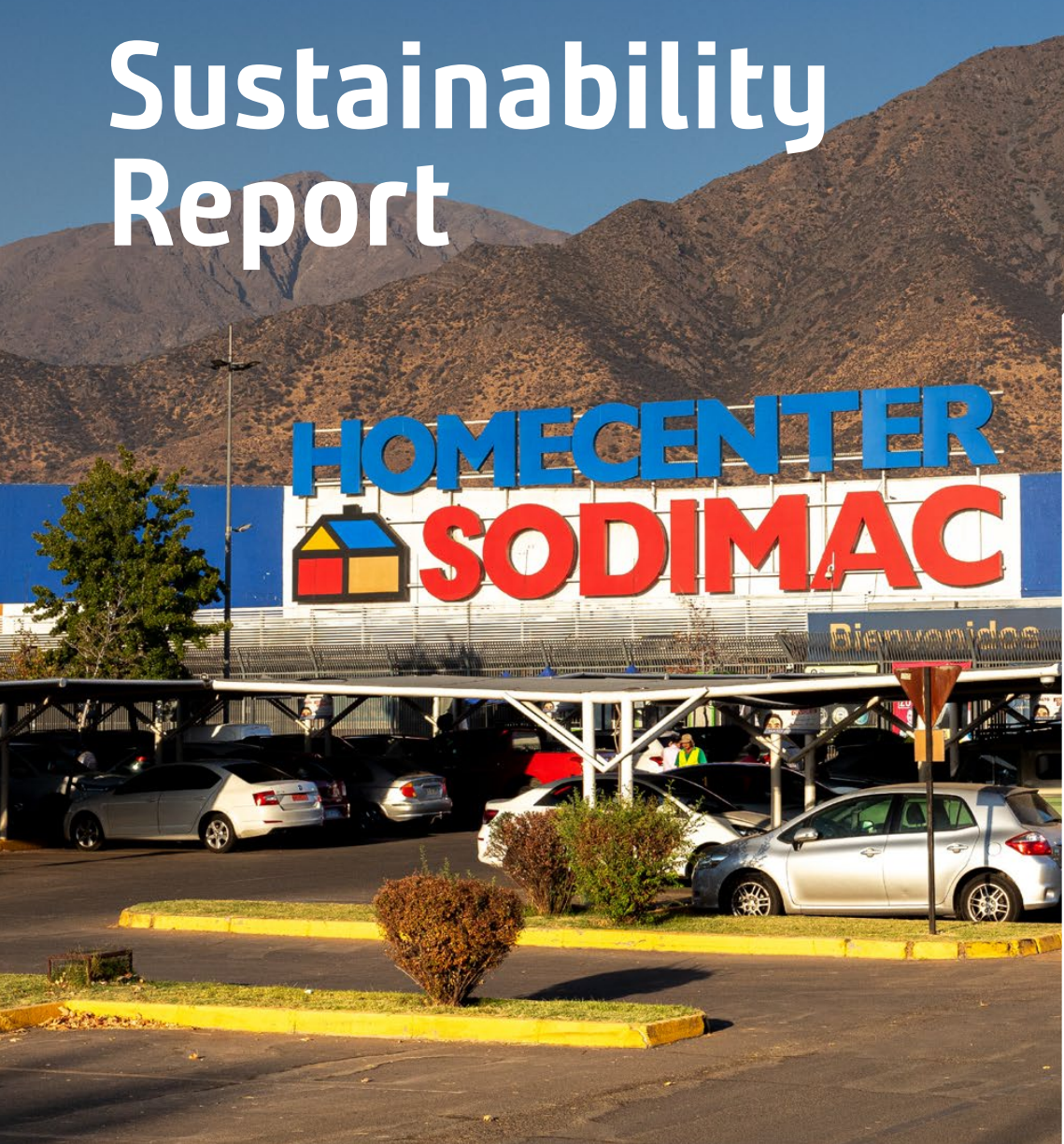


# Sustainability Report



 **SODIMAC.**  
**2023**







# About this Report

(2-2; 2-3)

This is Sodimac Chile's 17th Sustainability Report. It provides an account of the company's economic, social and environmental performance between 1 January and 31 December 2023 (previous reports are available at <https://www.sodimac.cl/sodimac-cl/content/reportes-de-sostenibilidad>). The Report does not include the company's Imperial S.A. subsidiary in Chile or its business units in other countries, which publish their own Sustainability Reports (available on their websites).

The Report enables the company to comply with the Communication on Progress required under the United Nations Global Compact and the company's commitment to its ten principles, which seek to strengthen human rights, labor norms, protection of the environment and the combat of corruption.

The Report was prepared in accordance with the Core Option of the Standards of the Global Reporting Initiative (GRI). It was not externally assured, marking an exception in the company's practice that was explained by resource constraints in the context of a difficult economic situation.

We would appreciate your comments and suggestions:

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# Letter from the General Manager of Sodimac Chile

(2-22)

*"This was a particularly complex year for our sector, both because of the impact of the economic slowdown, unemployment and inflation on households and because of the deep crisis in the construction sector, which is experiencing one of the most difficult periods of its history. This required us to be more innovative and increase the efficiency of our operations but, even so, we always maintained our conviction and determination to continue integrating the sustainability approach into all our decisions."*

We are pleased to share with you Sodimac Chile's 17th Sustainability Report, which describes our economic, social, environmental and governance performance in 2023 as we continued to develop responsibly as a company and generate value for the settings in which we operate.

This was a particularly complex year for our sector, both because of the impact of the economic slowdown, unemployment and inflation on households and because of the deep crisis in the construction sector, which is experiencing one of the most difficult periods of its history. This required us to be more innovative and increase the efficiency of our operations but, even so, we always maintained our conviction and determination to continue integrating the sustainability approach into all our decisions.

In this very complex context, we had to focus primarily on our economic performance. Nonetheless, we maintained our policy of proper management of our environmental, social and governance impacts and continued to implement all the programs related to this policy. We also sought to contribute to the country's reactivation through the *Volvamos a Construir* (Let's Get Back to Building) campaign in which, together with our suppliers, we reduced and froze the prices of over 1,000 different construction and home

improvement products. Through this campaign, we sought to help construction professionals, small and mid-sized enterprises and larger companies as well as our home improvement customers to resume their projects and, in this way, contribute to reactivating this key sector of the economy.

