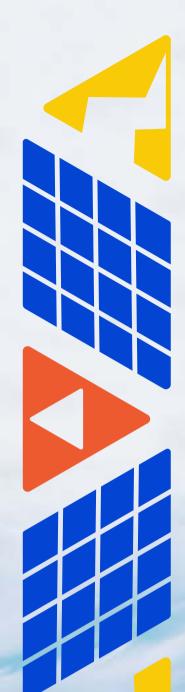


Sustainability Report

With good energy

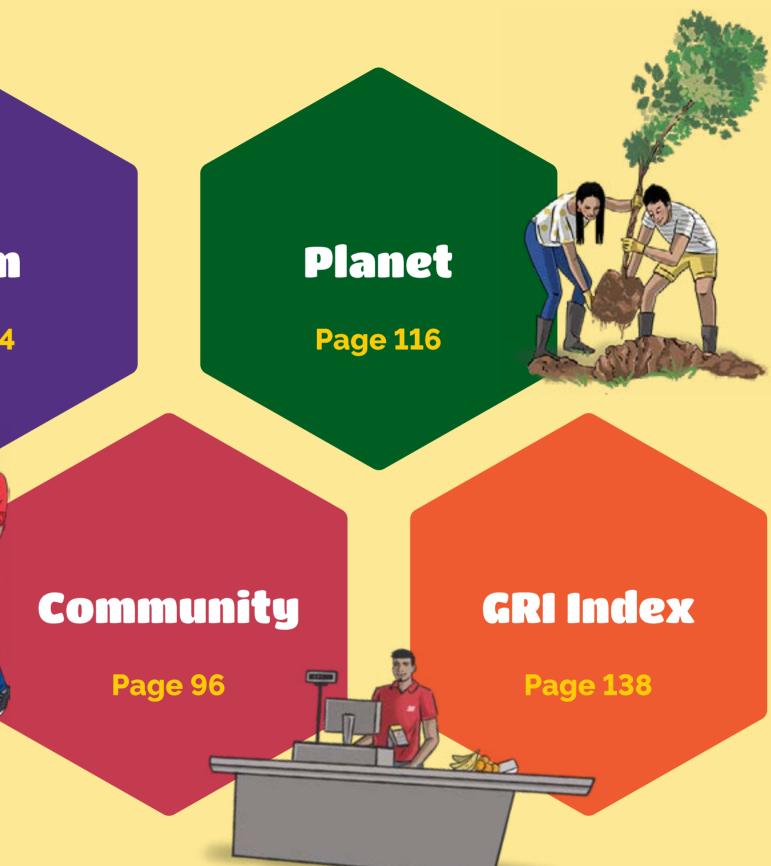
2023



#### Content

# About the Openning Team organization messages Page 64 Page 04 Page 14 About this Value report proposition Page 42 Page 06





# Opening messages

#### **Message from the CEO**

In a socioeconomic context characterized by moderate growth and a security crisis in Ecuador, we have remained steadfast in our commitment to facilitating progress across our communities and maintaining unparalleled responsibility in our operations.

At Tía, we care not only about our business growth but also about how it can contribute to the welfare of Ecuadorians. With 257 stores, the creation of over 200 new jobs, and a team of 8,475 employees committed to our mission, we have remained a cornerstone of employment and opportunity generation across the country. Our commitment to human development extends beyond the doors of our stores, encompassing over 172,000 consumers who had access to our CrediTía financial services to drive their projects and dreams, and more than USD 2 million in discounts for retirees and people with disabilities.

Environmental sustainability is another fundamental pillar of our operations. In 2023, we inaugurated a photovoltaic power station in Calacalí, making our Distribution Center self-sufficient with renewable energy. In addition, we diverted over 6,500 metric tons of waste from landfills as a result of our search for innovative solutions to minimize environmental impact. As part of our commitment to the

community, we recovered and donated 150 tons of food, reinforcing our role as an active partner in the fight against food insecurity.

We had resilience and determination to face the challenges presented by political instability and the security crisis. In this regard, we reinforced security protocols and increased security staff in our stores, provided training and emotional assistance to team members affected by the social context, and supported the national security forces.

Along this path toward sustainable development, I want to express my gratitude to every one of our more than 8,000 employees who are part of our corporate family at Tía. Their dedication, passion, and commitment are the driving force behind our achievements and the foundation of our vision for a prosperous future for all.

Thank you for your trust in Tía as your favorite supermarket and for partnering with us in building a more sustainable Ecuador.

With gratitude and commitment,

Luis Reyes Portocarrero CEO Tía S.A.

#### **Message from the** shareholders

and assets.

Despite these challenges, we remained steadfast in our goal of improving the quality of life of our customers and their communities, delivering significant experiences with honest brands. We are proud to uphold the core values of our founders, offering human warmth and friendliness to those who choose us every day.

Driven by technological and digital transformation, we designed an omnichannel shopping experience to reach every corner of the country. We offer quality, safe, and affordable products to meet the needs of Ecuadorian families, activate the local supply chain, and foster regional development, opening up growth opportunities for SMEs and an increasing number of people.

We support the communities where we operate by creating local jobs, assisting civil society



Reflecting on 2023, it is clear that it had significant challenges for Ecuador. The enduring security crisis had a strong impact on businesses and key economic sectors alike, reshaping consumer habits. Given this social context, we doubled down on our efforts to ensure the security of our workers, clients, organizations, and providing aid to those most in need. At the same time, we seek innovative solutions to reduce environmental impact, from generating renewable energy to recycling waste.

In 2023, our corporate group businesses continued to expand, creating decent jobs with opportunities for growth and development. We promote a team culture that fosters diversity and collaboration, where each person can prosper and thrive.

We are honored to share our achievements from 2023, reaffirming our commitment to continuous improvement and leadership in favor of the socioeconomic development of Ecuador.

We are grateful for your trust and ongoing support.

Yours sincerely,

#### Francisco de Narváez Steuer Chairman Grupo de Narváez

4.

FE

Team

# About this Sustainability Report

# Parameters for the report

# Our

We take great pride in presenting to our stakeholders our tenth Sustainability Report, underscoring our steadfast commitment to transparency and responsible accountability.

This document has been prepared in accordance with the Global Reporting Initiative's Universal Standards 2021 (GRI). We will share relevant insights into our management of the main economic, environmental, and social impacts generated by Tía.

The results included in the report encompass the period from January 1 to December 31, 2023, and cover all the operations conducted by Tiendas Industriales Asociadas Tía S.A., with headquarters in Chimborazo 217 and Luque street, Guayaquil.

Our reporting frequency is annual, and our previous publication covered the 2022 period. If you have any questions or would like to share your opinion about our Sustainability Report, please e-mail us at

memoria.sostenibilidad@tia.com.ec

We establish open and clear communication with all individuals and organizations within our stakeholder network. Our goal is to understand their expectations and concerns and design organizational management strategies that can address them effectively.

Through dialogue and collaboration with each stakeholder group, we identify the actual and potential impacts of our activities. This enables us to implement preventive or corrective measures to mitigate adverse effects and amplify positive outcomes.

The table below outlines our strategic stakeholder groups and the mechanisms for engaging with each of them. Our primary method for becoming aware of the most significant impacts of our work is the materiality survey. This report will detail how we have consistently managed these aspects and how they compare over time.





# stakeholders

#### STAKEHOLDERS ENGAGEMENT MECHANISMS

Customers	Materiality survey. Corporate website. Permanent channels: WhatsApp, Chatbot, e-mail, social media, and the webpage. Surveys on products and services tailored to company needs.
<b>Community</b> Foundations, associations, civil society organizations.	Materiality survey. E-mail. Regular contact with foundations and NGOs through our social investment programs.
Shareholders	Materiality survey. Regular meetings. E-mails.
Employees	Materiality survey. Meet- ups. Internal communication channels. E-mail, WhatsApp. Regular meetings.
Suppliers	Materiality survey. Negotiation meetings. E-mails. Telephone calls. MSMEs 2023 Survey.

# Double-materiality process

In 2023, we performed a double-materiality exercise for the first time to define the contents of this report. In line with the recommendations from the Global Reporting Initiative (GRI), we adapted our exercise to the new international directives in force, such as the Corporate Sustainability Reporting Directive (CSRD) from the European Union.

Therefore, we integrated the financial perspective into our impact analysis not only to detect and prioritize our effects on the environment but also to recognize sustainability aspects that may pose risks to the financial performance of our organization. This process encompassed 5 stages:

**Tía** 

#### Context analysis

We first focused on understanding the context surrounding organizational operations, considering the nature of the business, its value chain, and the relevant regulations that can impact our activities. We also identified Tía's stakeholder groups: customers, employees, the community, suppliers, and the shareholder group. For this phase, we considered the results in the 2022 Sustainability Report, and a study conducted by Prófitas on Ecuador's macroeconomic evolution in 2023 and its influence on consumer habits.

## **2** Identification of material issues

The SASB indicators for the retail and supermarket industries, along with our corporate sustainability strategy were used to detect the economic, environmental, and social issues with impact and risk potential for our business. In addition, benchmarking was conducted regarding the material issues identified by relevant industry actors, both globally and across the region. We compared the results with our sustainability strategy and the list of material issues from 2022 and selected 14 impacts and risks considered significant for the organization. These were approved by the Marketing Division. We then submitted the list of material issues to the stakeholders' groups for evaluation from an impact and financial perspective.

# 3 Evaluation by the stakeholders' groups

We surveyed customers, employees, the community, and suppliers to get feedback from our stakeholders' groups. Each representative ranked the issues according to the level of impact that, in their view, these had on the environment, people, and the economy. In addition, respondents could propose issues that had not been included but that we should incorporate into our list.

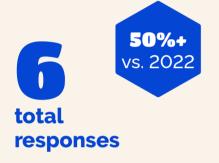


#### **Distribution by stakeholder group**



#### **O** Prioritization of investors

We carried out a financial materiality exercise through another survey specifically targeting our shareholder group: Grupo De Narvaez. Using this mechanism, each shareholder member assessed non-financial (economic, social, and governance) aspects according to the likelihood that they will affect a business' financial standing or performance. Respondents also had the possibility of proposing other sustainability issues that we should include.



#### **B** Conclusions and materiality matrix

We integrated the results from both surveys into a materiality matrix that combines the impact and financial risk perspectives to identify strategic, toppriority, and emerging sustainability issues. As part of this process, and in line with suggestions from our shareholders and stakeholder groups, we decided to integrate customer and team security management within the scope of "Customer Experience" and "Our People's Quality of Life" material topics.



Tía

Shareholders



About the organization More than 60 years in Ecuador

In



Tía's good energy extends across Ecuador: with 283 stores, located in over 113 cities in 22 provinces in the country, we are the biggest retail chain in the country.

We share our energy through digital sales channels, implementing an innovative business strategy that complements and enriches the shopping experience at Tía stores. Our range of products and services includes everything from food and beverages to clothing, furniture, electrical appliances, and cosmetic products, all offered at affordable prices tailored to the needs of Ecuadorian households.

The positive impact of Tía's good energy spreads across Ecuador, opening up opportunities for an increasing number of people. Our 14 new stores created over 200 job opportunities in 2023 and expanded our value proposition to more Ecuadorian locations and people.

**|Tíā**|

Our team of 8,475 dedicated and hard-working talented persons welcomes more than 200,000 people who visit our stores every day, creating an effect that reaches every corner of the country.

This effect activates the dynamics of regional value chains and provides growth and socioeconomic development opportunities nationwide. It fosters progress and wellness within our communities while prioritizing environmental care. It is an effect full of good energy, which we call El Efecto Tía.

#### **Our mission is to bring** quality, affordable, and local products to more and more **Ecuadorian families.**



#### **Our business** ecosystem

We offer our customers an omnichannel experience that combines the human warmth and friendliness experienced during in-store shopping with cutting-edge technological advances that enhance digital sales channels.

#### **Physical sales** channels

#### Tía

Stores averaging 800 m<sup>2</sup>, offering a selection of 7,000 products.

#### Tía Express

Stores averaging 300 m<sup>2</sup>, offering a selection of 3,000 products.

#### Plaza Tía

A shopping mall hosting a variety of stores offering diverse products and services. This mall operates independently, with Tía serving as the anchor store.



A chain store offering household and personal consumption products, specializing in deals, seasonal promotions, and events, with extensive nationwide coverage.







daily use.

26 stores

#### **Proprietary brands**

We have broadened our product range by introducing proprietary brands, developed in collaboration with local and international manufacturers. These brands encompass products for celebrating Christmas, enjoying the summer season at the beach, toys, household and kitchen essentials, electronic devices, items for babies, household cleaning products, school supplies, food and beverages, as well as personal care and beauty products.

Top One.





#### Community

Planet

TIENDAS . marta ahorro Más para todos

A chain of convenience stores located in commercial areas of residential neighborhoods. It offers essential products for



Tía currently has 20 proprietary brands: Best Xmas, Cocki, Elements By Trial, Extreme, Free Beach, Happy Toys, Hometech, Junio, Just Baby, Just Woman, Lo Sano, Más Ahorro, Mayik, Selección By Tía, Soul Check, TA'RIKO,

#### **Digital sales channels**

#### Tía Online

Online shopping platform with home delivery and in-store pickup. Its product selection differs from that of physical stores, including electrical household appliances and technology. Customers have the option to pay via debit or credit card, transfers, or CrediTía,

#### tia.com.ec

#### Lucía

Virtual assistant that to locate nearby Tía stores, make purchases via WhatsApp with home delivery, and learn about promotions.

#### **Online catalog**

It allows to buy Tía products online and receive the order at home or pick it up in-store. It offers over 15,000 items, including appliances and technology products.

#### Tía App

An online shopping app that locates the nearest store and offers home delivery services. With over 10,000 products, it allows payment by cash, credit card, debit card, and CrediTía. As an improvement, work is being done to provide online order status tracking and to increase the range of payment methods.

# Tia's Value Chain

In the competitive Ecuadorian market, responsible management of the value chain becomes an essential component for achieving sustained success in the industry. Strategic business management serves as the starting point, where growth goals are defined to guide the actions to be taken.

Procurement stands as a fundamental piece in the chain, involving the purchase of products and services from carefully selected suppliers. This stage ensures the availability of fresh and varied products to meet customer needs. In turn, operations efficiently coordinate internal activities, from storage to distribution logistics, ensuring product availability in both physical and online stores.

Support services, such as Marketing, Human Resources, Real Estate, Quality, Administration and Finance, Maintenance, and Technology, act as strategic pillars. Simultaneously, sales channels are diversified to reach consumers comprehensively, covering both physical and online stores. The sustainable focus of the business is incorporated into all phases of the value chain, ensuring responsible practices that not only generate economic value but also contribute to social and environmental well-being.





#### **Customer requirements**



**Strategic Business** Management

**Real Estate** Management

**Data Analytics** Management

**Omnichannel** and User **Experience** Management

Corporate **Relations and Sustainability** Management



**Commercial Management** 

**Development** and management of product categories

**Supply Chain Management** 

Marketing Management

**Management of** operations in traditional channels

**Management of** operations in digital channels

**Customer service** 



**Business Capability** Management



**Customer Satisfaction** 

#### **Energy in motion**

**79,150,966** receipts





9,987 items in our selection of products





**Tía** 



#### **Online sales**

**36.88%** 

vs. 2022

8.91%+

online catalog sales vs. 2022

# 6%+

sales through our online channels vs. 2022



Iea



Tía

Team

#### **Stores' distribution**

7%+ in 2023 11 national stores provinces cities

By region

202

**Coastal Lowlands** 

70

**Andean Highlands** 

**Amazon Rainforest** 

**By province** 

**9** stores **Esmeraldas** 

**100 stores** Guayas

**27** stores Manabí

**6** stores Santo Domingo

**3 stores Bolívar** 

**3** stores Chimborazo

**4 stores** Imbabura

**42 stores Pichincha** 

**1** store Morona Santiago

**3 stores** Orellana

2 stores **Sucumbios** 

**10 stores** El oro

**17 stores** Los Ríos

**7** stores Santa Elena

**4** stores Azuay

2 stores Cañar

**4** stores Cotopaxi

**3** stores Loja

**5** stores Tungurahua

2 stores Napo

**1** store Pastaza

2 stores Zamora Chinchipe

#### New stores and newly created jobs



total new jobs created in 2023



additional positions

20 jobs **Branch Manta** Santa Martha, Manabí

23 jobs Branch Salinas. Santa Elena

25 jobs **Branch Monte** Sinaí, Guayas

21 jobs Branch Echeandía, **Bolívar** 

19 jobs **Branch Llano** Grande, Pichincha

27 jobs **Branch San** Francisco, Pichincha

**New additional** jobs

7 jobs Branch El Dorado, Guayas

5 jobs Branch CityMall, Guayas

7 jobs Branch Fortin, Guayas

7 jobs Branch Manta, Manabí

7 jobs **Branch Mall del** Norte, Guayas



new jobs created in Más Ahorro

6 jobs **Branch Sauces 8**, Guayas

6 jobs Branch Huancavilca, Guayas

#### Team

# Our business plan

We strive to achieve sustainable performance for our organization, guided by our purpose of improving the quality of life of our customers and their communities by creating relevant experiences with honest brands.

