkets	$ 4,437,623	$ 2,463,969
USA supermarkets	2,559,298	2,639,356
Real estate	281,163	298,130
Consolidated	$ 7,278,084	$ 5,401,455

31. AUTHORIZATION TO ISSUE THE CONSOLIDATED FINANCIAL STATEMENTS

The issuance of the accompanying consolidated financial statements was authorized on March 12, 2024, by Entity's Board of Directors; consequently, these consolidated financial statements do not include the events occurred after that date, is subject to the approval of the Entity's ordinary stockholders' meeting, where they may be modified, based on provisions set forth in the Mexican General Corporate Law.

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This Annual Report may contain forward-looking information regarding Grupo Comercial Chedraui S.A.B. de C.V. and its subsidiaries, based on assumptions made in good faith by its management.

Such information, as well as statements regarding future events and expectations, are subject to risks and uncertainties, as well as factors that could cause Company results, performance, or achievements to be materially different at any given moment. Such factors include changes in overall economic conditions, government and/or commercial policies at a national and global level, as well as changes relating to interest rates, inflation rates, exchange rate volatility, etc. .

Due to these risks and factors, actual results may differ materially from the estimates described in the document herein, whereby Grupo Comercial Chedraui S.A.B. de C.V. assumes no liability for such variations.