We opened our first store in Maitencillo and built a second store in Puerto Montt to serve the northern part of the city, which opened in January 2024. We remodeled and expanded other stores to bring the brand closer to more families and construction professionals, always seeking to offer customers the best experience and inspirational spaces to make their dreams and home improvement projects a reality.

Internally, we took measures to increase our efficiency and reduce operating costs, but always giving priority to the customer experience. We strove to ensure timely supply to stores, maximize sales floor profitability and speed up the delivery of online orders in line with customers' needs. We strengthened our same-day delivery service, achieving improvements of more than 10% over the previous year in service levels and an 11% increase in home delivery speeds. By the end of the year, 45% of deliveries were being

completed in less than 24 hours and 61% in less than 48 hours. After-sales service showed a significant improvement in the rate of complaints, which dropped by 15% on 2022 and over 60% on 2021. This was principally a result of the effectiveness of plans to improve service levels in both home deliveries and store collection of orders. All of the above implied a significant effort in terms of investment, which reached 33,000 million Chilean pesos in 2023.



**Eduardo Mizón**  
General Manager  
Sodimac Chile



## Letter from the General Manager of Sodimac Chile

*“We understand that good corporate governance, in accordance with international standards, is crucial for effective management and responsible and sustainable development.”*

We understand that good corporate governance, in accordance with international standards, is crucial if a company is to avoid corruption, be effectively managed and achieve responsible and sustainable development. In line with this, we continued to strengthen our Corporate Integrity System and intensified internal training through programs such as “My Customer”, “Fair Competition”, “Environment”, “Human Rights” and “Personal Data”. In addition, we are updating our Crime Prevention Model in line with the new requirements of Law 21.595 on Economic Crimes. This process, which will take nine months and be completed in 2024, involves a diagnosis, information gathering, including interviews with the most exposed areas, and risk assessments.

We also carried out a second Due Diligence on Human Rights and Business, which will culminate in an improvement and update of our risk matrix. Sodimac’s due diligence program for respect of its stakeholders’ human rights was recognized by Global Compact Chile in its 2023 Conecta Business Awards, which highlight private-sector initiatives with a positive impact on achievement of the UN Sustainable Development Goals. Global Compact noted that Sodimac has consistently implemented this policy, which is public and transparent, since 2016. It also emphasized that the internal due diligences, which Sodimac has incorporated into

its processes and matrices to prevent risks and promptly address any potential issues, meet OECD and UN standards. The award is an incentive to continue deepening our efforts in this field.

Sodimac is committed to its employees’ integral development. We seek to strengthen their skills, generating a culture of continuous learning. In 2023, this was reflected in 467,131 hours of training for 12,066 employees. Care for our employees is a priority and we implemented different measures for their integral well-being, including programs to encourage self-care, mental health programs, the promotion of healthy work spaces and the strengthening of complementary health insurance benefits.

In addition, we took a number of measures to continue fostering diversity, equity and inclusion. We introduced a Gender Equity Policy, which reaffirmed our commitment to promoting the development of all employees equally. In line with this, we launched the second version of the mentoring program *Vamos por más: Women líderes* (Let’s go for more: Women leaders) and, through on-site training for heads of stores and distribution centers, reinforced our protocol against gender violence, ensuring that everyone is familiar with this tool.

As part of our commitment to providing customers with a more inclusive service, we launched the Silent Hour initiative to support and increase awareness of people on the autism spectrum. The initiative was implemented in 19 stores around the country and will be expanded to others.

In 2023, the *Construyendo Sueños de Hogar* (Building Dreams of Home) program benefited more than 33,000 people through 81 community projects, which consisted of repairing, remodeling or otherwise improving the infrastructure or surroundings of different organizations that serve the most vulnerable sectors of the population. These collaborative projects were implemented through our strategic alliances with organizations that include TECHO and the Junto al Barrio Foundation. Key projects undertaken during the year were the improvement of the infrastructure of the NGO Maymuru in Arica; the construction of a therapeutic and sensorial garden for the Down Somos Foundation in Rancagua; improvements to the facilities of the Third Fire Company of San Pedro de la Paz; and the creation of an eco-library at the Manantial School in Villarrica. At the same time, through the *Nuestra Casa Contigo* (Our House with You) program, company volunteers (supported by construction professionals) implemented 73 projects through

which they repaired the homes of 54 fellow employees and their families in different regions of Chile.

We have continued to strengthen our capacity to respond to disasters and catastrophes, deepening our preventive work with *Movidos x Chile* (Community of Solidarity Organizations, COS) to achieve more effective and efficient responses, based on collaboration and coordination between the private sector, civil society and the public sector.

We are committed to helping construction professionals and contractors to innovate and constantly improve their work through training initiatives. This undertaking is reflected in the Sodimac Construction Professionals’ Circle (CES). With more than 897,000 members, it offers activities that include visits to factories, workshops, regional fairs and scholarships for studies at universities and technical training centers. A key annual event in this field is the Great Training Fair. In 2023, this open and free event offered more than 147,000 training sessions and was attended by over 14,000 people in addition to a further 96,000 who connected online. During the year, in the framework of the CES, the company carried out 240 training activities, benefiting over 120,000 construction professionals.





## Letter from the General Manager of Sodimac Chile

As regards the environment, we have been measuring and managing our carbon footprint for more than a decade and, three years ago, included the products we market in this measurement. In 2023, we reduced our carbon footprint, in the scopes measured historically, by 46% compared to 2022. This reflected the growing decarbonization of Chile's energy matrix, a reduction in imports and in-person customer trips to stores, a reduction in the waste generated and an increase in the recycling rate from 19% to 24%. In addition, the latest customer travel survey revealed a reduction in the distances traveled to stores and in the use of cars without pooling. When compared on a unit basis, the measurements showed a 27% drop in the indicator of Scope 1+2+3 greenhouse gas emissions over total sales. During the year, we carried out a third measurement of the impact of the products we market (manufacture, use and end-of-life), finding that it is almost six times the impact of the rest of the operation. We continued to improve the model for quantifying these emissions and made progress on our Roadmap for managing their impact, which calls for collaborative actions with the supply chain.