As part of our strategic plan, in 2023, we maintained our commitment to investing in the opening of new stores, with a positive local impact by creating new job opportunities. We invested over USD 4.9 million in opening 14 new locations for our business units, creating over 200 new jobs.

Another focus of our strategic investment was digital transformation. We understand that to evolve and adapt to the new habits of our customers, we must apply cutting-edge technology to our processes. Therefore, in 2023, we directed part of our investments towards integrating digital technologies into all operations, which allowed us to be more efficient, make rational use of resources, and reach more people through innovative and disruptive purchasing channels.

Sustainability is another pillar of our strategic plan. In 2023, we invested around USD 1 million in the construction of the Calacalí photovoltaic power station, which supplies the majority of the center's energy consumption with clean and renewable energy, and will generate an annual saving of USD 115,000 for the organization.

Our strategic plan **bolsters our economic** growth while also contributing to the creation of local jobs and to our business sustainability.



**Direct eco** Revenues **Economic** Operating Employee Payments Payments Community **Economic** 

Values from the financial report audited by Ernst & Young Ecuador E&Y Cía. Ltda.

**|Tía**|

Community



performance In millions of USD

USD 791.2 M Generated

USD 771.1 M Distributed

USD 20.2 M Retained



	2022	2023
onomic value generated	773.3	791.2
	773.3	791.2
value distributed	743.1	771.1
costs	653	676
wages and benefits	79.5	86.1
to providers of capital	-	-
to government	10.06	8.2
ty investments	0.473	0.7
value retained	30.2	20.2

#### **Pioneers in action**

We operate in an industry that is constantly evolving and growing increasingly competitive. We actively promote the sustainable development of the industry through our involvement in sectoral initiatives. Moreover, our dedication, commitment, and teamwork have been acknowledged through our inclusion in prominent business ranking lists nationwide.

#### **Sectoral ranking lists**

#2 The best in their sector - Wholesale and retail trade El Universo newspaper

#2 **Reputation Ranking** - Wholesale and Retail Commerce Merco

#6 **Reputation Ranking** Merco

#3 **Top 10 supermarkets EKOS** magazine

#3 Top of mind **EKOS** magazine

**|Tíā**|

#3 Most influential brands América economía

#3

Largest Companies in Ecuador - Major Sector: Commerce / Supermarkets Vistazo

#3

**2023 Sectorial Ranking** - Wholesale Retail Commerce **EKOS magazine** 

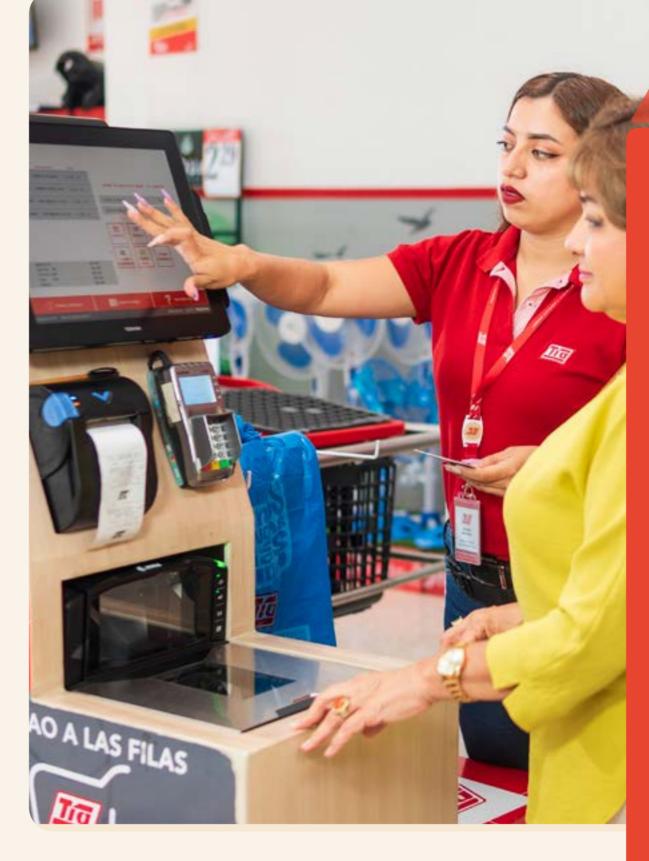
#9

**1000 business ranking** - The most relevant actors in the ranking over two decades - Top 10 **EKOS magazine** 

#12 Merco 2023 University talent ranking El Universo newspaper

#12 **Ipsos corporate reputation ranking EKOS** magazine

#26 **Companies that most contribute** to the SDGs Vistazo



#### **Membership** associations

- Alianza para el Emprendimiento e Innovación (AFI)
- Asociación Cristiana de Empresarios (ACE-UNIAPAC)
- Chambers of commerce from 26 cities in Ecuador
- Cámara de Comercio Ecuatoriano Americana (AMCHAM)
- Cámara Ecuatoriana de Comercio Electrónico (CECE)
- Cámara de Industrias de Guayaquil
- Cámara de la Construcción de Guayaquil
- Consejo Empresarial para el Desarrollo Sostenible del Ecuador (CEMDES)
- Corporación Ecuatoriana para la Responsabilidad Social & Sostenibilidad (CERES)
- Red Ecuatoriana de Empresas Solidarias (REDES)
- Unidos Por La Educación UXE



The energy from El Efecto Tia

The year 2023 was the hottest year in history since records began (WMO, 2023). This phenomenon has serious effects on the environment, leading to increasingly extreme weather events such as droughts, floods, and fires. Vulnerable populations are the most affected by these events.

In Ecuador, 26% of the population lives in poverty (INEC, 2024), and the unemployment rate is 1.6 percentage points higher for women than for men (ILO, 2023). Chronic child malnutrition affects more than 20% of children under 2 years old (UNICEF. 2023), and over 560,000 people live with some form of disability (Ministry of Economic and Social Inclusion, 2017). This situation is exacerbated in a challenging social context.

But Ecuador is also a country full of wonderful people and opportunities. A country where small and medium-sized enterprises represent more than 99% of the business network, providing employment opportunities for over 1.5 million people (INEC, **2023**). A country rich in natural resources such as forests, rivers, and the Ecuadorian sun full of good energy.

At Tía, we are aware of the challenges and opportunities in our country. We contribute to its socioeconomic development and to closing social and environmental gaps with our sustainability platform, El Efecto Tía.

Our strategy is based on the positive energy that expands every time we open a store. It's an energy full of growth opportunities and shared value creation that we channel to multiply the positive impact on people and minimize the negative impact on the environment.

We do this through four cross-cutting action pillars: Value Proposition, Team, Community, and Planet. Their goals align and contribute to the global agenda established by the United Nations Sustainable Development Goals (SDGs).

The good energy of El Efecto Tía is filled with opportunities for growth and shared value creation that drive socioeconomic development across Ecuador.

Tía

Team

8 1

#### **Our contribution to the SDGs**

#### Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture

We ensure adherence to quality food marketing standards to fulfill the nutritional needs of our customers across the 113 cities where we operate, also offering affordable prices. Additionally, we combat child malnutrition: in 2023, we reached more than 46,000 Ecuadorian boys and girls with our Creciendo Bien initiative.

#### Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all

Our goal is to increase the share of renewable energy in the array of energy sources used by our business. In 2023, we inaugurated a photovoltaic power station at the Distribution Center in Calcalí, Quito, that supplied its operation with 678.8 MWh of renewable energy.

#### Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Through our 283 stores, we generated over 200 new, genuine jobs across the country. In addition, the expansion of our business creates economic opportunities for over 990 organizations that are suppliers and partners along our value chain.

#### 00

#### Goal 12: Ensure sustainable consumption and production patterns

Since the inception of our business, we have opened up opportunities for small and medium-sized entrepreneurs to sell their products to Ecuadorian families on our shelves. Additionally, we have embraced the zero waste commitment Compromiso Desperdicio Cero, which allowed us to achieve 98% coverage across all stores and recover 150 tons of food fit for consumption in 2023.



#### **Goal 13: Take urgent action to combat** climate change and its impacts

We aim to set an example by nurturing a culture of responsibility and inspiring the necessary shift toward environmentally sustainable development. We prioritize the efficient use of resources and energy efficiency, along with waste avoidance and responsible waste management.

#### Goal 17: Strengthen the means of 17 ...... \* implementation and revitalize the **Global Partnership for Sustainable** Development

All programs are based on an integrated and synergistic collaboration with the non-governmental sector, encompassing both public and private entities. We cultivate longterm partnerships with institutions and foundations to have an active inthe-field presence in support of the communities living in proximity to our stores.

#### **Progress achieved from** *El Efecto Tía*







new stores





We create decent and respectful job and growth opportunities for an increasing number of individuals.



14.5 average training hours by employee

17% favorable opinion on work climate









We drive the growth of our business in support of the sustainable social and economic development of Ecuador.

23.3 M for social investments





We inspire the necessary change to achieve environmentally sustainable development.

678.8 MWh consumed from renewable sources

6535.6 t of waste diverted from landfills

126.14 t of plastics avoided

# Corporate governance

The Board of Directors is the highest corporate governance body in our organization. It has 9 executive members. Its duties include ensuring the attainment of corporate goals and business sustainable growth while assuring value generation for people and shareholders.

Every month, the Board of Directors meets to identify gaps between actual and planned business results. It evaluates these results to decide on immediate actions that can ensure operational stability, profitability, and job creation. The nomination and selection process is primarily conducted through internal hiring. If no suitable candidate is found within the company, the search extends to Grupo GDN and, if necessary, to external candidates.

No committee is part of Tía's corporate governance structure. All strategic decisions are made by the various divisions with the authorization of the Chief Executive Officer (CEO). To foster informed decision-making, the Board of Directors participated in training sessions on Environmental, Social, and Governance (ESG) topics conducted by an international consulting firm in February 2023. Additionally, the Board supervises and approves the contents of this Report.

#### **Process for Communicating Critical Concerns**

The process flows directly between department managers, their management, and the CEO. Human Talent receives confidential complaints and suggestions from staff, and if necessary, conducts an investigation. Based on the results, immediate solutions are implemented. These events are communicated to the CEO. In 2023, 17 critical concerns regarding personnel management were reported to the Board of Directors.

Regarding customers, potential incidents are received by the Marketing department. In 2023, the Customer Service center was centralized and formalized to handle complaints from individuals who purchase from our physical and online stores.

Team



calidad, variedad y econom

In 2023, 100% of the Board of Directors received training in sustainability topics to enhance their education and commitment to responsible business management.

About the organization

#### **Structure and Sustainability** Responsibilities

#### **Chief Executive Officer**

Ultimate decision-making responsibility

#### **Chief Financial Officer**

Responsibility for economic issues

#### **Operations Director**

Industrial Safety Management Responsibility for environmental issues

#### **Marketing Director**

Corporate Affairs and Sustainability Department Responsibility for social impact

#### **Human Talent Director**

Responsibility for employee welfare

#### **Procurement Director**

#### **Logistics and Distribution Director**

#### **Chief Technology Officer**

#### **Distribution by gender**



#### **Distribution by age group**

Between 30 and 50 years old



#### +50 years old



#### **Distribution by nationality**



#### Length of time working



Tía

#### **Anti-corruption**

At Tía, we maintain a zero-tolerance policy for noncompliance with the law. It is strictly prohibited to offer, authorize, or pay any form of bribery to any individual or organization to exert undue influence in favor of the company. Similarly, it is forbidden to request or accept any form of bribery.

We have developed legal procedures to evaluate the risk of bribery, focusing on top-risk areas. Through a questionnaire, we identify business or operational practices that may be vulnerable to bribery. Based on the results, we analyze the implementation of additional internal controls to mitigate these corruption risks. Regular assessments of bribery risks are conducted.

#### **Conflicts of interest**

We anticipate and avoid all types of controversies among stakeholders within the organization. We have developed internal rules that establish governing principles to mitigate potential conflicts of interest.

The governing principles for addressing every situation involve considering the parties' underlying interests: ensuring equity and equal treatment; handling the situation objectively, methodically, and prudently; maintaining effective communication about the events to facilitate informed decisionmaking; and documenting the situation and solution. The welfare and needs of the organization are always placed above any individual interest.

Any scenario that could potentially give rise to conflicts of interest will be reported to the Human Talent area responsible for overseeing internal corporate rules, through designated channels, to initiate an analysis and resolution process. If the potential conflict involves a Director or a Senior Management member, the matter is dealt with by the Board of Directors.

# Ethical conduct

We uphold ethics and integrity in all our actions. To us, these values are essential pillars for achieving success and sustainable development within our organization. We adhere to these values not only because they contribute to building our corporate reputation, but also because they foster the holistic development of our teams and promote a positive organizational culture.

Our primary corporate responsibility standard is the Code of Ethics and Corporate Conduct. This code defines our values of responsibility and integrity and lays out the foundational principles and policies that quide our ethical behavior.

The principles that should stand out in all Tía operations, according to the Code of Ethics, are simplicity, loyalty, confidentiality, clarity, transparency, precision, reliability, and adherence to operational rules, for the benefit of Tía customers and corporate profitability.

All new hires must be aware of the contents of the Code. The Human Talent Division, Supervision Areas and Regional Management Departments, Offices of Local Heads and Storage Rooms, including Area Management and Head Offices, are responsible for ensuring this. Adherence to each and every one of the principles reflected in our Code of Ethics and our current policies is mandatory. Failure to adhere to any of these principles will result in the enforcement of sanctions as outlined in the internal corporate work rules.

## 100%of new hires at Tía signed the **Code of Ethics**

**Code of Ethics and Corporate Conduct** 

#### **Respect for Human Rights**

In 2023, we took a major step toward responsible business management by incorporating a section dedicated to respecting Human Rights into our Code of Ethics and Corporate Conduct. Additionally, we included a clause on Human Rights and another one on Anti-corruption in all agreements signed with new suppliers.

We have committed to adhering to, promoting, respecting, upholding, and protecting Human Rights across all our operations, including those within our value chain, in accordance with the Universal Declaration of Human Rights adopted by the United Nations (UN). Additionally, we have embarked

Human Rights.

This commitment reflects our determination to take a leading role in the construction of safe and inclusive workplaces across all our operations. We are dedicated to upholding the fundamental rights of our employees within the company and along our value chain. This includes prohibiting slave and child labor, respecting freedom of association and collective bargaining, ensuring fair compensation, establishing equal opportunities, promoting safe and healthy work environments, and preventing discrimination and harassment.

Anyone affected by this commitment is encouraged to promptly report any violation or potential violation of Human Rights or to inquire about the practical implementation of our Human Rights policy, through our dedicated hotline.

Tía

on a process to align our work and operations with the guidelines outlined in the Declaration on Fundamental Principles and Rights at Work adopted by the International Labour Organization (ILO) and the UN Guiding Principles on Business and

#### **Complaints hotline**

Anyone working at Tía or as part of our value chain has the responsibility to report or complain regarding any conduct that violates our Code of Ethics.

Any person who submits an inquiry or files a report with the dedicated hotline will be treated with respect and confidentiality, preserving their dignity and refraining from delving into irrelevant aspects that do not aid in understanding the facts more thoroughly. Their preferences regarding their desired course of action or the anonymity of their information will be respected at all times.

If the report or complaint is found to be invalid, Tía will take appropriate disciplinary action against the individual who filed the complaint or made the inquiry. In 2023, we received a total of 17 incidents from employees, of which 100% had been satisfactorily resolved at the close of this report.

tuvozsuma@tia.com.ec

#### Team

#### Due diligence process

We demonstrate our commitment to ethics and integrity through clear policies, risk assessments, proactive preventive and corrective actions, and a collaborative culture to address challenges and maximize the positive impacts of our business.

#### **Regular evaluation**

We regularly review ethical risks and the effectiveness of our internal controls. We continuously adapt and improve ethical policies and procedures in response to changes in the business environment and the laws.



#### KPI

Measurement of culture through surveys.

We identify and acknowledge positive ethical practices. We reinforce these actions through incentive programs aimed at encouraging ethical behavior.

**Recognition and reinforcement** 

64% of employees feel recognized **76%** of employees trust their leaders



#### **Internal audit**

We conduct internal audit controls to evaluate the reliability of our financial statements, operational efficiency, and compliance with laws and regulations. We implement corrective measures to prevent and mitigate any potential negative impacts.

#### KPI

Internal audit implementation index.



## Addressing negative impacts

When actual negative impacts occur, we conduct a thorough analysis to understand the nature of the problem. Immediate corrective measures are adopted, in collaboration with the Legal Affairs department, to address any unethical situation effectively and professionally.

#### KPI

Frequency of reports on unethical conduct.

#### **Professional and ethical training**

We deliver training to our teams to promote ethical decision-making in their roles. Additionally, we encourage proactive communication about our anti-corruption policies and procedures.

#### 100%

members of the Board of Directors received updates on anti-corruption policies and procedures 8 members

#### 92%

members of the team received updates on anti-corruption policies and procedures 7,813 employees

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Tia

Value proposition

Technology, quality and local products

# The good energy of our value oposition

Our stores and digital platforms feature a variety of products and services that connect our supply chain with Ecuadorian households from end to end. This is all about spreading our good energy: from pineapples from Guayas being enjoyed in Quito to oranges from Bolivar reaching Santo Domingo.

The shelves in our stores offer an array of affordable products for Ecuadorian families, setting in motion a regional supply chain that creates opportunities for thousands of farmers and businesses across the country. This is how we contribute to personal development and well-being in Ecuador.

Our array of quality and affordable products not only contributes to the daily economy of Ecuadorians but also offers safe food options for an increasing number of people.

We provide flexible payment options through *Puntos Más*, a program offering exclusive sales discounts and promotions to those who choose us. Additionally, we implement special promotions with extra savings and benefits for loyal customers.

**Our quality standards** ensure our customers' satisfaction and trust.

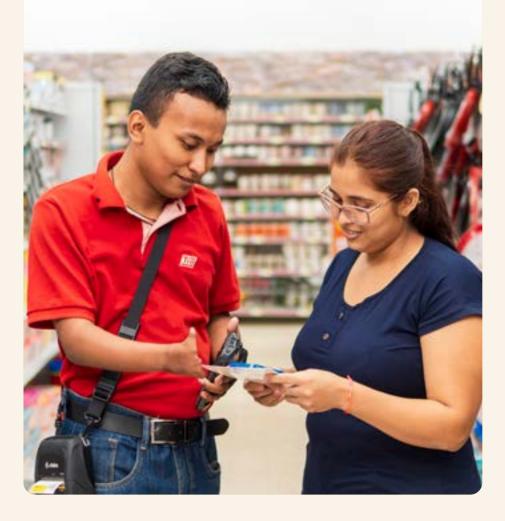


Tía

The products in our physical and digital stores meet the Ministry of Agriculture and Livestock (AGROCALIDAD) labeling, manufacturing, and certification standards and the regulatory standards issued by the Ecuadorian Standard Service (INEN) regarding alcoholic beverage labeling regulations.

In addition, our products meet the fiscal traceability standards for alcoholic beverages and beers laid down by the Ecuadorian Internal Revenue Service (SRI). All significant product categories are covered and evaluated for their adherence to these procedures.

During the reporting period, no cases of noncompliance with regulations were recorded that resulted in the enforcement of fines, penalties, or voluntary codes, related to marketing communications or health and safety in connection with our products and services.



Team

#### **Advancing financial** inclusion

According to the latest report on financial inclusion issued by Ecuador's Central Bank (2023), 85.7% of the population between 15 and 69 years of age had access to a financial product, while 31.2% of the adult population had some type of active loan at the close of Q3 in 2023. This indicates that 1.6 million people from the economically active population over 15 years of age do not use the benefits and facilities offered by financial institutions. The World Bank's Global Findex Database shows that some of the main reasons for this are the high cost of these services, insufficient funds, and a lack of necessary documentation.

In response to this context, we developed CrediTía, a direct lending facility designed to generate a positive impact on the people from Ecuador, promoting financial inclusion across all socioeconomic segments.

Since 2018, CrediTía has served as the gateway to loans for more than 170,000 Ecuadorians, assisting unbanked individuals in accessing the financial system and obtaining their first formal loan.

CrediTía has acted as a catalyst, enabling these individuals to purchase essential household products that would have otherwise been unattainable. Prior to the existence of this financial inclusion tool, customers were compelled to save for extended periods to afford these products. Thanks to CrediTía, they now have the satisfaction of purchasing what they need without waiting for months or years, marking the dawn of a new era in their economic lives.

Not only does this accomplishment represent a personal milestone for each customer, but it is also proof of CrediTía's commitment to creating opportunities for the Ecuadorian population.

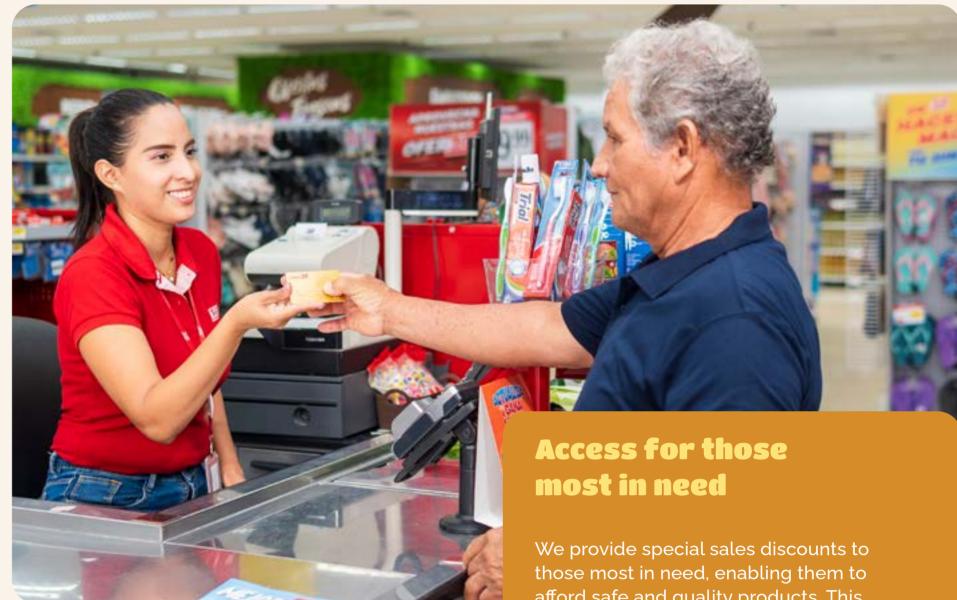
**CrediTía is a value-generation** tool that contributes to Ecuador's economic development and people's well-being.

Our credit facility boasts nationwide coverage, presently extending loans across 257 stores. These loans are tailored to suit the repayment capacity of each beneficiary, offering flexible financing plans with repayment terms of up to 30 months.

Those who access CrediTía enjoy a myriad of benefits, including double Más program points for the initial six months, exclusive sale promotions, round-the-clock online assistance, and personalized customer service available through our dedicated physical and online channels.

Our relentless pursuit of innovation and value creation prompted CrediTía to embrace process digitalization in 2023. As a result, 98% of loan applications can receive a response within 24 hours. This transformation enabled us to deliver more efficient customer service, characterized by user-friendliness, faster response times, and an automated and eco-friendly onboarding process.

Moreover, in 2023, we introduced a virtual wallet feature within our Almacenes Tía app, a portal designed to enhance the customer experience with CrediTía by facilitating access to account statements and enabling users to check their spending history and payment records in a practical, reliable, and secure manner.





35.2%+ customers in 2023 vs. 2022

648,000 (SAC) interactions



Communit

Planet

#### 172,000customers at the close of 2023

10.5%+ loans granted 2023 vs. 2022

# **Creditía Customer Service**

afford safe and quality products. This benefit is specifically targeted to people with disabilities, beneficiaries of the Human Development Bond program, and retirees.

#### Discounts

10% to people with disabilities

10% to retirees

10% to beneficiaries of the Human **Development Bond program on** 

products purchased at Tía

A people-centric

Tarjeta Más

A loyalty program that enables customers to earn one point for every dollar spent, which they can later redeem toward their purchases. In 2023, with our NATIVIA cumulative plan, we welcomed 27,000 new customers who, along with existing Tarjeta Más cardholders, generated anticipated sales totaling USD 127,000, bolstering family finances for the Christmas season. These initiatives enabled us to end the year with a redemption rate exceeding 74%, underscoring Tía's dedication to customer satisfaction.

6.18%+ points delivered vs. 2022

**TARJETA** M PROGRAM **Points del Points red** Redemptio

## experience At the core of all our decisions are the people who visit our physical and digital stores. Our daily efforts are dedicated to crafting and delivering the best

possible experience for each individual who chooses us, with the goal of keeping them coming back for more.

Consumer habits and consumption patterns across the region are constantly changing and evolving. We understand that brand love and our commitment to this process will foster customer loyalty. This is why we continuously analyze people's needs and preferences.

We have designed a customer-centric experience, leveraging technology and grounded in values of proximity, innovation, human warmth, and simplicity.

We distinguish ourselves from our competitors through innovation and a friendly approach to customer service. Our omnichannel experience seamlessly integrates both the physical and digital shopping spheres, leveraging the advantages of technology while maintaining the human warmth and enthusiasm of in-person interactions.

The Marketing area is in charge of crafting disruptive experiences through the design of campaigns and activities across our various stores. Each month, we host sweepstakes featuring extraordinary prizes to further acknowledge and appreciate those who choose us daily. Through these efforts, we aim to strengthen the Tía brand within the community, ensuring that everyone knows that we are here to bring positive energy right to their doorstep.

prizes awarded during the vear's campaigns



1%+ **customers** accumulated points vs. 2022

1AS	2023	2022	EVOL. / DIFF.
ivered	613.4 M	577.7 M	6.18%
eemed	454.6 M	430.6 M	5.58%
on rate	74%	75.5%	0.40%-

#### **New Product Line Más Ahorro**

We work every day to offer quality product alternatives at the best prices. In 2023 we introduced the Más Ahorro brand to our product offerings. In its first year, it achieved a 2% market share. We hope to continue supporting the family budgets of those who choose us by providing highquality products at excellent prices.



#### Security for our customers

Ensuring the physical security of our daily customers is our utmost priority. In 2023, we implemented the following measures to strengthen security and provide training to mitigate risks in light of the social context:

- We increased the number of physical security personnel to better take care of and protect both our employees and customers.
- We conducted thorough reviews and enhancements of our processes, considering various risks and closely monitoring infrastructure and equipment vulnerabilities.
- We intensified our training program regarding security protocols to address various risk scenarios.

We keep in touch

We have developed a multiplatform content strategy focusing on general interest and entertainment topics. This approach aims to introduce us to a broader audience and maintain connections with those who choose us, extending beyond our physical stores.

#### Tía TV

A YouTube channel featuring both commercial and entertainment content.

### 99,051 subscribers

**|Tíā**|

#### 10,916,115 views

# Tia TV

Mejora tu vida magazine

A magazine issued in physical and digital formats to engage with customers. It covers health and well-being topics, offers recipes, and shares corporate news.

#### Mejora tu vida Magazine

#### **Radio Tía**

A digital radio station that is broadcast at stores and online. Featured programs include Deportía, centered on sports with renowned sports hosts, such as José Alberto and Francisco Molestina; Nutritía, hosted by dietitian Cristina Bajaña; and Aprendiendo con Tía, hosted by psychologist Pilar Adell. In addition, InfoTía, hosted by nationally renowned journalist Paúl Tutivén, is broadcast daily.

Radio Tía

1.5 M+ followers on all our platforms

#### Social media

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Our service is also tailored to meet the needs of our corporate client segment. Both businesses and their work teams can use our corporate card in any of our stores, enjoying a 30-day credit period with payments conveniently deducted from the payroll.

During special seasons, users of this service benefit from deferred, interest-free payments for up to four months. They can also earn double points in the Puntos Más program for three months and on their birthday to pay for their purchases. Additionally, they have access to special sales promotions and can participate in all our sweepstakes.

In 2023, we introduced the option to receive purchase notifications for security reasons. We also enhanced our chatbot to allow users to immediately block their card if it is lost or stolen.

Sustainability Report 51

#### Теа

# Innovation at the forefront

The retail industry is facing a dynamic and highly competitive business environment, where consumer expectations evolve rapidly. Consumers are increasingly interested in buying local and sustainable products, and they are also more inclined toward online shopping.

Innovation, technology, and an omnichannel approach are three cornerstones that play a critical role in the management and evolution of our operations. Their benefits have a direct impact on competitiveness and customer satisfaction. Incorporating innovative technologies and implementing omnichannel strategies have helped us adapt to changes and maintain our position at the forefront of consumers' minds.

Our omnichannel strategy has enabled consumers to access and purchase products in our physical stores and on our online platforms through a seamless and consistent shopping experience. The implementation of mobile applications, e-commerce platforms, and contactless payment systems in recent years has been a significant improvement.

The automation of our internal processes, powered by artificial intelligence algorithms, has also allowed us to optimize the supply chain and reduce operational costs. As a result, we have successfully decreased product delivery timeframes and optimized our inventory levels. Thanks to artificial intelligence, we can identify trends in our customers' behavior and make data-informed decisions.

By operating on digital platforms, we acknowledge the significance of addressing and mitigating any potential negative impacts, ensuring a fair and sustainable transition toward a responsible technological business environment. We have designed a disaster recovery plan to minimize the risk of downtime of our primary corporate IT systems due to technological failures. Plan updates are implemented following regular system reviews.

We are committed to continually assessing potential cybersecurity vulnerabilities that may affect the trust of our clients regarding their data. Additionally, we recognize the challenge of addressing the digital divide to facilitate access to new channels for those who are not familiar with digital technologies or do not have access to them.



Community

Planet\_

**GRI Index** 

#### **Personal data protection**

At Tía, personal data is handled ethically and securely, contributing to trust-building among organizations, their customers, work teams, and other stakeholders. We conduct ongoing risk analyses to assess our level of compliance regarding personal data protection.

At Tía, we are committed to privacy and require the explicit consent of users to gather and process their personal data.

In 2023, we adjusted our processes to comply with the constitutional statute on personal data protection *(Ley Orgánica de Protección de Datos Personales).* To this end, we received ongoing assistance from an external advisor, reviewed our processes and policies, and implemented advanced technologies to facilitate and automate privacy management.

This law aims to protect individuals' privacy by establishing rules and regulations on how personal data must be gathered, processed, stored, and shared. Its effective implementation ensures respect for the fundamental rights of individuals' privacy.

We created the Update and Win More campaign to help comply with this law. The campaign encouraged customers to update their personal information for a chance to win prizes like trips and electric motorcycles. As a result, communication with customers improved, and 20% of the data under the Tarjeta Más program was verified. In 2023, we received no legitimate claims regarding customer privacy violations.

#### Team

#### 4 innovations that make us grow

#### **Almacenes Tía App**

As part of the digitalization of our services, we introduced the virtual wallet functionality in our App. This innovative capability can manage services such as Tarjeta Más and CrediTía within the application. Additionally, we implemented new forms of payment, such as Vale de Empleado and CrediTía, and integrated Delivereo and Picker Express as strategic last-mile logistics partners.



62,840+ downloads in 2023





#### Lucia Chatbot

Our conversational solution via WhatsApp continued to evolve in 2023. We incorporated a purchase assistance option with a customer service agent, the ability to block business consumer cards, and an increased CrediTía credit limit.

66.000 total users

46.928 impressions of our sales promotions



The introduction of self-checkout stations in 2018 enabled us to reduce the queues at traditional checkout lanes, resulting in a more efficient and expedited payment process. In 2023, we focused on refining the user interface to make it more intuitive. Additionally, we introduced new functionalities, including new payment methods (Payphone), discounts for retirees and people with disabilities, and ID verification for credit and debit card transactions, all aimed at improving the customer experience.

102 self-checkout stations





#### Self-checkout

stores with selfcheckout stations

#### **E-commerce**

We migrated our e-commerce service to a new platform featuring customization and segmentation tools, which enabled us to tailor offers according to individual preferences. This platform facilitates inventory management by synchronizing the physical store and the online platform in real time, preventing out-of-stock issues. It can also collect and analyze relevant data about users' behavior to inform decision-making. Adhering to rigorous security standards, the platform ensures the protection of customers' data. Additionally, we implemented integrations between the physical stores, distribution centers, and sales representatives.