Sodimac's undertaking is to be carbon neutral by 2030 in Scopes 1 and 2 or, in other words, direct emissions and those

under our operational control. In recognition of our efforts to reduce the impact of its emissions, Sodimac received the Seal of Excellence of the Environment Ministry's HuellaChile program for the fourth consecutive year as well as its seals for the Quantification and Reduction of greenhouse gases. It was the only retail retailer and one of only five organizations in the country to obtain the highest distinction from HuellaChile, a voluntary program that promotes the quantification, reporting and management of greenhouse gases by public and private organizations.

To contribute to increasing recycling and compliance with the Extended Producer Responsibility (REP) Law, we decided in 2023 to gradually make our Clean Points over to the country's collective management systems. In December, the Clean Points in the Sodimac stores in Arica and Calama were transferred to ReSimple, the country's first collective waste management system for containers and packaging, of which we are one of the founding companies. These Clean Points will continue to be operated by TriCiclos. In addition, TriCiclos will install and operate new Clean Points for ReSimple in some of the company's stores, bringing recycling even closer to the community. The first ones were installed in December in our stores in Curicó and Los

Ángeles. In this way, Sodimac has put its infrastructure and an important flow of users at the service of Chile's recycling goals, reducing the waste that goes to landfills.

We have further increased the number of sustainable products and services we offer our customers. These reached 6,700 in 2023. Sodimac also became the first retailer in Latin America to obtain international certification by the Forest Stewardship Council (FSC). This was in recognition of responsible management of our own brand of wood. FSC certification is one of the most widely used and prestigious international standards for responsible forest management and the traceability of processed wood.

I would like to take this opportunity to reiterate our firm commitment to sustainability as an integral part of our development strategy. We also reaffirm our adherence to the UN Guiding Principles on Business and Human Rights and UN Global Compact, the OECD Guidelines for Multinational Enterprises, the protocols of the Global Reporting Initiative (GRI) and the undertakings we have voluntarily entered into as part of the Sustainable Development Goals, precepts that guide our actions in taking into account and striving to respond to all our stakeholders in a timely manner.

*"Returning to the road of growth and rebuilding the places devastated by fires and other catastrophes will require us to join forces and work in collaboration to address these and other enormous challenges we face as a country."*

I would also like to thank each and every member of the Sodimac team who, from their roles, contribute to our sustainable development and to continuing each day to build a better company. I would also particularly like to recognize our suppliers and the different foundations and organizations with which we have an alliance. Returning to the road of growth and rebuilding the places devastated by fires and other catastrophes will require us to join forces and work in collaboration to address these and other enormous challenges we face as a country.

**Eduardo Mizón F.**  
General Manager



# Sodimac and its Context





# Retail and construction industries

*In 2023, the country's economic deceleration, inflation and a drop in consumption severely affected both retail and construction, the two sectors in which Sodimac operates.*

## The worst crisis of the construction industry

The stock of housing, obstacles to obtaining permits for projects, problems in accessing bank lending, negative financial results and company bankruptcies made 2023 a difficult year for the construction sector. Experts have described this as the worst crisis experienced by the sector, suggesting an ongoing complex outlook during at least the first half of 2024.

## Contraction of household consumption

Traditionally, when the construction sector has weakened, this has been largely offset by households' implementation of home remodeling and improvement projects. In the past, when economic uncertainty prompted families to postpone plans to buy their first home or move house, they opted to renovate their existing home, adapting it to their needs. However, this did not occur on an important scale in 2023 because many of these renovation projects had already been implemented during the pandemic when there was a boom in home improvement.

2023 was a year of crisis for the retail industry. Inflation, higher unemployment and the economic slowdown undermined households' purchasing power. Families used their budget mostly for the purchase of food and basic necessities, and other consumption decisions were postponed.

Moreover, families that did decide to invest in their home generally had tighter budgets. In this context, price became increasingly important, with consumers looking for the cheapest product and service alternatives.



## Normalization of e-commerce

After the pandemic, customers returned in force to in-person shopping. However, online sales remained very important, representing a share of total sales that was well above pre-pandemic levels. This reflects the consolidation of a mixed consumer, who alternates indistinctly between shopping online and in physical stores.

Stores are a place for inspiration as well as shopping. Companies know that the physical and digital environments complement each other and are focusing on their integration in a bid to offer differentiating propositions. Moreover, with more consumers valuing digital experiences, companies are increasingly concerned to offer shorter delivery times, higher levels of fulfillment and service and a seamless and consistent omnichannel experience.

## Citizen consumer and brands with a purpose

A focus on price does not imply that people are not interested in the civic dimension of consumption. An increasing number of customers are willing to change their life style and the products they consume, incorporating sustainability as one of the criteria on which they base their purchasing decisions. For companies, this poses the challenge of offering sustainable products and services at affordable prices.

In response to the complex economic situation, Sodimac worked to offer customers the best experience in its stores and online channels and to help them resume the home improvement and construction projects they had put on hold.

The company sought to contribute to the country's reactivation through the *Volvamos a Construir* (Let's Get Back to Building) campaign in which, in a joint effort with suppliers, it lowered and froze the prices of over 1,000 different home improvement and construction products. At the same time, it took measures to cut operating costs through efficiency gains, although always giving priority to the customer experience. It also sought to ensure timely supply to stores, maximize sales floor profitability and streamline the delivery of online orders in order to satisfy customers' needs.

Sodimac continued to make progress on integrating sustainability into its strategy. It opened its first store in Maitencillo and remodeled and expanded other stores in a bid to take the brand ever closer to families and construction professionals. In this, it always sought to offer customers the best experience and inspiring spaces for making their dreams and home improvement projects a reality.

The company worked to further boost its omnichannel strategy, incorporating the benefits of the online world into stores as part of the customer journey,

whether for purchases, advice or inspiration. This called for investments in technology to offer customers a better physical-digital experience through measures such as improvements in Wi-Fi connectivity and mobile coverage in stores.

It also consolidated its Assisted Online Sales (VOA) service as a differentiating aspect of the advice it offers in stores. This has emerged as a tool that is highly valued by customers and employees.

In e-commerce, the company strengthened its same-day delivery service, achieving improvements in service levels of over 10% compared to the previous year and an 11% increase in the speed of home deliveries. By the end of the year, 45% of deliveries were being completed in less than 24 hours and 61% within 48 hours. In addition, optimizations were achieved in the proactive notification of customers.

The year also brought other important milestones in the company's digital strategy. At the end of the year, in line with the preference of its household and professional customers, Sodimac Chile returned to offering its products and services on its own Sodimac.com website. It will, however, remain one of the sellers on Falabella.com.

At the same time, the company further expanded its range of sustainable products and services, which reached a total of over 6,700. For over ten years, Sodimac has been measuring and managing its carbon footprint in order to reduce and mitigate the impacts of its operations. It neutralizes the emissions generated by home deliveries through the purchase of carbon credits from internationally registered renewable energy projects in Chile.







# Strategic Framework

(2-23)

*At Sodimac, together we build dreams and home improvement projects.*



## Purpose

The common purpose of all Falabella's business units is: "To simplify and enjoy life more".

## Mission

To develop our company with innovation and sustainability, offering the best products, services and advice at the best market price in order to inspire and build our customers' dreams and projects.

## Vision

To be the leading company in home and construction projects that, improving quality of life, is the most loved, admired and respected by the community, customers, employees and suppliers in the Americas.

## Values

In 2023, to the values that characterize the Sodimac culture (**R**espect, **E**xcellence, **I**ntegrity and **R**esponsibility), we added the following values of the Falabella group, which underpin the Purpose and are shared challenges across all its business units and countries:

- We are a single team.
- We move with agility.
- We are passionate about the customer.
- We care for the future.





# Sodimac in Latin America

(2-1)

Sodimac is the home improvement subsidiary of the Falabella group, one of Latin America's principal retail conglomerates.

The company is a closed corporation and its shares are not listed. The parent company holds a 100% stake through the following companies:

## Shareholders in Sodimac S.A.

Name	RUT	N° of shares	%
Inversiones y Prestaciones Venser Seis Limitada	76,042,509-5	17,758,157,950	99.9999986%
Inversiones Parmin SpA	76,020,385-8	252	0.0000014%
<b>Total controllers</b>		<b>17,758,158,202</b>	<b>100%</b>

Sodimac was founded in 1952 as a cooperative in response to the shortages caused in Chile by World War II. In 1982, it was acquired by José Luis del Río Rondanelli (Dersa), who established Sodimac as a company. Since then, Sodimac has, whilst maintaining its distinctive culture, gone on to develop a business model and stores with different formats to satisfy the needs of families, construction professionals and companies.

Sodimac's international expansion began in 1994 when it formed a partnership with Grupo Corona for the Colombian market. In 2003, it merged with Falabella and, a year later, took a further step in its internationalization by opening its first stores in Peru. This was followed by its expansion to Argentina in 2008 and, subsequently, Brazil and Uruguay. In 2018, Sodimac opened its first stores in Mexico, consolidating its position as the leading company in Latin America

in the commercialization of construction materials and home improvement products, present in the region's main markets with a successful business model that includes different store formats, both physical and online.

At present, the company has operations in seven countries as well as a commercial office in China. Its investments outside Chile are channeled through subsidiaries of its parent company.



COLOMBIA			
	2021	2022	2023
Stores	40	40	41
Employees	8,489	8,924	8,299
<b>Sales area (m²)</b>	<b>385,990</b>	<b>385,990</b>	<b>388,753</b>

PERU			
	2021	2022	2023
Stores	56	56	56
Employees	9,413	8,016	7,222
<b>Sales area (m²)</b>	<b>388,151</b>	<b>388,526</b>	<b>391,650</b>

ARGENTINA			
	2021	2022	2023
Stores	7	7	7
Employees	819	805	755
<b>Sales area (m²)</b>	<b>72,207</b>	<b>72,207</b>	<b>72,207</b>

BRAZIL			
	2021	2022	2023
Stores	52	55	54
Employees	3,424	3,412	3,099
<b>Sales area (m²)</b>	<b>178,076</b>	<b>196,965</b>	<b>193,669</b>

URUGUAY			
	2021	2022	2023
Stores	4	4	4
Employees	564	516	430
<b>Sales area (m²)</b>	<b>33,619</b>	<b>33,619</b>	<b>33,619</b>

MEXICO			
	2021	2022	2023
Stores	9	12	13
Employees	1,414	1,847	1,508
<b>Sales area (m²)</b>	<b>94,522</b>	<b>114,609</b>	<b>115,122</b>





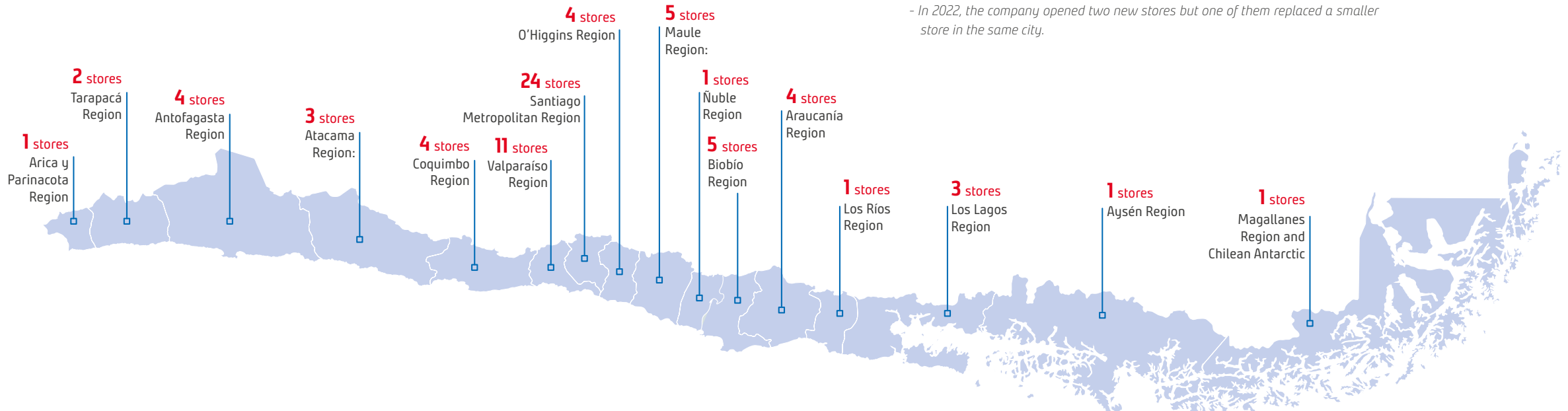
## Operational development of Sodimac Chile