#### 8,455,920 e-commerce users

60,924 items sold through the platform



#### **More efficient and** agile operation

Innovation and the adoption of new technologies can enhance the performance and productivity of our operations by promoting agility, efficiency, and informed decision-making. Data Science is the area responsible for developing these solutions. Additionally, we collaborate with INARI, a research lab that explores the application of deep learning to solve real-world industrial problems. This lab is based at Universidad ESPOL and sponsored by Tía.

#### Al-powered algorithm **Overcrowded checkout** lane alerts

We issue real-time alerts for overcrowded checkout lanes. These alerts can be customized for each store to define the maximum number of customers allowed per lane. As a result, queue times have decreased.

#### Al-powered algorithm

#### **Price discrepancy reporting**

We review and generate daily reports on price discrepancies for products exhibited on our shelves. This helps prevent discrepancies at checkout stations and enhances the implementation of price changes.

#### 1%+ labels with price discrepancies per day

#### Al-powered algorithm

#### **Store heatmaps**

We use store heatmaps to gather qualitative and quantitative information regarding consumer foot traffic. We measure the intensity and average number of customers' presence over time, with the ability to filter by regions of interest or the entire store.

#### **Tracking customer entries** and exits

We track the number of people entering and leaving at the point of entry of our stores to measure the conversion rate. In this way, we can identify our customer margin and guickly make informed decisions.

#### **Automatic and massive** product image database

We focus cameras on checkout lanes to extract and process multiple videos with products and perform automatic and massive product image labeling. Through this method, we developed a highly valuable database for the implementation of projects such as product recognition and analysis of fraud at payment counters, among others.

#### 16+ million images of labeled products

#### Magento, a new e-commerce platform

In 2023, we launched an update to our e-commerce platform, migrating the catalog sales channel at select stores to enhance users' shopping experience and enable real-time integration of order information.

#### **Recognition of** fruits and vegetables

product recognition.

recognition





#### **Business** Intelligence

The Business Intelligence (BI) Area manages two reporting platforms: Management Information System (MIS) and MicroStrategy. These two platforms are designed to display and analyze the company's situation for effective decision-making. In 2023, the utilization of MicroStrategy was reinforced within the administrative team, and training sessions were conducted at various stores to facilitate its use.

Alongside Regional Management Departments and Supervision Areas, the company developed reports to enhance operational management. An example is Days of Stock, a report created to identify bestselling products with a stock about to run short. In addition, the Sales Sheets report was improved by including filters at the regional, supervisor, and store levels, and incorporating more interactive and graphical information for better analysis.

#### 1,250 daily queries on MicroStrategy

1,210 daily queries on MIS





**|Tía**|

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#### **Campaign and process** automation

In 2023, the Customer Analytics Area developed an automation project for marketing campaigns targeting the Más program customers. Through teamwork, a workflow was established to implement customized sales promotions for different customer segments and activate their communication via WhatsApp or SMS. This approach helped retain customers from the Más program who were at risk of churn.

In addition, we automated a campaign to recommend special offers based on the purchasing habits of Tía customers who buy products from the basic basket. This campaign targeted customers who had not made any purchases in the past two months, presenting them with special offer products that might capture their interest. Furthermore, we developed a rating model to predict the likelihood of a CrediTía customer defaulting, achieving an 88% precision rate.

The Analytics Area, in turn, implemented technologies, algorithms, and methodologies to streamline time-intensive processes or those with a high component of manual work. This led to an improvement in the Tía Demand Forecasting (TDF) system used by the Supply operation to replenish approximately 70% of the array of products at our stores. Ensuring product availability in the shortest possible time did not compromise process accuracy.

The implementation of state-of-the-art technology reduced process running times by 70% and increased the average TDF accuracy by 15%.

We developed an optimization model for redistributing meat products to fulfill the requirements of stores based on their stock levels. This process, completed in just 3 minutes, streamlined decision-making and eliminated the need for tedious and error-prone manual processes.

3.2% sales recovery during the pilot month

34% retention rate of Más program customers

# Shared growth

At Tía, every product on our shelves offers a unique experience, full of good energy. As a supermarket chain with over 250 stores across Ecuador, we come across a diverse range of consumer preferences dictated by the geographic regions where they live. Meeting the needs of all these customers requires collaborating with strategic partners to craft products tailored to the emerging needs of each country zone.

We share our growth with the supply chain to enhance customer experience, strengthen our competitive position, and ensure business sustainability.

SMEs serve as a prime example of shared growth. As a supermarket chain, we rely on small suppliers, farmers, and enterprises to fulfill the needs of our consumers. Simultaneously, Tía supports SMEs by helping their products reach every corner of the country. With our support and based on the potential purchase volume, SMEs can achieve true economies of scale. This growth has a significant impact on Ecuador's socioeconomic development.

In our country, we have local products that meet the same quality standards as those from multinational companies. In this way, we can offer a diverse range of competitive products at affordable prices, which aligns with one of our business goals. Our product mix is complemented by offerings

**|Tía**|

from large companies when the production capacity of small and medium-sized farmers is unable to meet market demand.

#### Billing by company size



20%USD 103,134,953 **SMEs and other** 





AD DE DISTRIBUCIÓN (TA





Sustainability Report

#### **Supplier selection and** assessment

We promote selection processes that can identify business partners who uphold the quality and sustainability of our value proposition. Each interaction with a new supplier begins with an analysis of their potential impact on our results and their production capacity. Additionally, we assess whether suppliers meet all the requirements outlined in our supplier policy and internal procedures.

#### The products we buy are chosen to meet the needs of our customers and adhere to our quality standards, aiming to foster long-term relationships.

A continuous review of our portfolio is essential. We ensure that all products comply with regulations issued by regulatory agencies such as ARCSA, INEN, and AGROCALIDAD to ensure product safety.

Since the inception of our relationship with our suppliers, we have established protocols to visit their facilities. Accredited laboratories, such as the one from Universidad Espol in Guayaquil and that from Universidad de San Francisco in Quito, visit supplier facilities to assess their physical and sanitary conditions and validate the results independently. Additionally, our Quality Department and the labs visit our suppliers annually for ongoing follow-up, identifying potential areas for improvement and ensuring the consistency of product quality and safety.

For the development of products under proprietary brands, when we first work with a new supplier, the Quality Department visits its facilities and issues conformity reports on the suitability of the site for production. Additionally, regular batch reviews are conducted to ensure that products meet the requirements stipulated in sanitary certificates and other standards.

In 2023, 100% of the suppliers of largely consumed products under proprietary brands were assessed for four critical points: finished product, production site environment, surface tests, and pest control.



Team

We include representative items from each region, which are integral to the lifestyle and daily consumption patterns of our customers. This is particularly significant as many of our stores are located in small cantons that are the cradle of local traditions.

During Q4 2023, we conducted surveys targeting suppliers from our supply chain to understand their profiles and identify opportunities for shared value creation. Seventy MSMEs that collaborate with Tía







Planet

#### Familiarity with small and medium-sized enterprises

We highlight regional products and those produced by small and medium-sized enterprises across the country, infusing them with the good energy from Ecuador.

Our shelves showcase regional products next to those produced by small and medium-sized entrepreneurs, as part of our commitment to bolstering the development of the local supply chain.

responded to the survey, representing 43% of the evaluation's participation.

Through this effort, we identified that the MSMEs we engage with are predominantly microenterprises with 1 to 10 employees. These businesses exhibit stable economic activity and demonstrate awareness of the challenges related to accessing financing, technology, innovation, and digital transformation.

Additionally, we identified how the support we provide to these businesses enhances our contribution to the country's social and economic development.

70 **MSMEs reached** 

52.9% women or predominantly women-led MSMEs

97% of MSMEs engage with local suppliers

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Planet

**GRI Index** 

# Team More opportunities for all

Value proposition

We have designed a set of recruitment policies and practices which, along with our training program, encourage personal development and growth among Tía staff. The dedication, responsibility, and commitment of each member of our team are critical to attaining the goals of our organization.

We create a healthy and balanced work climate, filled with good energy, which enhances the quality of life for our employees and their families.

We promote an inclusive culture that ensures equal opportunities for all, without discrimination, recognizing that diversity opens up valuable possibilities. Additionally, we ensure that our workplaces are secure and prioritize the health and wellness of our teams.

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At Tía, we are aware that the positive effect that we have on our customers every time they step into our stores or shop online is rooted in our people. We strive to identify and cultivate the best talents in Ecuador and create a workplace climate filled with human warmth and security to make our professional team feel taken care of, respected,

We measure the good energy of our people through Tía employee climate surveys that include indicators of satisfaction, commitment, and sense of belonging. This tool helps us understand our employees' perceptions and develop action plans based on survey results, team situations, and their personal and professional needs and interests. Over 7,800 people participated in the 2023 survey, with a response rate close to 85%.



**1+ p.p.** vs. 2022

90% take pride in working at Tía





Sustainability Report 69

#### Team

#### Attracting the best talent

Tía's good energy extends throughout Ecuador, attracting top talent from all corners. We actively promote our employer brand across various online platforms, including LinkedIn and our recruitment portal, as well as at job fairs and university events. This positioning strategy helps us establish our brand as an appealing place to work.

The Human Talent department is responsible for identifying competitive profiles to join our organization. Employee selection processes are planned on an annual basis, aligning with the opening of new stores, the creation of new job positions, and vacancies resulting from staff turnover and organizational growth.

#### **Our staff selection process** embraces the integration of digital tools to automate tasks and streamline timelines.

In 2023, we introduced automated psychometric tests to assess individual competencies and behaviors. Thanks to this initiative, we could not only improve process efficiency but also eliminate result manipulation biases, ensuring transparency in employee selection.

LinkedIn serves as one of our primary social media platforms for bolstering our employer brand. Here, we share content about our culture, noteworthy initiatives, and sustainability activities.

In 2023, we revamped our recruitment portal, with a new design crafted collaboratively by the Human Talent and Application Development teams. This updated portal not only disseminates information about our company but also supports recruiters in finding the most suitable candidates through search filters. It boasts accessibility from any device and avoids the creation of duplicate accounts.

#### Tía on LinkedIn

430,646 followers 145,914+ vs. 2022



131,945 one-time visitors

3+ M impressions

Tia's LinkedIn

**Recruitment portal** 

331.466 people registered

213,676 new people registered in 2023

367,395 job applications

659 vacancies posted

Go to the portal

#### A warm welcome

We have implemented an induction process that follows standardized training guidelines. We encourage new hires to familiarize themselves with their job responsibilities as well as the various areas of the store, fostering a sense of belonging and commitment. Additionally, we share our organizational goals, history, and culture to integrate them into our team. Administrative staff are provided with a welcome kit containing essential supplies for their work at Tía.

In 2023, we arranged visits to our warehouse and store facilities for new administrative staff hires. This enabled them to observe the processes involved in handling goods, from their arrival at the distribution center to their display at various points of sale. This initiative encouraged them to interact with two key areas of our business and foster empathy with colleagues who have been with the company for a longer period, starting from day one.

We appreciate the dedication and commitment of those who have contributed to our productive drive. Retirees have the option to serve as internal advisors, sharing their valuable experience and knowledge as mentors to younger talents. Similarly, young individuals who choose to study abroad or pursue different opportunities have the option to rejoin Tía later if they wish.

Tía

New hires are immediately immersed in Tía's culture and work environment from day one. We extend a warm welcome to each of them, ensuring they experience the good energy of our team firsthand.

NEW EMPLOYEES	2023
By age group	
Under 30 years old	2,932
Between 31-50 years old	33
Over 51 years old	1
By geographic region	
Coastal Lowlands	1,877
Andean Highlands	969
Amazon Rainforest	120
By gender	
Women	1,579
Men	1,387

STAFF TURNOVER RATE	2023
By age group	
Under 30 years old	4.5
Between 31-50 years old	0.52
Over 51 years old	O.55
By geographic region	
Coastal Lowlands	3.08
Andean Highlands	4.42
Oriente (Amazon Rainforest)	2.61
By gender	
Women	3.49
Men	3.31

# **A captivating** culture

We firmly believe that encouraging a robust internal culture is paramount to the success and sustainability of our organization. Culture is the soul of our company, fostering collaboration and aligning people with our business goals to cultivate a dedicated and motivated team. It not only nurtures corporate identity but also enhances employee satisfaction and the ability to adapt to contextual challenges.

As part of our efforts to bolster our corporate culture, we launched a campaign titled "I am Tía from the heart." in 2023.



# "I am Tía from the heart" embodies the passion and dedication of our work teams.

We encouraged participation in this campaign, inviting employees to share their experiences, stories, and reasons for being proud to work with the company. This initiative represents a significant step toward consolidating a robust and unified corporate culture.

As part of our ongoing efforts to reinforce this culture, in 2023 we participated in a regional diagnostic process facilitated by GDN. Following the initial phase, which spanned from February to October and was led by an external consulting firm, GDN was delivered a report with a description of the current culture in each country where the group operates, along with insights into the strengths and pain points, and perceptions of talent.



# **Benefits Club**

Offering the best value proposition to our teams is also part of our culture. In 2023, we launched a Benefits Club campaign for the employees of our different business units to learn about the benefits they are entitled to for being part of our company. Benefits were divided into those that apply according to the legislation in force and corporate benefits, as well as assistance for parents.

- Credit and discount benefits with drugstores with which a benefit agreement was signed
- Discounts with laboratories, medical centers, beauty centers, and gyms with which a benefit agreement was signed

#### **Benefits for parents**

- Nutritional snacks during pregnancy
- Six-hour workdays starting from the seventh month of pregnancy Lactation rooms at Guayaguil and Quito offices, and in our
- Provision of milk and diapers for one year in cases of multiple births.

Tía

#### **Corporate benefits**

- Discount card for in-store shopping (10% off)
- Deferred purchase vouchers when shopping at TÍA
- Medication dispensary and psychological assistance service
- Provision of corporate uniforms for operational staff

distribution centers

employees took parental leave

92% retention rate of employees returning after parental leave

# Internal communication channel network

We promote our culture through an internal communication channel network tailored to our work teams. This network delivers information to everyone within the organization, generates valuable conversations, gathers perceptions, and fosters a positive workplace climate.

Actions to strengthen collaboration included working on the implementation of Workplace in Ecuador. During the first stage, information was collected, and work teams and test groups for user experience were defined. This collaborative tool from Meta will alleviate communication channels such as email and WhatsApp and facilitate a more agile and engaging communication style, connected to GDN business units in Argentina and Uruguay. 

## Más Ahorro Comunica

We revamped the identity of our communication platform Más Ahorro to enhance its visibility and effectiveness among the over 200 employees across our 26 stores, as well as among our administrative and logistics staff.

# Having breakfast with a leader

As part of our efforts to bolster leadership within our teams, we initiated a pilot program for leaders to have breakfast with their respective groups. The aim is to cultivate stronger work relationships by fostering opportunities for sharing and building enduring and cohesive bonds among department members. The long-term goal is to encourage collaborative work both within and across departments.

**5** breakfasts in 2023



## Tía Comunica



This is a communication platform using notice boards, YouTube, e-mail, and WhatsApp groups organized per store, ensuring team members without a corporate e-mail address can stay informed.

In 2023, we established specific communication channels for the areas of Logical Security, Digital Transformation, Master Data Unit, Industrial Security, and Data Science. We also implemented the use of notice boards to align physical communication and highlight important topics in our stores.





Tía Comunica develops campaigns under different lenses, ranging from our strategic business goals to process optimization and standardization, contests that align with commercial campaigns, and social and environmental campaigns.

# Meet-ups to share

We understand that organizational culture significantly influences the daily experiences of our employees. This is why we arrange events to honor and commemorate important dates across the country, in our different business units. Tía and Más Ahorro share common values and goals, ensuring alignment and facilitating the implementation of these activities concurrently. Our extensive Tía family came together to participate in events like Women's Day, activities for children through "Peques en acción," and the celebration of the 63rd Tía anniversary, among other initiatives.

To further support our employees, their families, and the wider community, we developed Teoría en Acción, a meet-up where our talents took center stage. They shared educational talks on various topics of interest, including project management applied to retail, stress-free finances, and effective negotiation strategies.

# **Best employee** of the month

Our Tía culture values merit. In 2023, we implemented a pilot project to spotlight and give recognition to the efforts of our teams across 15 stores. Each individual has the opportunity to vote for a colleague who embodies our core values: integrity, human warmth and simplicity, and teamwork.

The primary aim of this pilot project is to foster a positive workplace atmosphere and enhance camaraderie among colleagues. Following a successful initial phase, we anticipate expanding the project nationwide, encompassing all Tía stores starting in January 2024.