Sodimac has

**74** stores in

**43** cities

covering all the regions of Chile.



	2021	2022	2023
Points of sale	72	73	74
Employees	15,743	14,328	12,658
Sales area (m <sup>2</sup> )	683,877	703,231	707,049

Notes: - Employees includes Sodimac S.A., Logística Internacional Limitada and Traineemac S.A.

- These figures do not include the company's Imperial subsidiary, which has 13 stores and a sales area of 71,302 m<sup>2</sup>.

- Points of sale include Reconstructor Cauquenes, a store selling lighter materials, opened after the 2010 earthquake.

- In 2022, the company opened two new stores but one of them replaced a smaller store in the same city.



# Value chain

(2-6)

## Supply chain

- **1,545** suppliers of products and services.
- **81%** are Chilean.
- **605** suppliers are small and mid-sized enterprises (SMEs).
- **749** suppliers are active members of Sedex.
- **245 suppliers evaluated in 2023** (including labor standards, health and safety, human rights and environmental standards).
- Payment times: Sodimac was recognized as **the best company on paying SMEs in the retail sector** by the Chilean Association of Entrepreneurs (ASECH) and the Chilean Product Exchange.

## Logistics

- In Chile: **19** distribution centers and warehouses.
- **425,388 m2** of warehousing space.
- **Click & collect areas in 100% of stores, 8** with **robotized collection** and **49 click & collect points in other Falabella group facilities. Falabella.com returns in 100% of stores** and **555 returns points in other facilities** of the Falabella group and external couriers.
- **45% of deliveries in less than 24 hours and 61% in less than 48 hours.**
- **100%** of last-mile deliveries to customers of Sodimac Chile are carbon neutral.
- **All the fleet of the main distribution center is electric.**
- Carbon footprint: **90% of GHG emissions** of Sodimac S.A. generated by the transport of freight and products sold. Seals of Quantification, Reduction and Excellence from HuellaChile program (Environment Ministry) for management of GHGs.

## Commercial

- **134,000** products and services (SKUs) in stores and online of which over **6,700** are sustainable.
- **First retailer in Latin America to obtain FSC certification, recognizing the company's responsible management of its Timbermac brand of wood.**
- **74 stores.**
- **Over 70% of electricity consumption supplied from renewable sources; 49 stores with solar panels.**
- **707,049 m2** of sales floor.
- **Over 44 million** transactions in **2023.**
- **Over 230 million visits** to the Sodimac catalogue on Falabella.com.
- **Over 25 million visits** to the Sodimac App.
- **Online advice service: Over 56,000 attentions** (video calls + WhatsApp), with **87% level of satisfaction.**
- Markets: Home improvement and construction professionals.

- **5** formats.



- **31** own brands.



## Use and post-consumption

- Customers: Families, contractors, small construction professionals, mid-sized and large construction companies.
- **Over 897,000** members of the Sodimac Construction Professionals' Circle (CES); **240 training activities and over 120,000 people trained** in 2023.
- Great Training Fair attended by **over 14,000** construction professionals while a further **96,000** connected online; over **147,000 training sessions** provided.
- **Over 2.4 million subscribers** to Sodimac's YouTube tutorials channel.
- **Over 144,000** subscribers to the Sodimac Constructor Chile channel on YouTube.
- **NPS** management model in stores and channels of contact to measure customer satisfaction and experience; **over 12% increase** on 2022.
- Complaints represent **0.38%** of total transactions.
- **18 Sodimac Clean Points: 2,598,667 kilos** of waste recovered in 2023 and **367,219** visits by members of the community.
- **REP Law: Sodimac began to transfer its Clean Points to the ReSimple collective management system to contribute to Chile's achievement of its recycling targets.**





# Responsible Growth in Chile





# Responsible Growth in Chile

## Sodimac's strategy through to 2025

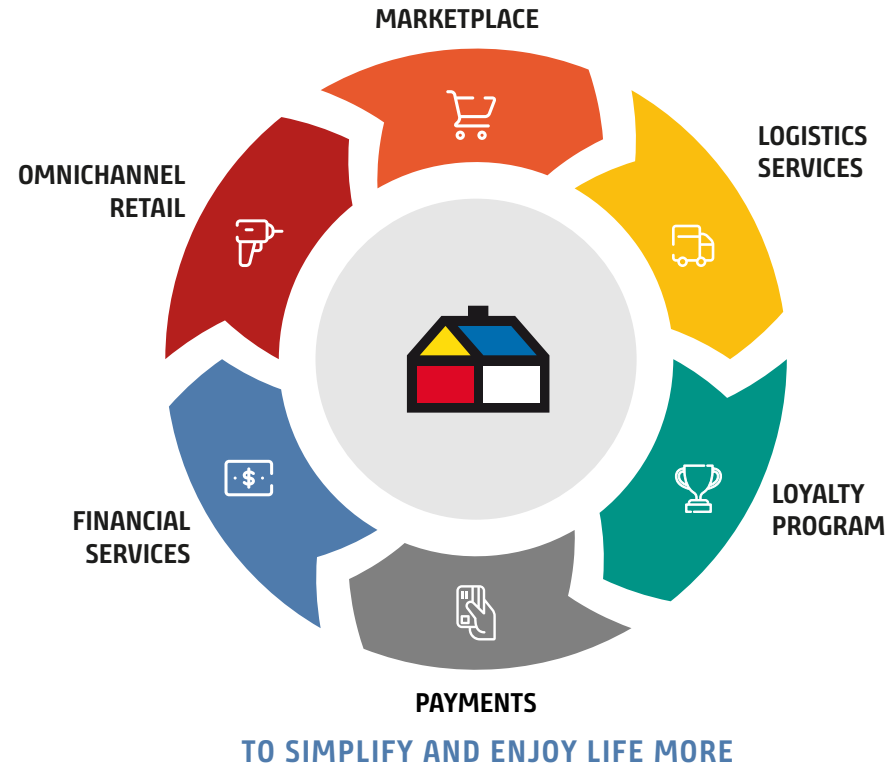
(2-23; 2-12; 3-3)

*Each year, Sodimac Chile implements numerous initiatives under a long-term strategic plan, with targets for 2025, that is based on three pillars: growth, profitability and sustainability.*

Since October 2020, Sodimac has been implementing a Five-Year Strategic Plan that incorporates the evolution experienced by the business.

In a year marked by the important challenges posed by an adverse macroeconomic environment, with depressed consumer spending and a construction industry that also faced one of the toughest periods of its history, Sodimac continued to pursue its strategy based on three pillars: growth, profitability and sustainability. In this, the company was supported by the physical-digital ecosystem of the Falabella group and sought to strengthen its value proposition and offer differentiating solutions.

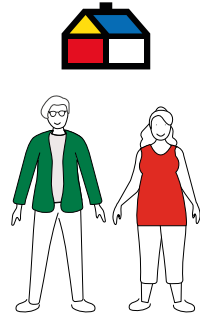
In 2023, Sodimac gave priority to the following areas of action: building an ever more effective



organization; targeting investment decisions and capital allocation to boost profitability; refocusing its digital strategy and the ecosystem's development; and strengthening the value proposition of the group's "engines" (stores and e-commerce; logistics and services; financial services; and shopping centers).

At the same time, the company sought to contribute to Chile's reactivation through commercial campaigns, implemented together with its suppliers, that lowered and froze prices. This was accompanied by measures to increase efficiency and reduce operating costs whilst always giving priority to the customer experience. Efforts were made to ensure timely supply to stores, maximize sales floor profitability and speed up delivery times to satisfy customer needs.

# Building the House of the Future



## OUR CUSTOMERS ARE AT THE CENTER OF OUR HOUSE

This is why we work with passion to offer them a better quality of life and an experience of service that surpasses their expectations.

## OUR HOUSE HAS THREE PILLARS THAT UNDERPIN THIS STRATEGY

### PILLAR 1

#### GROWTH

We work to improve customer experience as a means of generating loyalty and, therefore, higher sales. Our house and, with it, our employees and customers grow.

### PILLAR 2

#### PROFITABILITY

We challenge ourselves to improve continuously and achieve results that allow us to surpass our targets.

### PILLAR 3

#### SUSTAINABILITY

In this house, we respect all those around us: employees, suppliers, communities and the environment. Together, we build a better future.

## TO IMPLEMENT OUR STRATEGY, WE FOCUS ON TWO AREAS



### ORGANIZATIONAL EFFICIENCY

We seek to simplify, digitalize and streamline our processes, using technology to be more efficient and deepen our business.



### CUSTOMER EXPERIENCE

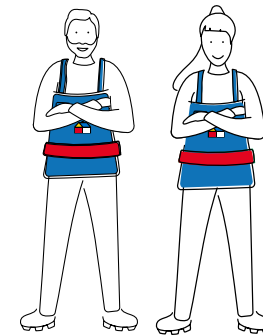
Through in-depth knowledge of our customers, we can offer them the best experience, with a consistent, differentiated and personalized value proposition.

## WE COULD NOT ACHIEVE THIS WITHOUT...

### OUR PEOPLE AND INFRASTRUCTURE

We all play a role in building the house. We ourselves are the engine of change and we do that by putting our values into practice. That is why we strive to form the best team of people and create an excellent work climate, developing an agile culture that fosters collaboration, innovation, learning, teamwork and empowerment, thinking always of our customers.

Similarly, our infrastructure – stores, warehouses, offices and technology - must keep pace with the business's challenges and be robust, flexible and safe.



# Together we build dreams and home improvement projects.





# Commitment to sustainability

(2-23; 2-24; 3-3)

Sustainability is an integral part of Sodimac's growth strategy for which it, therefore, has a formal, permanent management structure, with measurements and indicators of its performance, gaps and progress on social, environmental and governance matters.

In 2023, this commitment was reflected in numerous initiatives.

## Construyendo Sueños de Hogar

Since its creation 16 years ago, *Construyendo Sueños de Hogar* (Building Dreams of Home) has become one of Chile's most important volunteer programs. During this period, it has implemented 921 projects, directly benefiting over 335,000 people.

Under this collaborative and participatory program, community organizations, from Arica to Punta Arenas, can apply for funding to realize their dreams, improving facilities for senior citizens and people with disabilities and on the autism spectrum or who are homeless. The program also repairs classrooms and playgrounds at schools and kindergartens, healthcare infrastructure, fire service infrastructure, sports clubs and the facilities of neighborhood associations as well as creating community vegetable gardens and renovating public squares.

Together with organizations such as TECHO, Junto al Barrio and Movidos x Chile, the program also helps to build definitive housing, improve neighborhoods and support communities affected by emergencies or natural disasters.

In 2023, *Construyendo Sueños de Hogar* benefited over 33,000 people through 81 community projects (out of a total of 828 applications). The projects implemented consisted in the repair, remodeling or improvement of the installations or surroundings of different organizations that support vulnerable people.

Sodimac's contribution takes the form of the provision and transport of materials. This is complemented by the work of the more than 4,000 company volunteers, who implement the projects, together with the communities themselves.

Key projects in 2023 included the improvement of the infrastructure of the NGO Maymuru in Arica; the construction of a therapeutic and sensory garden for Down Somos in Rancagua, a Down syndrome foundation; improvements to the facilities of the Third Fire Company in San Pedro de la Paz; and the creation of an eco-library at the Manantial School in Villarrica.