11 recognition awards given to:

outstanding employees

stores covered under the pilot program





# Talent development

At Tía, we are aware that people are the cornerstone of our organization. In a corporate market driven by innovation and competitiveness, the development of human talent is crucial for long-term sustainable success. We invest in the professional and personal growth of our teams, ensuring they can align their interests with our business strategy and goals.

# We want to see our team thrive and grow stronger. This is why we offer them numerous professional and personal development opportunities.

We provide our team with growth and development opportunities through training programs, internal education schools, and personal tutoring to take organizational performance to the next level. Our management goal is to encourage personal growth and open up access to new challenges and roles within the organization.

Our management indicators are categorized by the number of training sessions completed annually and the number of training hours per person. We also conduct surveys to assess content quality

and participant satisfaction, ensuring future training initiatives are improved and aligned with both personal and organizational interests.



#### **AVERAGE TRAINING HOURS Distribution by gender** Women 15.6 13.4 Men **Distribution by employment category** Directors 18.5 Managers, Department Heads, and 20.1 Supervisors Coordinators and Controllers 23.7 15 Analysts, Assistants, Auxiliary staff **Operational staff** 7.9 **Modality** 15.1 In-person Online 5.1

95,600 total hours of in-person and online training



# Development programs

In 2023, we conducted various programs targeting different segments and functional groups within the organization, addressing the development of both soft and technical skills. These programs aimed to provide personal tools that can have a positive impact on the daily management of work teams and facilitate the attainment of professional goals.



#### **Customer service excellence**

Online sessions designed for store personnel to cultivate a holistic and customer-centric service strategy.

#### **Employee experience**

A congress targeting the talent acquisition team focused on strategies to attract and retain talent.

#### **Empowerment and leadership workshop**

Online sessions crafted for store personnel, emphasizing the provision of tools and basic principles for empowering staff and effective people management.

#### Leading from within

A workshop customized for a group of stores to cultivate soft skills that are essential for staff and commercial management.

#### Interpersonal communication and relationships

A comprehensive educational program focusing on interpersonal relations customized for leaders from all business areas.

#### **Conflict management and mediation**

Online sessions designed for the social work team to enhance their interactions with both the internal and external staff of the organization.

#### Soft skills workshop

Workshops designed for Más Ahorro leaders to enhance their people management skills.

# **Technical training** centers

In our efforts to maximize our teams' performance, we introduced educational initiatives aimed at bolstering the technical skills of our staff. We established training centers that offer our employees basic knowledge of food handling, stringent safety protocols, and best product management practices.

This investment in technical training ensures not only operational excellence in our activities but also adherence to the highest quality standards in product handling and management, contributing to the satisfaction and safety of our customers.

EDUCATIONAL FOCUS AREAS	PARTICIPANTS	HOURS
<b>Operations</b>	196	7,840
Perishable food	131	1,179
Meat products	66	660

Tía

# **Online learning** environment (EVA app)

We keep our team continually updated through EVA (for its acronym in Spanish), our online learning application. EVA facilitates processes such as certificate issuance, online training, and adherence to personal training plans. This app is available at any time for easy access.

The majority of our training sessions target operational staff, which can reach all members of our organization. In 2023, we prioritized in-person or synchronous online training sessions using our e-learning platform for reinforcement. The primary courses covered our Tarjeta Más customer loyalty program, best manufacturing practices for ISO certification in our distribution center, industrial safety, and inclusion ambassadors, among others.

Distribution by gender					
Women	44.6%				
Men	55.4%				
Distribution by employmen	t category				
Operations	94%				
Logistics	5%				
Administrative staff	1%				
<b>Distribution by business for</b>	rmat				
TIA	99.2%				
Más Ahorro	0.8%				





Our performance evaluation is a crucial process for company management. We measure employee competencies, potential, and the attainment of goals. We have designed a tool that can evaluate personal performance systematically and objectively. With input from this tool, we can understand the actual contribution of each employee to our established organizational goals.

Performance evaluations provide us with a detailed overview of our employees' strengths and areas for development, and can identify opportunities for professional growth and continuous improvement. These are valuable tools for talent management, facilitating informed decision-making and the implementation of effective strategies for long-term corporate development and success.



# **Performance evaluation**

#### **EMPLOYEES REGULARLY EVALUATED** FOR PERFORMANCE AND PROFESSIONAL DEVELOPMENT

Distribution by gender	2023
Women	22.7%
Men	17%
Distribution by employment category	2023
Directors	0%
Managers	54.5%
Supervisors	97.7%
Department Heads	93.7%
Coordinators	<b>87</b> .8%
Analysts	66.2%
Assistants	82.6%
Auxiliary staff	2.2%

# Digital transformation across our teams

When we speak of digital transformation, we mean the adoption of cultural and operational changes to offer value-added quality to our customers. This process seeks to find solutions based on digital environments, though technology is merely a means to attain this goal. Its true value lies in the people who are part of the organization and make this possible.



# The key to successful digital transformation is the people across the organization.

We promote efforts to deliver training and generate opportunities that can bolster the professional growth of in-house talent and lead the change from within. We have designed spaces where people can experiment, cooperate, and communicate openly to craft change ideas with the possibility of testing, adapting, and scaling them to drive transformation.

Our organization's leaders and their teams are encouraged to understand customer needs and wishes to offer products and services adapted to their individual likes and requirements. To achieve this, we should be in direct contact with the stores and operational team members.

In 2023, the Digital Transformation area collaborated with store colleagues. In March, they identified actual store problems, which were transformed into projects that started to be developed in August. Five projects were implemented using this methodology.

#### Headquarter-to-stores communication management

A channel designed to streamline, systematize, and prioritize the information sent by different areas from the headquarters to the stores. At the close of this report, pilot tests had been launched in four stores.

#### **Customer feedback**

A project oriented to listening to our customers' needs and receiving feedback from customers to work on areas for improvement. We established channels to collect feedback from customers and direct our efforts toward improving areas that were identified as customer pain points.

#### Service excellence

#### **Replenishment, supply, and management**

- the day

- nearing out of stock Checking for products that are out of stock or nearing out of stock not received in

Tía

A project driving cultural change, focusing on the attitude to service. At the close of this report, the project was being implemented in two regions.

This management tool outlines five daily tasks to improve in-store stock availability: Checking for best-selling products throughout

Checking for potential fictitious stock

- Checking for negative stock
- Checking for product shelving of items received in today's shipment, that were out of stock or

  - today's shipment

#### **Price management**

- A tool used to enhance productivity and
- effectiveness during price change processes,
- ultimately enhancing our customers'
- shopping experience.



#### SuperApp

We optimized the performance and productivity of our in-store teams by implementing a corporate SuperApp. This solution integrates multiple services, making browsing and functions easier, and improving our teams' experience thanks to more efficient and enjoyable interactions. It streamlined employment and operational management tasks, eliminating the need for users to interact with multiple platforms.

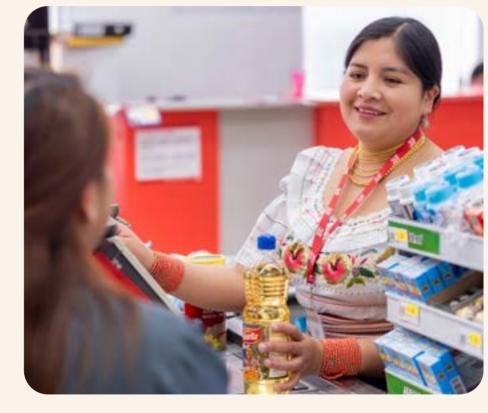
The SuperApp operates on mobile devices and is safeguarded against specific threats common to these platforms. Through data encryption and protection against cyber threats, along with intrusion detection and secure authentication methods. access and transactions are restricted to authorized individuals only.

# Diversity as a driver for success

Tía's geographic reach is broad, covering most provinces in Ecuador. We recognize and value diversity as a pillar in building our identity. We understand that individual differences are an integral part of what defines us and drives our success.

# We cultivate a workplace where each person's uniqueness is considered a strength that drives organizational growth and prosperity.

Our team embraces a diverse range of people, each contributing their unique perspectives to every project. This diversity is essential for achieving and surpassing our organizational goals. Valuing diversity is not just a fundamental principle; it is also a strength that fosters innovation and creativity across our operations.



We take great pride in embracing diversity and promoting equal opportunities for all. We are committed to fostering an inclusive work environment free from discrimination. We strive to create a workplace where each person, regardless of their talents, can reach their full potential to make positive contributions to a strong and cohesive team. In 2023, we formalized our commitment to respecting human rights by introducing a clause on this topic in our Code of Ethics.

By age

+50 years old



Offices



**Stores** 

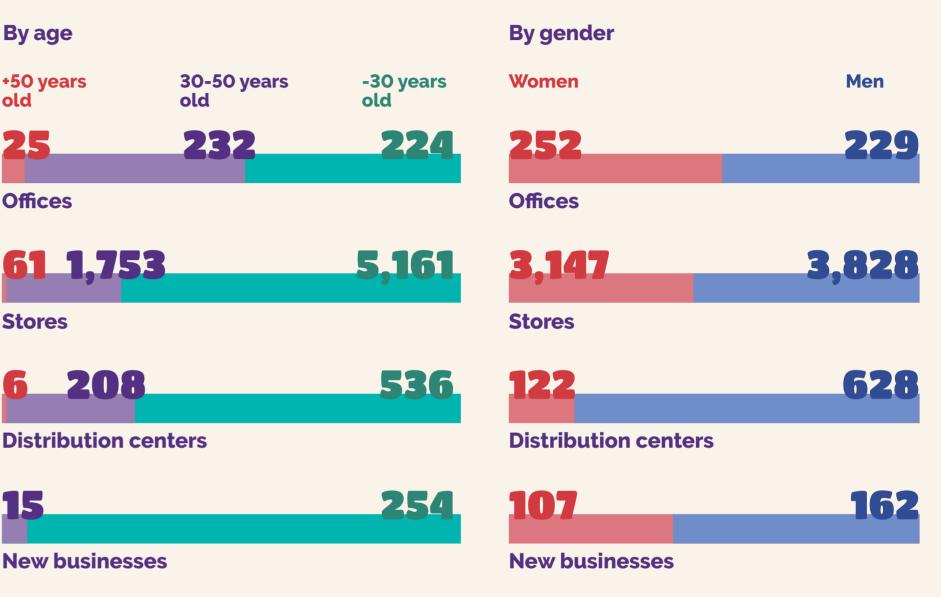








**Tia employees** 





# **Bias-free staff** recruitment processes

Equal opportunities for all are guaranteed through the ongoing update of recruitment and internal HR promotion processes and policies. Our recruitment process is characterized by transparency for both job seekers and our teams, as job vacancies are posted on our official recruitment portal.

In 2023, we automated the candidate filtering process using digital tools, achieving a bias-free assessment. This process focuses on comparing the hard requirements of the position with the profiles of candidates, thereby avoiding discrimination based on irrelevant aspects.

Over 70% of our operational employees in Oriente (Amazon Rainforest) were born or live in the region's provinces, in line with Ministry Agreement Nbr. MDT-2021-220 of the Amazonian Law, fostering employment in the area. Additionally, we comply with regulations requiring a minimum of 4% of our workforce to be people with disabilities. At the close of the period, people with disabilities accounted for 4.1% of our labor force.





Community

Planet



## A protocol against gender violence

As a company that offers equal opportunities, we are aware that we must strive to implement policies that are inclusive of and protect vulnerable populations. In this regard, we have had an action protocol in place since 2022 to prevent, provide orientation on, address, and eradicate gender violence in work and family environments.

Our protocol seeks to regulate actions for preventing, providing orientation on, addressing, and eradicating gender violence in Tía's work and household environments. It promotes a discrimination-free workplace, safeguarded against harassment and violence against women while fostering equal and equitable workplace conditions for all.





Access our protocol

# Taking care of our people

People are at the heart of our business. It is thanks to their work and dedication that we can attain our business goals. This is why ensuring their wellness and offering a workspace that promotes security, performance, and commitment for them is of paramount importance.

**Fostering employees'** empowerment, strengthening commitment to work, and reinforcing their sense of belonging are the positive impacts of taking care of our people.

Our approach to wellness is holistic, covering both physical and emotional aspects. The Social Wellness and Occupational Medicine department, along with actions under our Healthcare Plan programs, helps prevent and address any potential risks to the wellbeing of our teams.

We have a dedicated team of female social workers to manage the wellness of our employees. They can identify their healthcare needs and, in some cases, those of their families. Based on their assessment, they coordinate medical assistance to cover tests, diagnostic imaging, medical consultations, and buying medication for the extended Tía family.

In 2023, river overflowing during the winter had an impact on various Ecuadorian regions, such as Chongon, Esmeraldas, and Chone. Many team members had their households affected by these natural disasters, with rainwater entering their homes and loss of belongings. Social workers sprang into action to analyze the impacts and develop an immediate assistance plan. Thanks to their effort and dedication, they assisted 17 of our team members.

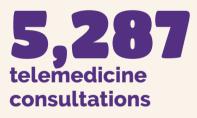




# Healthcare takes precedence

We understand that a healthy and strong team promotes positive performance across our organization. We have a Healthcare Plan in place that aligns with Ministry of Labor requirements. With this plan, we foster physical and emotional wellbeing programs. In 2023, we launched an initiative to prevent alcohol and substance abuse, tobacco use, psychosocial risks, work stress, and HIV. Additionally, we conducted campaigns addressing ergonomic risks, reproductive health, maternal lactation, and gender violence.

In addition, we offer a telemedicine service for our team members. This initiative was implemented during the pandemic to meet the need for remote medical assistance. In 2023, we continued providing this service for those who could not access inperson medical care.



855 team members receiving medical assistance



Our holistic approach to wellness also considers the emotional health of our teams. With this in mind, we incorporated a professional team of clinical psychologists who provide in-person and online assistance with the main goal of supporting our employees regarding mental and personal stability.

# **268** people receiving psychological assistance

#### average consultations per person

We created online talks on our YouTube channel with clinical psychologists to support our teams and their families in managing recent uncertainty and insecurity situations. Three talks were delivered: "Emotions Under Control," "Let's Talk About Autism," and "How to Speak with My Teenage Child?" Additionally, in vulnerable areas we offered in-store conversation sessions with psychologists to support employees who experienced insecurity situations.



# **Prevention strategies**

Preventing diseases and situations that jeopardize the well-being of our team is the most effective strategy for protecting them. We can achieve this through two types of actions: awareness-raising initiatives via in-house prevention campaigns and team education programs.

In 2023, the majority of our prevention campaigns focused on occupational safety, such as "And if it happens, what shall I do?", "Ready for your safety," and "Occupational accident prevention." We also launched "What is it that we actually consume?" to prevent substance abuse, and "From the first time, it is already violence," addressing gender violence prevention and positive actions to tackle actual cases.

Our prevention strategy is complemented by health education initiatives. In 2023, training sessions were delivered through our online learning platform (EVA). The main courses focused on HIV prevention, ergonomic risks, and deworming campaigns.

#### HEALTH EC

HIV prevent Deworming Ergonomic

Tía

DUCATION		
	Trained employees	Hours of training
ntion	6,042	3,021
g	5,797	2,899
: risks	1,415	708

# Our assistance to support those most in need

We provide any necessary assistance to take care of our people's health. In 2023, we continued our immunization campaign against COVID-19, as well as promoting vaccinations for influenza, tetanus, and diphtheria.

We continued to benefit team members who required prostheses. In collaboration with social workers and the Ministry of Health, we identify healthcare needs among our most vulnerable staff. In 2023, prostheses were delivered to 3 employees and hearing aids, to 2 employees.

**89.9%** of our team members were vaccinated

**3,567** against influenza

**2,596** against COVID-19

**1,252** against tetanus and diphtheria



# **Occupational** safety

We promote a safe work environment by implementing best practices to protect our teams. Since 2021, our distribution centers have had an occupational health and safety management system in place (SST, for its acronym in Spanish) aligned with ISO 45001:2018. This standard certification establishes guidelines to control risk factors, minimize incidents, and prevent accidents and occupational illnesses. Similarly, our stores operate under a management system with the same structure, focusing on incident and accident prevention and compliance with current legislation.

#### Our SST management system benefits 100% of employees, suppliers, contractors, visitors, and any individual, including customers, who enter our facilities.

Our control mechanism begins by identifying the activities required by each job position and the hazards involved. As a second step, we assess any associated risks to determine potential outcomes. Finally, operational controls are designed and implemented as necessary to minimize or eliminate risks, prevent or reduce adverse events, and enhance management system performance. This information is recorded in a risk matrix, shared with team members, and reported on Ecuador's SUT, a digital platform from the Ministry of Labor.