## Nuestra Casa Contigo

Sodimac's own employees are a key focus of the company's efforts to improve housing conditions. Since 2017, the Building Dreams of Home program has included the *Nuestra Casa Contigo* (Our House with You) program for employees. It has implemented a total of 800 projects, improving the quality of life of 514 employees and their families.

In 2023, the program benefited 54 employees in different regions of the country through 73 projects, including bathrooms, kitchens, flooring, ceilings and roofing, which were implemented with the participation of company volunteers.

## First retailer in Latin America to obtain FSC certification

In 2023, Sodimac became the first retailer in Latin America to obtain the international certification awarded by the Forest Stewardship Council (FSC). This was in recognition of the company's responsible management of its own brand of wood. FSC certification is one of the most widely used and prestigious international standards for responsible forest management and the traceability of processed wood.

## Sodimac Construction Professionals' Circle (CES)

The company is committed to helping construction professionals and contractors to innovate and constantly improve their work. This is reflected in its flagship inclusive business program, the Sodimac Construction Professionals' Circle (CES) through which it implements training activities.

CES offers its over 897,000 members activities that include visits to factories, workshops and regional fairs as well as scholarships for studies at universities and technical training centers. Each year, CES also holds a Great Training Fair, which is free of charge and open to all who wish to attend. In 2023, it took place in March over four days, offering more than 147,000 training sessions, and was attended by more than 14,000 people while a further 96,000 connected online.

## Emphasis on clean energies

Sodimac has set itself the target of using only electricity from renewable sources by 2030. In 2023, these accounted for 70% of supply. Its strategy focuses on the installation of photovoltaic panels at all the stores and facilities where this is technically feasible. In addition, Falabella (Sodimac's parent company) has an agreement with the Enel Generación power producer for the supply of non-conventional renewable energies (NCRE) to different facilities of the group in Chile.

Over the course of the year, CES implemented a total of 240 training activities, which were attended by over 120,000 construction professionals.

## Carbon footprint

The company has been measuring and managing its carbon footprint for more than a decade. Its goal is to achieve net-zero emissions by 2030 in Scopes 1 and 2 or, in other words, direct emissions and those under its operational control. Three years ago, in response to the reports of the Intergovernmental Panel on Climate Change (IPCC) on the urgency of climate action, the company took the decision to incorporate the products it markets in its measurements.

In 2023, the company reduced its Scope 1 and 2 emissions, which it has historically measured, by 46% compared to 2022. In addition, it reduced its carbon footprint by 31% compared to the previous year, taking into account all three scopes or, in other words, including the impact of the manufacturing, use and end-of-life of the products marketed.

In recognition of its efforts in this field, Sodimac received the Seal of Excellence awarded by the Environment Ministry's HuellaChile program for the fourth consecutive year as well as its seals for Quantification and Reduction

of greenhouse gases (GHG). This positioned it as the only retailer and one of the only five organizations in Chile to be awarded the highest distinction of HuellaChile, a voluntary program that seeks to foster the measurement, reporting and management of GHG emissions by public and private organizations.

## Progress on electromobility

Transport is the activity that makes the largest contribution to the carbon footprint of the retail sector (not including products marketed). To reduce this impact, Sodimac is implementing an electromobility policy, incorporating electric vehicles for last-mile deliveries and the supply of stores. It also supports transport contractors in their changeover to this technology. In a key milestone, all the fleet of Sodimac's main distribution center is now electric.

The company also promotes electromobility among its customers. In alliance with Enel X Way, it is installing charging points at its stores, distribution centers and head offices. In 2023, it already had a total of 21 points in Santiago and around the rest of the country. Together with Copec Voltex, Sodimac also offers a service for the installation of chargers in homes.



## National Network of Clean Points

The National Clean Points Network, operated by TriCiclos, is an iconic Sodimac initiative. With 18 collection centers, it is the largest private network of its kind in Chile. Since its creation, it has received more than 4.4 million visits, permitting the recycling of over 27.7 million kilos of material and generating savings to ecosystems equivalent to more than 188,000 trees not cut down or over 3.3 million five-minute showers not taken. This represents the avoidance of 166,377 tonnes of CO2 emissions.

To help increase recycling and compliance with Chile's Extended Producer Responsibility (REP) Law, the company decided in 2023 to gradually make over its Clean Points to ReSimple, the

country's first collective waste management system for containers and packaging. This system, of which Sodimac is one of the founding companies, started operations in October 2023.

In December, the Clean Points at Sodimac's stores in the cities of Arica and Calama were transferred to ReSimple and will continue to be operated by TriCiclos. In addition, TriCiclos will install and operate new Clean Points for ReSimple at some of the company's stores, bringing recycling even closer to the community. The first ones were installed in December in Curicó and Los Ángeles.

In this way, the company has put its infrastructure and an important flow of users at the service of Chile's recycling goals, reducing the waste that goes to landfills.



## Carbon-neutral deliveries

All Sodimac's deliveries of online orders have been carbon neutral since 2019. The emissions generated are neutralized through carbon credits from internationally registered renewable energy projects in Chile. Compliance and traceability of the process are verified by the Santiago Climate Exchange

(SCX), which provides CO<sub>2</sub> Neutral certification. In 2023, the company offset 317,950 journeys for the direct home delivery of 5,398,306 orders, neutralizing the equivalent of 4,356 tCO<sub>2</sub>e. In addition, electric vehicles accounted for 2.3% of the kilometers involved in deliveries.

## Strategic alliances with a social focus

Strategic alliances with different social organizations play a fundamental role in Sodimac's efforts to ensure sustainability:

### TECHO-Chile

Sodimac has been working with TECHO for 17 years, helping over 8,000 people to achieve the dream of their own home as well as assisting families affected by emergencies.

### Movidos x Chile

The company's alliance with Movidos x Chile (Moved for Chile), a program of the Community of Solidarity Organizations, has been key in providing definitive housing, improving neighborhoods and helping communities affected by emergencies or natural disasters, such as the storms that hit central and southern Chile in June and August 2023.