Actually implemented controls include maintenance of equipment and machinery, changes or adjustments to processes and procedures, training and education, adherence to safe work procedures, using personal protective equipment (PPE), and safety campaigns.

Tía



Upon the occurrence of an event, the individual in charge of the store or distribution center is responsible for ensuring that the affected person receives medical care appropriate to the type of accident suffered, including first aid, and is then referred to a nearby medical center. Subsequently, the event is reported to the occupational safety and health unit, which comprises an Occupational Physician, Social Worker, and Occupational Safety Expert. Our operations in Guayaguil and Quito, and distribution centers, provide in-person doctor visits with corporate medical staff. In the rest of the provinces, medical assistance is provided online.

If the event is deemed to be an accident, the Social Worker will report it on the Ecuadorian Social Security Institute platform (IESS). At the same time, the Industrial Safety unit will gather pertinent information for the investigation, review, and evaluation of the event immediately upon

its occurrence. With this information, the unit will identify the root cause of the event and develop preventive and corrective measures to mitigate, avoid, or eliminate the risk.

In 2023, there were no fatalities resulting from occupational accidents, nor were there any serious injuries, discomfort, or illnesses attributable to occupational hazards. The majority of recorded events were caused by motorcycle accidents, physical impacts, falls, and cuts. However, these accidents did result in the loss of 448 labor days.

FOR ALL EMPLOYEES	
Injuries from reportable occu	pational accidents*
Number	73
Rate	0.00000566
Worked hours	12,907,530.2
FOR ALL NON-EMPLOYEES WO CONTROLLED BY OUR ORGAN	
Injuries from reportable occu	pational accidents
Number	0
Rate	0
Worked hours**	510,720**

\*The rate of injuries from reportable occupational accidents was calculated using the formula "number of injuries from reported occupational accidents divided by the number of hours worked." \*\*Estimated number of hours worked at distribution centers = average number of daily persons throughout the year (266) \* 160 monthly standard hours \* 12 months

#### **Employee participation**

One section of our safety and occupational health rules addresses the rights and obligations of employees and stipulates that they can report unsafe acts and conditions in their jobs. Reporting can be done through their immediate supervisor or specific communication channels, such as e-mail and WhatsApp, directly contacting the Human Talent division and the General Management department.

Through our established channels of communication, team members can access information about risks and hazards; action procedures; and the prevention, mitigation, and continuous improvement of occupational health and safety matters.

We have created various support platforms and spaces where individuals can actively engage with their insights and opinions. These platforms include different communication channels, such as operational guidelines accessible online, as well as risk matrices prominently displayed on boards and signage throughout our facilities.

The primary space for participation is the central health and safety committee, which meets at our headquarters and includes representatives from every corporate area. This committee convenes whenever there is a safety-related matter to discuss. Furthermore, each work center with more than 10 employees has a joint health and safety subcommittee that meets monthly to address issues affecting employee health and safety. Additionally, we maintain emergency response brigades and conduct regular drills to ensure that training can be effectively put into action during actual emergencies.

253

joint health and safety committees set up in 2023

2,967 monthly subcommittee meetings

To us, team safety is paramount. In 2023, we implemented the following measures to enhance security and offer emotional support to people, given our social context:





## **Our team safety**

- We reinforced retail security.
- We reviewed processes, placing particular focus on the vulnerability of our teams, customers, and stores,
- We conducted training sessions on security protocols to address different risks.

- We held online talks with clinical psychologists.
- We provided nationwide access to psychological consultations.
- Our clinical psychologists conducted group talks to provide emotional support to employees affected by the widespread insecurity across the country.

Team

# Community We drive local development around our stores



Sustainability Report 97

Value proposition

At Tía, we aim to capture the good energy of our community and contribute to local growth and development. The joy and hope of the people who live and work near our stores are inspiring. We are committed to fostering a reciprocal relationship by returning the energy they give us, investing where it is needed most.

We are aware that our presence in the districts of Ecuadorian cities fosters growth and has a positive impact on the development of regional economies. This is all what *El Efecto Tía* is about: a network of opportunities that open up, as do the doors of each new store, for the benefit of a broad value chain that includes our team, customers, suppliers, partners, and local entrepreneurs.

This impact extends beyond the boundaries of our Tía stores. Its energy generates commercial and economic vitality in the area. It fosters the opening of new businesses all around, such as drugstores, restaurants, and clothing stores, and even direct and indirect competitors.

In 2023, we continued to invest in expanding Tía's geographic reach and enhance this effect to promote the country's socioeconomic development. Our investment plan materialized through the opening of 14 stores, creating more than 200 new employment opportunities, and signing contracts with over 950 supplier businesses and strategic partners that provide us with products and services.

We complemented our indirect economic impact with strategic social investment programs, tailoring our business to the needs of the people in the most challenging situations, while contributing to local development and the care of Ecuadorian families.

The good energy of our community

We are inspired by the good energy of the people in the community to design social development projects that enhance *El Efecto Tía.* 





#### **Investment in Ecuador**

# USD 23,316,141.1 Total

# USD 14,821,908.4 Store development

# USD 2,759,770.9 Distribution centers and other

USD 5,734,461.9 Technology

# The positive impact of our business



# We adapted our business to generate a positive impact within the community.

In addition, we strive to support our customers in affording the products they need by introducing sales promotions, financing options, and loyalty programs. We offer permanent discounts to beneficiaries of the Human Development Bond program, people with disabilities, and retirees. Through these initiatives, we reached over 650,000 individuals in 2023.



#### Discounts

Design of a value proposition to help our customers access the products they need most.

# USD 2,112,741

in discounts granted to beneficiaries of the Human Development Bond program, people with disabilities, and retirees. 44.26%+ vs 2022

# **USD 798,823**

in discounts granted to police officers nationwide

**30.000+ beneficiaries** 



Zero-Waste Commitment Revalorization of food products suitable for consumption, prioritizing distribution to those most in need. while concurrently reducing waste.

285,000+food items recovered and donated



# COMPROMISO DESPERDICIO CERC

#### **496.000 kg** of food items and products nearing

expiration at a discount price

# **USD 533,000**

covered by Tía through the 30% discount

# 150,000 kg

of products and food items recovered and donated

# **USD 613,000**

worth of food, cleaning, and household products donated



#### **Inclusive stores**

Enhancement of the in-store experience to include people with disabilities.

# 257

Tía stores participated in the La Hora Silenciosa (The Quiet Hour) initiative

+700

in-store ambassadors of inclusion



#### **Responsible style**

Creation of clothing accessories repurposing billboard tarps from our stores, crafted by women heads of household.

**3.000 m<sup>2</sup>** of billboard tarps repurposed

# 25

employment opportunities for women heads of household

# In favor of food

Tía is committed to combating food waste. In Ecuador. 939 metric tons of food are wasted annually (FAO, 2019), which is equivalent to USD 334 million per year. This represents not just a significant monetary loss for the country's economy but also missed opportunities to provide food to those in need.

In response to this context, we launched our zero food waste program Compromiso Desperdicio Cero, involving the revalorization of food products left out of the commercial circuit that can generate a positive impact on the community and the planet. With this commitment in action, during 2023 we recovered and donated a mix of 150 tons of products, including over 244,000 units of various items, ranging from food to cleaning and household products.

We recovered food products suitable for consumption and donated them to local organizations and soup kitchens in the districts where our stores are located.

For food product revalorization to take place, the items must meet the above requirements. Once revalued, they are distributed to civil society organizations and institutions that partner with Tía to help combat poverty and child malnutrition. At the same time, we contribute to preventing and minimizing food loss and waste through donations, thereby reducing an unnecessary environmental footprint.

In 2023, to further combat food loss, we launched a campaign to sell food products approaching their expiration date at a discounted price. These items were marked with a yellow label on our shelves and offered at a 30% discount off the original price, ensuring that they were not discarded.

USD **613,000** worth of food, cleaning, and household

products donated

150,000 kg of products and food items

recovered and donated

496,000 kg of products nearing expiration

sold at a discount price



beneficiary organizations







Distribution of products sold at a discount price



items



Value proposition

# Inclusion for more

We are the first supermarket chain in the country to have inclusive stores. We have modified our branches and shopping experience to enhance accessibility for people with disabilities.

## In 2023, we extended the quiet hour from Monday to Sunday, from 4 to 5 p.m.

The quiet hour is a social inclusion initiative designed for individuals with autistic spectrum disorder (ASD). We ensure that they have a comfortable and safe context during their shopping experience. Throughout this hour, the 257 stores comprising our supermarket chain reduce store lighting by 50%, turn off the corporate radio station and microphones, lower the volume of checkout counters, and minimize operational noise within the store.

To further enhance our inclusion efforts, in 2023, we introduced the ambassadors of inclusion. This initiative consists of a team of employees from each store who have undergone sensitization and training via EVA, our online training platform. These courses covered topics such as the general disability classification, types of inclusion, and appropriate treatment of individuals with physical, psychosocial, or visual disabilities.

**|Tíā**|

More than 700 employees from the 257 stores participated nationwide. Their role at each store was to inform individuals with disabilities that they would have an accessible, inclusive, and safe shopping experience. Additionally, throughout the year, we renovated the POP materials available at the stores and enhanced store infrastructure to improve accessibility.



# LA HORA SILENCIOSA

Todos los días de 16:00 a 17:00

100% inclusive stores

ambassador of inclusion per store always available LA HORA SILENCIOSA



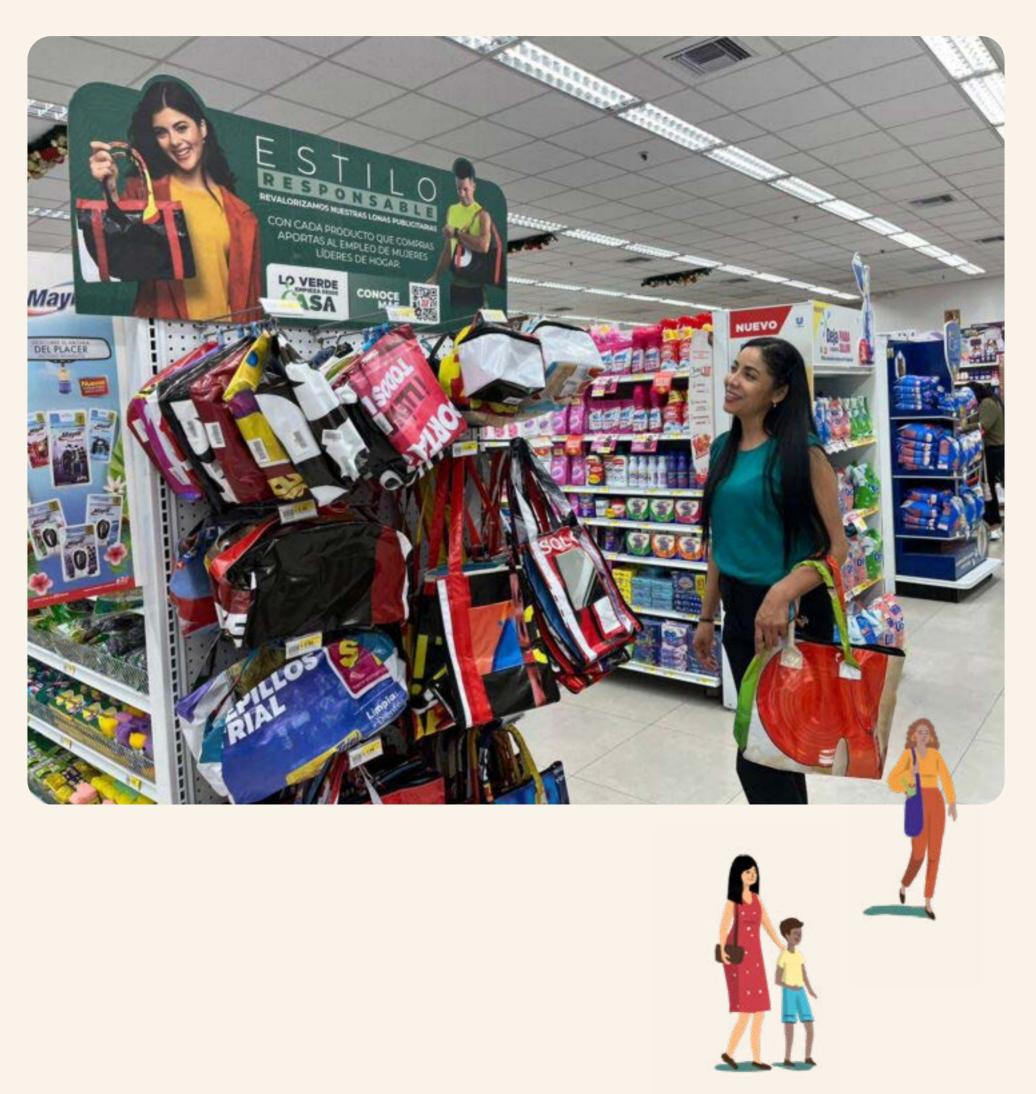
# Responsible style

In 2023, we introduced a new line of accessories comprising over 3,200 products, including travel bags, backpacks, toiletry bags, and handbags. These items are manufactured using recycled billboard tarps sourced from our stores and crafted by women heads of household.

# We promote responsible consumption among our customers by offering items that embed social and environmental value.

The responsible-style line of products delivers a positive triple impact. They contribute to environmental sustainability by supporting the circularity of materials through the repurposing of tarps, thereby minimizing their impact as waste. For the initial batch of responsible-style products, more than 3,000 square meters of billboard tarps sourced from our stores were reused.

From a social perspective, these products create income opportunities for women participants. Responsible-style products are manufactured by 25 skilled female seamstresses from various Quito and Guayaquil districts, who are supported by the Acción Solidaria foundation, our partner in this program. Women participating in this project are heads of households and primary breadwinners.





Finally, these products promote responsible consumption, a necessary step toward sustainable development. This project is an example of our commitment to responsible material management in our operations. By collecting billboard tarps from our stores and distribution centers and repurposing them through the foundation, we contribute to a circular economy model to transform what would have become waste into new products.

In addition to providing billboard tarps, Tía covers manufacturing costs and those associated with any other necessary materials, generating social value. These products were initially launched as a pilot initiative at six stores in the cities of Machala, Loja, Playas, Quito, and Guayaquil, and also on our website tia.com.ec, with nationwide home delivery available.

# 3,000 m<sup>2</sup> of billboard tarps recycled

**25** employment opportunities for women heads of household

**3,200** products offered for sale at 6 stores and online

# Support to our great family

Families are the main visitors to our stores. Our range of quality, safe, and affordable products is tailored to meet their needs. They are at the heart of all our business decisions. We work for them and because of them.

# We strive for a future where Ecuadorian families can live healthy and happy lives.

This is why, to us, families are regarded as integral members of our own extensive family, along with our dedicated team. We are committed to supporting them and fostering their strength and well-being through our operations. We have developed social investment programs aimed at nurturing their growth, providing assistance during challenging times, and promoting recreational activities, with a particular focus on children and teenagers.



USD 114,399.5 dedicated to donations







#### **Drawing contests**

We organized three drawing contests at stores in Guayaquil and Pedernales to encourage participation and art among children living near branches with higher insecurity and the presence of criminal groups. The participating children were asked to draw a shopping day at Tía. To increase interaction with the activity, we engaged customers and neighbors to vote for the winning drawings. The selected individuals received PlayStations 5, bicycles, and computers.



Opening messages

About this report





### **Medical brigades**

Along with Club Rotario Guayaquil Moderno, in 2023 we organized the visit of two medical brigades to the Tía Monte Sinaí and Tía San Mateo stores. The medical brigades consisted of more than 15 professionals specialized in general medicine, pediatrics, and gynecology. These campaigns offered free health check-ups to the nearby community. During these activities, medical consultations were provided in the parking lots of each store, along with free medications to assist the people living nearby.

## 370+medical consultations

Tía



## An afternoon full of fun

As part of our activities with the nearby communities, we invited children from various vulnerable areas of Guayaquil to join us for several weekends of fun at Malecón 2000, one of the city's landmarks.

Children aged 5 to 15 participated in the activities accompanied by their parents. They enjoyed the amusement park's mechanical rides such as trains, carousels, bumper cars, video games, and roller coasters. Additionally, they watched a movie promoting ethical values at the IMAX cinema and enjoyed other children's attractions.

200+children had fun with the adventures of the amusement park

## **Supporting families during** weather disasters

Always with our communities as a top-most priority, we collaborated with El Universo newspaper to spread awareness of preventive measures for the El Niño climate phenomenon season. Information was distributed through the newspaper's print edition, as well as magazines and the website. In addition, during the winter, we sent donations to families affected by this phenomenon.





## Genios El Universo contest

We sponsored the 17th edition of Genios El Universo (Geniuses of the Universe), an inter-school contest hosted annually by El Universo newspaper. The aim is to promote learning through enjoyable and instructive activities, bringing together children from various educational institutions to have fun while learning. They participate in subjects such as literature, recycling, basketball, soccer, and drama.

Communit

This contest is made possible thanks to strategic partnerships. This year, CEMBA, which is the academy of integrated arts, participated in Genios de la Música (Geniuses of Music) represented by its director, Roberto Falquez. Additionally, the foundation Honorato Haro and Carlos Pérez Perasso sports city hosted the basketball and soccer categories.

# A sports court for the military community

We are aware of the importance of recreational and physical activities for overall health. This is why we are spearheading the construction and adjustments of a sports court at Fuerte Militar Huancavilca, in the city of Guayaquil. These facilities will be dedicated to enjoyable and recreational activities, promoting camaraderie and the well-being of our military community.

These are challenging times for the country. Therefore, we have intensified our collaboration with the armed forces and national police to collectively address the obstacles we face. This collaboration has allowed us to unite our efforts and strive for a better Ecuador, demonstrating that when we stand together, we can overcome any adverse situation.

USD 20,000 invested

# New stores with value for the community and the planet

When we establish a new store in a neighborhood, we take special care to identify the needs of the community to foster a positive neighborly relationship. In 2023, during the openings of our seven stores in San Mateo (Guayaquil), Echeandia (Bolivar), Llano Grande (Quito), Salinas, San Francisco (Quito), Manta, and Monte Sinai, we donated a total of 35 wheelchairs. Additionally, in Salinas, in collaboration with the municipal decentralized autonomous government (GAD), we installed six recycling stations at strategic points in the local branch for the benefit of tourists and residents.





Community

# *Creciendo Bien* program

We strive to combat child malnutrition through our program Creciendo Bien, which has supported 200 children from Atahualpa in Santa Elena and Alausi in the province of Chimborazo.

Initially, these children received a medical diagnosis to assess their degree of malnutrition. Then, parents were trained on the proper administration of therapeutic food and how to maintain a balanced diet to support suitable physical and cognitive development. The program was carried out in partnership with the CrezcoNut foundation to ensure its effectiveness.

In 2023, we provided key nutrition information and guidance to parents to help them offer their children a healthy diet. The campaign was conducted at the start of the back-to-school season in the Costa region, benefiting thousands of children. Their parents received 10 nutritional recipes that were both cost-effective and delicious to prepare at home.

children between 6 months and 5 years old received a medical diagnosis child beneficiaries from the campaign at the start of the back-to-school season in the Costa region



**|Tíā**|



About this report

Team

Planet

# Planet Inspiring the necessary change for sustainable development

# 

We are committed to taking care of the good energy of the environment. It is here that we find a source of inspiration, which we transform into opportunities for promoting a sustainable and resilient business.

We strive to promote sustainable development by focusing our strategies on logistics to maximize transport efficiency and reduce associated emissions. We emphasize the responsible and efficient use of resources such as water and energy across our operations, and every one of our team members is committed to honoring this responsibility.

In our activities, we manage materials from sourcing to dispatch, striving to foster circularity and progressively reduce waste. With this in mind, we have designed strategies for the efficient use of supplies and their appropriate management at the end of their lifecycle. We also promote reducing the amount of packaging whenever possible, and the use of materials that can easily be reused or recycled.

At Tía, we connect with the positive energy of the planet, drawing inspiration from and cherishing natural resources such as rivers, oceans, the wind, and the sun. We harness the good energy of the nutrients provided by the earth, which are essential for growth and development. This is why we are committed to taking care of the environment every day, with responsibility.

# Environmental management plan

Planet

Our organization has an environmental management plan in place aimed at mitigating the footprint of our operations. The plan is based on monitoring indicators to assess our environmental performance, ensure fulfillment of our obligations, and identify opportunities for continuous improvement. In implementing the plan, our environmental management practice focuses on actions across all our operational areas and sectors.

The Environment area supervises and enhances plan implementation at our stores and distribution centers. This involves monitoring indicators, conducting in-person inspections, and performing audits to ensure compliance with current regulations. In 2023, we submitted 74 environmental reports and maintained 290 active environmental permits. Additionally, 175 authorizations on the record of hazardous waste generators (RGDP) were approved, and 20 environmental monitoring sessions were conducted.

We also have an environmental and social management system manual that describes actions for our team and stakeholders. This manual outlines a range of activities conducted within the organization and establishes our commitment to implementing them following environmental responsibility and sustainable development principles.

The environmental and social management system policy provides an organized and formal context for the implementation of the plan and delineates responsibilities for promoting long-term continuous improvement in our commitment to sustainable development.

# Efficient, fast, and protected shipments

Given its multiple impacts, operations and logistics must be managed with responsibility. First of all, logistics is the backbone of our operation. Inventory management, appropriate product storage, and efficient and timely distribution of goods are fundamental pillars of our business development.

In addition, the adoption of sustainable practices throughout our supply chain directly contributes to reducing our environmental footprint. This not only addresses increasing pressures to revert climate change but also meets the demands of consumers with growing environmental awareness.

Logistical efficiency can also result in significant savings in the long term. The optimization of transport routes, effective inventory management, and waste minimization can not only reduce the impact on the planet but also generate operational cost savings.

Our primary strategy for optimizing logistics resources is the design of distribution route planning. This design is regularly adjusted, taking into account shipping volumes, to maximize fleet utilization and minimize trip frequency from distribution centers to points of sale.

Tía

As part of our initiatives to enhance logistical efficiency, we have implemented the use of thermal blankets to facilitate multiple deliveries with a single truck. This has enabled us to protect cargo temperature during unloading, contributing to improved product quality. Additionally, we have launched a double-deck solution pilot project to maximize cargo space in our vehicles. Preliminary results indicate that the number of required trips could be reduced by 50%.

All our permanent cargo fleet is equipped with geolocation and satellite monitoring systems for real-time tracking of route completion, ensuring on-time delivery to points of sale, and detecting any unexpected or irregular situation. Additionally, vehicles used to carry refrigerated goods are fitted with temperature monitoring systems for cold chain maintenance to keep a safe temperature range for our food products.

Planet

Managing sustainable operations and logistics is not only a responsibility but also a strategy that addresses environmental concerns, generates operational savings and enhances consumer perception.



# **Our logistics operation**



### Supply

**|Tía**|

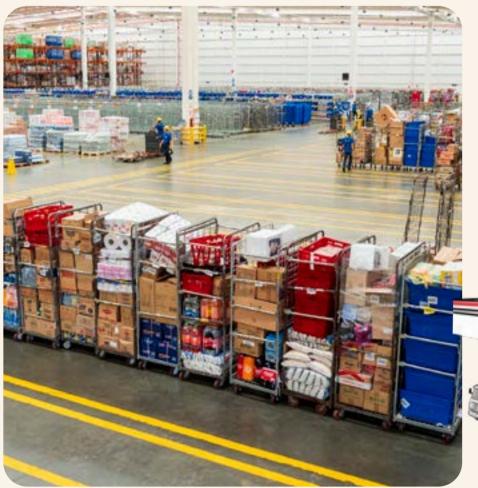
Suppliers deliver their products to our distribution centers.











## Storage

We have two storage and distribution centers where we receive, prepare, and ship goods to our stores and customers.



# Distribution

We use an outsourced fleet of 155 vehicles to ship goods to our stores. We ensure efficiency by designing quick and local delivery routes.



## Delivery

Delivery is coordinated with the e-commerce logistics department and the courier services that collect and deliver the orders.

#### We use the shipping methods below:

- Unified Logistics Delivery: goods are received and distributed to customers using a single logistics provider.
- **Drop shipping:** Items are shipped • directly to customers by the supplier.
- Cross Docking: We warehouse the products temporarily before being dispatched directly for delivery, without storage.
- **Tía delivery:** We use our in-house logistics system to ship the products stored in our warehouse

Tía

energy



Delivering our products to our stores and customers across every corner of Ecuador requires using the best energy sources. At Tía, we are committed to powering operations from clean and renewable sources.

As part of our dedication to environmental stewardship, in 2023 we inaugurated a photovoltaic power station at the regional distribution center in Calacali. This is the first one of its kind to be installed in Empresa Eléctrica Quito's distribution system, representing a turning point in our contribution to the country's sustainable development.

The operations conducted at the regional distribution center in Calacali serve 31 cities across the country, catering to 80 stores and thousands of Ecuadorian households. This is why we chose it for this strategic investment, expected to cover 95% of the warehouse's current energy needs through the solar park.

This cutting-edge project comprises over 1,900 solar panels spanning across a 5,000 m2 area on the warehouse roof. The energy generated by the photovoltaic power station will significantly reduce the environmental footprint of our entire operation, avoiding the emission of over 800 tons of carbon dioxide annually.

The solar park in Calacalí is an example of how we can capitalize on the opportunities that a greener and more sustainable economy in Ecuador can offer. The initial investment amounted to nearly one million dollars, but with solar energy generation replacing grid energy, we anticipate saving USD 115,000 annually. This means that within eight years, we expect to achieve a return on our investment.



**Solar energy production** will open up an opportunity to diversify and enhance the country's energy matrix, promoting sustainable development across Ecuador.

899

# 5,000 m<sup>2</sup> warehouse roof coverage of generated energy in 2023 25 years warehouse roof coverage

\*144,236.1

solar panels

1+1

Tia

3, 2 , 2

Planet

# $B04tC0_2$ from avoided emissions

B years for a return on investment

# In-store energy use

We have developed strategies to measure and use energy efficiently and responsibly across our stores, offices, distribution centers, and warehouses, which rely on fossil-fuel electric power. As a result, we have implemented projects and initiatives aimed at promoting the efficient use of electric power to reduce consumption and thus mitigate our environmental impact on the planet.

In 2023, we completed a project to standardize all the refrigerators in our stores, replacing them with models designed to reduce electric power consumption. Additionally, we continued with our initiative to enhance refrigerator doors, ensuring they seal tightly to optimize resource use.

We have installed highly efficient air conditioning controllers, opting for models with a reduced environmental impact. In addition, we are deploying motion sensor lights to prevent unnecessary electricity consumption. Furthermore, we have initiated a pilot project with power grid analyzers to monitor and activate electric devices based on store crowding levels.

As part of our inclusive stores program, our initiative La Hora Silenciosa (The Quiet Hour) not only makes a positive social contribution but also reduces our environmental footprint: during one hour, lights are dimmed across all stores to promote a safe experience for people with autistic spectrum disorder (ASD), resulting in a monthly decrease in light consumption by 10.34 tCO<sub>2</sub> equivalent.

**|Tíā**|



10.34 fewer monthly tCO, thanks to **The Quiet Hour** 

# 550,163.6 fewer KWh

from energy consumption thanks to efficiency initiatives

# **Energy performance**





# 79,042,463.5 kWh of consumed electricity

# 284,552,868.6 MJ energy consumption

Τά

within the organization

62.95% renewable energy



# Taking care of water

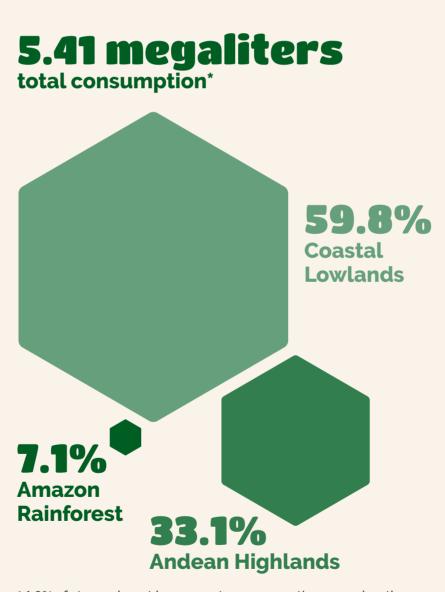
Water is a fundamental resource for a country's economy and health. It plays a crucial role both in farming and industrial activities, and personal hygiene and nutrition. Therefore, it must be used responsibly. Monitoring each store's monthly water consumption and acting promptly to solve any irregular situation to avoid unnecessary waste is our very first step in supporting our commitment to water care.

The Maintenance department conducts regular inspections to check for leaks and water accessories. Each store is equipped with water-saving devices, such as push-button valves to reduce water flow and toilet devices that control water use. During 2023, these saving and control devices were installed in the five new Tía stores.

# With devices that can control water use and identify watersaving opportunities, we contribute to water care.

We use water for everyday activities like bathing, eating, cleaning our surroundings, and in lowtemperature areas. Water supply is sourced from rivers and then conducted to drinking water treatment plants managed by public and private entities to make water potable. The goal of this process is to fulfill the water requirements of cities nationwide by distributing treated water. Wastewater is channeled toward wastewater treatment plants through common ducts. At these plants, wastewater is treated before being returned to rivers, completing its natural cycle.

#### Water consumption



\* 1.6% of stores do not keep a water consumption record as they are either leased and the owners cover water consumption costs or are located inside shopping malls.

0.4% of stores are not charged for water consumption.

11.1% of stores pay a base rate for water consumption and do not have monthly metering.





# Wastewater treatment facilities

The national distribution center and our store on Via a la Costa have a wastewater treatment plant that removes contaminants from the water used at the store, in line with current regulations. The store is located in an environmentally protected area and is not connected to the public sewerage system. This process includes the purification of liquid and solid waste through stages of segregation, pretreatment, secondary treatment, and effluent disinfection.

Wastewater flows by gravity until it reaches a pumping chamber, where a screen filters the large solid particles. Then, wastewater flows to a second chamber to enter the activated sludge reactor. This system includes an aeration reactor, a secondary sedimentation tank, and a pumping mechanism for the return of sludge. In the aerobic reactor, wastewater undergoes biochemical oxidation, transforming biodegradable components into energy, cellular mass, water, and carbon dioxide.

The resulting mixture of wastewater and activated sludge, known as mixed liquor, is transferred to the secondary clarifier through interconnection and multiple levels. In the third chamber's secondary sedimentation tank, activated sludge is separated from the treated wastewater by gravity sedimentation. The concentrated sludge is partially recirculated to the aeration tank in the second chamber, and the excess is extracted as necessary.



The treated wastewater flows from the weirs of the third chamber's secondary sedimentation tank to an ozonation tank. Subsequently, it is pumped to a sand filter before being discharged into the wastewater system within the Tía store on Via a la Costa.

Tía

Community



# Innovating for saving

At Tía, innovation is a fundamental pillar for ensuring efficient water use and creating water savings. At our stores, we have implemented cutting-edge technologies such as a nanocleaner, a device that consumes considerably less water compared to traditional cleaning methods. Additionally, we have installed sensorequipped pressmatic faucets in all our stores and distribution centers to monitor and minimize water waste.

At our distribution center in Lomas de Sargentillo, we have taken innovation further by designing a water reuse process. We have implemented a system that recycles the water used to clean containers, ensuring that every drop of water is used to the fullest. Thanks to this reuse system, we can conserve water and reduce operational costs while maintaining the highest standards of hygiene and cleanliness in our facilities.

# Toward a circular use of materials

To ensure that products are delivered in optimal conditions to our customers' households, we need to use a significant quantity of materials such as plastic, cardboard, and pallets, both during the logistics distribution process and product sale.

To minimize this environmental impact, we have adopted a circularity-centered approach based on the efficient use of materials, appropriate waste management, and the valorization of resources to reincorporate them into the productive cycle.

# We have integrated circularity processes into materials management to reduce waste and maximize the good energy of these resources.

Our materials management encompasses the collection, sorting, and transportation of elements such as plastic and cardboard from points of sale to distribution centers. Additionally, we have included the wood we segregate during our logistics flow. Subsequently, materials are separated based on their characteristics and

potential for reuse or recycling. Finally, they are stored and sold under the supervision of a duly authorized environmental manager.

Regarding food products, we focus on generating a positive social impact. Through our zero-waste commitment program, we make every effort to minimize food waste and ensure that these surplus quantities are distributed to those most in need, as described in the chapter on Community.

	TOTAL WEIGHT OR VOLUME
Non-renewable materiand packaging of products	als used in the production ucts and services
Plastic*	151,601 Kg
Renewable materials u packaging of products	and services
Water*	8,879 m <sup>3</sup>

\*Used for our meat products

In 2023, at Tía, we proactively engaged in recovery and reduction projects focused on the use of materials in our operations. One of our key initiatives was extending the lifecycle of wooden pallets, which are essential for transporting goods. The company introduced steps to have pallets repaired and avoid their disposal as waste, ensuring their ongoing functionality.

Furthermore, we took a significant step by introducing appropriate roll containers into our logistics practice. These are specifically designed to reduce the use of stretch film for dispatching non-refrigerated products. This is a proactive measure not only to minimize environmental impact but also to optimize our logistics processes.







# **Initiatives to recover** and minimize materials

Finally, we made a large investment in equipment for our meat counter to replace our traditional packaging with thermoformed trays. This upgrade not only extended the product's lifecycle but also significantly reduced the amount of plastic waste enerated by our operations.



22,715 repaired pallets

#### Tea

# Waste management

We effectively manage all the resources that we cannot either reduce or recover. We have implemented a log-based control system for the ongoing monitoring of appropriate protocol implementation to manage waste from logistics processes.

The disposal of plastic, cardboard, and wood is handled by an authorized environmental manager. The provider issues a certificate of disposal for the delivered waste.

The meat product samples used for lab analyses as part of our food monitoring and safety system undergo a destabilization stage to make sure they are safe before being delivered to an environmental manager. Waste generated by food spoilage is managed by a third party and used for composting. Hazardous waste is entirely segregated and sent to qualified and authorized outsourced managers who take care of the management, treatment, and authorized final disposal of each kind of material. The national distribution center has an area for the temporary storage of these items, structured according to the INEN 2266 standard. Our stores also generate hazardous waste and manage it safely with the support of authorized environmental managers, who handle its final disposal in compliance with current regulations.



Cardboard Plastic Wood Sawdust Animal food Vegetable v Hazardous Non-hazard

WASTE NO

Non-hazare Preparation Recycling Other waste TOTAL

# WASTE FO

Hazardous Incineration TOTAL Non-hazar TOTAL

97% recovered

**3%** handled for final disposal

**6705 t** of generated waste



am	Community	Planet	GRI Index

TION OF WASTE (T)	WASTE GENERATED	WASTE NOT FOR DISPOSAL	WASTE FOR DISPOSAL
k	3,386.6	3,386.6	
	2,433.1	2,433.1	
	301.2	270.2	31
	5.1	5.1	
od waste	489.6	440.7	48.9
waste	41.9		41.9
s waste	7,636.3		7,636.3
rdous waste	1		1
	6,705.7	6,535.6	170

OT FOR DISPOSAL (T)	ON-SITE	OFF-SITE	TOTAL
rdous waste			
on for reuse	270.2		270.2
		5,819.6	5,819.6
te valorization operations		445.8	445.8
	270.2	6,265.4	6,535.6

OR DISPOSAL (t)	OFF-SITE	TOTAL	
s waste			
on without energy recovery	7,636.3	7,636.3	
	7,636.3	7,636.3	
rdous waste			
	0	0	
			A LIK



# GRI Index

# **GRI Index**

# **Statement of use**

Tía has reported in accordance with the GRI Standards for the period January 1 to December 31, 2023.

## **GRI 1 used**

GRI 1: Foundation 2021

GRI STAND

GRI 2: Gen

The organ

GRI 2: Gene Disclosures

**Activities** 

GRI 2: Gene Disclosures

Governan

GRI 2: Gene Disclosures



DARD	CONTENT INDEX	RESPONSE OR OMISSION	SDG	PAGE
neral Disclosur	es 2021			
nization and it	ts reporting practices			
neral	2-1 Organizational details			8
es 2021	2-2 Entities included in the organization's sustainability reporting			8
	2-3 Reporting period, frequency and contact point			8
	2-4 Restatements of information			8
	2-5 External assurance	External assurance has not been performed.		
and workers				
neral es 2021	2-6 Activities, value chain and other business relationships			17-21
	2-7 Employees			68-69
	2-8 Workers who are not employees			69
nce				
neral es 2021	2-9 Governance structure and composition			34, 36
	2-10 Nomination and selection of the highest governance body			34
	2-11 Chair of the highest governance body			36
	2-12 Role of the highest governance body in overseeing the management of impacts			36
	2-13 Delegation of responsibility for managing impacts			36

**Tía** 

About this report

Team

GRI STANDARD	CONTENT INDEX	RESPONSE OR OMISSION	SDG	PAGE	GRI STANDARD	CONTENT INDEX	RESPONSE OR OMISSION	SDG	PAGE
GRI 2: General Disclosures 20212-14 Role of the highest governance body in sustainability reporting2-15 Conflicts of interest2-16 Communication of critical concerns	governance body in			34		2-20 Process to determine remuneration	To determine compensation, we first consider the job position descriptor. For newly		
			37			created positions, we develop a profile, and for existing positions, we update the profile as needed. We then	)		
			34						
	2-17 Collective knowledge 34 of the highest governance body 2-18 Evaluation of the The CEO evaluates Board	value the position according to the profile. Finally, we conduct both internal and external equity analyses.							
p	2-18 Evaluation of the performance of the highes governance body	The CEO evaluates Board t performance. Additionally, Grupo GDN evaluates each country's Board performance using a standardized evaluation methodology.	9			2-21 Annual total compensation ratio	Given the local context in which our activities are conducted, this information is kept confidential to safeguard the personal security of our		
	2-19 Remuneration policies	2-19 Remuneration policies We have not implemented a documented compensation policy. However, to determine employee and director compensation, we conduct both internal and external					team members and senior corporate officers.		
			9	Strategy, policies and GRI 2: General Disclosures 2021					
					2-22 Statement on sustainable development strategy			4-5	
		equity analyses. Internal equity analysis ensures fair compensation within Tía,				2-23 Policy commitments			30-31, 37- 39
		while external equity analysis looks at market-based pay	5			2-24 Embedding policy commitments			37, 38, 40, 41
		to maintain competitive compensation. The development and continual updating of job position				2-25 Processes to remediate negative impacts			40-41
		descriptors are crucial inputs that we work on continuously to achieve accurate valuation	otors are crucial inputs work on continuously			2-26 Mechanisms for seeking advice and raising concerns			39

GRI STANDARD	CONTENT INDEX	RESPONSE OR OMISSION	SDG PAGE	GRI STANDARD	CONTENT INDEX	RESPONSE OR OMISSI	ON S	SDG	PAGE
GRI 2: General Disclosures 2021	2-27 Compliance with laws			MATERIAL TOPIC: TAL	ENT MANAGEMENT AND D	EVELOPMENT			
	and regulations	significant cases of non- compliance at Tía, three of which resulted in the		GRI 3: Material topics 2021	3-3 Management of material topic			8	67-81
		enforcement of fines. The first case involved a fine for failure		GRI 401: Employment 2016	401-1 New employee hires and employee turnover			8	71
		to comply with payment for night hours during a distribution center inspection. The second case was a fine enforced for non-compliance			401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees			8	73
		with section C-3 of the ordinance on the disposal of non-hazardous solid waste from Canton Guayaquil. The third fine resulted from non- attendance at a hearing during a work inspection. The monetary value of the fines was USD 1,900.			401-3 Parental leave	Employees entitled to parental leave	2023 8475	8, 10	
						Women Men	3628 4847		
						Employees that took parental leave	512		
						Women Men	241 271		
Stakeholder engager	2-28 Membership associations nent		29			Employees that returned to work after parental leave ended	512		
GRI 2: General	2-29 Approach to		9			Women	241		
Disclosures 2021	stakeholder engagement					Men	271		
	2-30 Collective bargaining agreements	All employees are hired in accordance with the provisions of the Ecuadorian Labor Code legislation.				Employees that returned to work after parental leave ended that were still	237		
MATERIAL TOPICS						employed 12 months after their return to			
GRI 3: Material topics 2021	3-1 Process to determine material topics		10-13			work Women	109		
	3-2 List of material topics		13			Men	128		
						Return to work and retention rates of employees	92%		
						Women	45%		
						Men	47%		



Tia

About this report

GRI STANDARD	CONTENT INDEX	<b>RESPONSE OR OMISSION</b>	SDG	PAGE	GRI STANDARD	CONTENT INDEX	<b>RESPONSE OR OMISSION</b>	SDG	PAGE
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee		8	78	GRI 403: Occupational health and safety 2018			3	90-93
	404-2 Programs for upgrading employee skills	S	8	71, 78-80		directly linked by business relationships			
	and transition assistance programs					403-8 Workers covered by an occupational health	All employees and workers who are not employees but	3	
	404-3 Percentage of employees receiving		8	81		and safety management system	whose work and/or workplace is controlled by the organization, who are covered by such a system	1	
	regular performance						Number 8920		
	and career development reviews						All employees and workers who are not employees but		
	ALITY OF LIFE OF OUR PE	OPLE	3	88-95			whose work and/or workplace is controlled by the organization, who are covered by such a system	1	
GRI 3: Material topics 2021	3-3 Management of material topic		3	66-90			that has been internally auditedNumber8920		
GRI 403: Occupational health and safety 2018			3	92-93		All employees and workers who are not employees but whose work and/or workplace is controlled by the organization,			
	403-2 Hazard identification, risk		3	92-93			who are covered by such a syste that has been audited or certified by an external party	1	
	assessment, and incident investigation					403-9 Work-related injuries 403-10 Work-related ill health	Number 8595		
	403-3 Occupational health services	)	3	90-91				3	93
	403-4 Worker participation, consultation,		3	94				3	93
	and communication on				MATERIAL TOPIC: DIV	ERSITY AND INCLUSION			
	occupational health and safety				GRI 3: Material topics 2021	3-3 Management of material topic		8, 10	84-87
	403-5 Worker training on occupational health and safety		3	91					
	403-6 Promotion of worke health	r	3	90-91					

**Tía** 

About this report

GRI STANDARD	CONTENT INDEX	RESPONSE OR OMISSION	SDG	PAGE	GRI STANDARD	CONTENT INDEX	<b>RESPONSE OR OMISSION</b>	SDG	PAGE
-	405-1 Diversity of governance bodies and employees		8, 10	36, 85	GRI 417: Marketing and labeling 2016	417-1 Requirements for product and service information and labeling		12	45
	405-2 Ratio of basic salary and remuneration of women to men	Given the local context in which our activities are conducted, this information is kept confidential to safeguard the personal security of our team members and senior corporate officers.	8, 10			417-2 Incidents of non- compliance concerning product and service information and labeling	In November 2023, a hearing was conducted to address the absence of the sanitary certificate for an antibacterial product available at Plaza Tía La Joya, which was subsequently	12	
MATERIAL TOPIC: INNO APPROACH	OVATION, TECHNOLOGY, A	ND OMNICHANNEL					remedied. Additionally, three proceedings were filed with the Ombudsman's Office		
GRI 3: Material topics 2021	3-3 Management of material topic		9	52-59, 82- 83			during the reporting period, including warnings and recommendations for Tía. We have complied with the indications issued by the Ombudsman's Office, and the issues have been resolved.	Ş	
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		9	53					
MATERIAL TOPIC: CUS	TOMER EXPERIENCE						In 2023, no cases of non- compliance with regulations		
GRI 3: Material topics 2021	3-3 Management of material topic		9	48-51		417-3 Incidents of non-	resulted in fines or penalties.	12	45
	LITY, SAFE, AND AFFORDA	ABLE PRODUCTS	0.40			compliance concerning marketing communications	S		
GRI 3: Material topics 2021	3-3 Management of material topic		9, 12	44-47	MATERIAL TOPIC: COM	MUNITY DEVELOPMENT			
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts		9	45	GRI 3: Material topics 2021	3-3 Management of material topic		8	98-115
	of product and service categories				GRI 203: Impactos económicos indirectos 2016	203-1 Investment in infrastructure and		8	99
	416-2 Incidents of non- compliance concerning the health and safety		9	45		supported services 203-2 Significant indirect economic impacts		8	30, 31, 99
	impacts of products and services								

2			
1	1		

About this report

GRI STANDARD	CONTENT INDEX	RESPONSE OR OMISSION	SDG	PAGE	GRI STANDARD	CONTENT INDEX	RESPONSE OR OMISSION	SDG	PAGE
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs		8, 9, 10, 17	100-115	enviromental	308-1 New suppliers that were screened using environmental criteria	During the reporting period, we did not implement evaluation processes and filtering based on	8	
	413-2 Operations with significant actual and potential negative impacts on local communities	During the reporting period, these types of evaluations were not conducted.	8, 9, 10, 17			308-2 Negative environmental impacts in the supply chain and	environmental criteria. During the reporting period, we did not implement environmental impact	8	
MATERIAL TOPIC: ECC	NOMIC PERFORMANCE					actions taken	assessment processes in the supply chain.		
GRI 3: Material topics 2021	3-3 Management of material topic		8, 9	26-27	GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social	During the reporting period,	8	
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed		8, 9	27	assessment 2010	criteria	quantity of new suppliers that passed our selection filters according to social criteria. To		
	201-2 Financial implications and other risks and opportunities due to climate change	During the reporting period, we did not assess the financial implications due to climate change.	8, 9				select a supplier, we analyze adherence to conduct standards outlined in our corporate supplier manual.		
	201-3 Defined benefit plan obligations and other retirement plans	The estimated value of retirement payments is USD 14,794,860.22, of which USD 3,294,656.22 was paid for 70	8, 9			414-2 Negative social impacts in the supply chain and actions taken	During the reporting period, we did not implement social impact assessment processes in the supply chain.	8	
	retirees.				MATERIAL TOPIC: EFF	CIENT USE OF RESOURCE	S		
	201-4 Government's financial aid	During the reporting period, we did not receive	8, 9		GRI 3: Material topics 2021	3-3 Management of material topic		13	124-133
		financial assistance from the government.			GRI 302: Energy 2016	302-1 Energy consumption within the organization		13	129
MATERIAL TOPIC: DEV OF LOCAL PRODUCTION		E CHAIN AND PROMOTION				302-2 Energy consumption outside of	We did not document this indicator for the reporting	13	
GRI 3: Material topics 2021	3-3 Management of material topic		8	60-63		the organization	period.		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers		8	61		302-3 Energy intensity	During the reporting period, we lacked sufficient information to complete this indicator.	13	
						302-4 Reduction of energy consumption		13	128

**Tía** 

Tia

GRI STANDARD	CONTENT INDEX	RESPONSE OR OMISSION	SDG	PAGE	GRI STANDARD	CONTENT INDEX	RESPONSE OR OMISSION	SDG	PAGE
GRI 302: Energy 2016	302-5 Reductions in energy requirements of products and services	During the reporting period, we did not launch any initiatives aimed at reducing	13		GRI 306: Residuos 2020	306-1 Waste generation and significant waste- related impacts		13	136
		the energy requirements of products and services.	10			306-2 Management of significant waste-related		13	134- 136
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource		13	130		impacts		10	107
	303-2 Management of water discharge-related impacts		13	133, 130		306-3 Waste generated 306-4 Waste diverted from disposal		13 13	137 137
	303-3 Water withdrawal		13	130		306-5 Waste directed to disposal		13	137
	303-4 Water discharge		13	130, 132	MATERIAL TOPIC: FO	•			
	303-5 Water consumption		13	130	GRI 3: Material topics	3-3 Management of		13	101-103
GRI 301: Materials 2016	301-1 Materials used by weight or volume		13	134	2021 MATERIAL TOPIC: ETH	material topic			
	301-2 Recycled input materials used		13	135	GRI 3: Material topics 2021	3-3 Management of material topic		12	37-41
	301-3 Reclaimed products and their packaging materials	The company solely engages in product packaging processes for the meat counter. This process utilizes	13		GRI 205: Anti- corruption 2016	205-1 Operations assessed for risks related to corruption		12	37
		100% virgin materials. No recycled packaging products or materials are used.				205-2 Communication and training about anti- corruption policies and	we did not conduct training sessions on anti-corruption	12	
MATERIAL TOPIC: SUS	TAINABLE OPERATIONS A	ND LOGISTICS				procedures	policies and procedures.		
GRI 3: Material topics 2021	3-3 Management of material topic		13	120-123		205-3 Confirmed incidents of corruption and actions	In 2023, 30 potential cases of corruption were identified, 10	12	
MATERIAL TOPIC: WAS	STE MANAGEMENT					taken	involving product theft and		
GRI 3: Material topics 2021	3-3 Management of material topic		13	134-137			20 involving theft at points of sale (POS) and the central cashier. Thanks to internal		
							audit processes, all cases were adequately prevented, and none escalated to judicial proceedings.		

Team	Community	Planet	GR

l Index

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