### Junto al Barrio

Through its Building Dreams of Home program, Sodimac has been working with the Junto al Barrio Foundation since 2010 to consolidate and strengthen communities under a model of urban-social intervention. It seeks to improve public spaces and transform them into community hubs in the municipalities where the initiatives are implemented.

### Déficit Cero

The goal of the Déficit Cero (Zero Deficit) organization is to overcome Chile's housing shortage. To this end, it carries out different studies to propose public policy solutions, generating collaboration among different sectors of society. It also provides training for the leaders of housing committees.

*For further information, see the Commitment to the Community chapter of this Report.*





**↓ BAJAMOS Y CONGELAMOS**  
los **precios** de + 1.000 productos

**PARA VOLVER A CONSTRUIR**

Campaña vigente del 1 de agosto al 31 de octubre de 2023. Revisa las bases legales y los productos adheridos en <https://www.sodimac.cl/static/BasesLegales/2023/volveraconstruir.pdf>

## Campaign to contribute to reactivation

As from August, as part of its *Volvamos a Construir* (Let's Get Back to Building) campaign, Sodimac lowered and froze the prices of more than 1,000 different construction and home improvement products.

This initiative, implemented together with the company's suppliers, sought to help construction professionals, small and mid-sized enterprises and larger companies as well as our home improvement customers resume their projects, contributing to the reactivation of this key sector of the economy.

This commitment includes products in categories such as hardware, tools and machinery, paint and accessories, doors, windows and moldings, bathroom and kitchen, electricity, wood and panels, flooring, partitions, roofing and insulation, plumbing, gardening, cleaning and automobile accessories.

## Support in emergencies

Coordination of the efforts of Sodimac, together with other Falabella group companies, Movidos x Chile and TECHO, meant that aid could be channeled efficiently to communities affected by disasters in 2023.

The company's contribution in this field included the donation of over 3,500 humanitarian aid kits to Movidos x Chile for

the more than 4,000 people whose homes were damaged by a weather front that caused flooding in the O'Higgins and Maule Regions during the winter.

The company also froze prices and offered special discounts on in-store purchases of essential products in a bid to prevent speculative increases during the weather emergency in

the Valparaíso, Santiago Metropolitan, O'Higgins, Maule, Ñuble and Biobío Regions.

In addition, the company provided support for employees affected by floods and fires during 2023.



## Sustainability guidelines

(2-12; 2-23; 3-3)

Sodimac has a Corporate Sustainability Policy that identifies priority stakeholders and defines explicit undertakings and obligations towards them. The company directly addresses the most material issues with each group of stakeholders and aligns its work in this field with international sustainability instruments.

### Our employees

Sodimac strives to be a good place to work that provides opportunities for workplace development, based on respect for people's dignity and on diversity and inclusion. It seeks to maintain fluid and transparent relations anchored in dialogue and respect for freedom of association, with an emphasis on constant learning and development, guaranteeing quality of life, integral well-being and care for employees and their safety.

### Our customers

Sodimac puts the customer at the center of its activities. It, therefore, respects customers' rights and seeks to fulfill their expectations, complying with its sales promises, applying fair and transparent commercial policies and providing clear and complete information and the best shopping experience. It also promotes responsible communication that ensures the quality, availability and safety of products and services. Increasingly, these must be sustainable and/or based on circular economy principles.

### Our suppliers

Sodimac views its suppliers as strategic partners in its value chain. It seeks to develop long-term and mutually beneficial relations of trust with them, under a relationship model that contributes to shared business success and sustainable development. This is based on dialogue, clear rules, transparency and responsible

management policies that promote, value, communicate and give priority to suppliers' responsibility on economic, social and environmental matters.

### Corporate governance and business ethics

Sodimac requires responsible conduct at all levels of the organization and in all its business units, from senior management through to operational areas, based on the parameters established in its Code of Ethics, Integrity System and Integrity Channel. This framework of reference fosters respect for human rights and transparency in order to prevent, identify and address situations that may affect safety, the company's reputation or the trust placed in it by stakeholders.

### Commitment to the environment

In line with its institutional commitment to combating the effects of climate change, Sodimac has set itself the target of becoming carbon neutral by 2030. To this end, it actively strives to reduce and mitigate its impacts, seeking to improve its environmental performance by applying circular economy concepts throughout its operations. The company, therefore, promotes the efficient use of natural resources, water and energy and seeks to foster awareness of the importance of caring for the environment among all its stakeholders.

### Commitment to the community

With communities, Sodimac seeks to build a relationship of trust, based on dialogue and the responsible management of its impacts. To this end, it promotes participatory initiatives and social investment that effectively improve quality of life and foster local employability, with the active participation of corporate volunteers and alliances with institutions with which it has common interests and objectives.



## Milestones and progress on the integration of sustainability



### 2006 - 2009

#### FIRST SOCIAL RESPONSIBILITY GUIDELINES

- Creation of a Social Responsibility area (led by the Legal Affairs Manager)
- Focus on six areas of Social Responsibility
- Undertakings, actions and initiatives in each area
- First Sustainability Report published in 2007.



### 2010 - 2014

#### SUSTAINABILITY AND THE STRATEGIC PLAN

- Sustainability established as one of Sodimac's three strategic pillars
- Social Responsibility incorporated into the 2010-2015 Strategic Plan, with objectives and targets
- First Sustainability Policy.



### 2015 - 2023

#### INTEGRATION OF SUSTAINABILITY INTO ALL AREAS OF THE BUSINESS

- Sustainability indicator to measure the integration of this criterion in all business units
- Close coordination with Sodimac's operations in each country
- Re-targeting of the Social Investment and Community Relations Strategy through the Building Dreams of Home program
- Update of the Human Rights Policy and Human Rights Due Diligence
- ESG measurements with stakeholders
- Consolidation of the use of the Intelligent Territorial Early Warning Matrix (MIATT) in project evaluation to reinforce the capacity to listen and foresee possible territorial conflicts
- Progress in reducing the carbon footprint of e-commerce: all deliveries to customers in Chile carbon-neutral since 1 March 2019
- Update of the Corporate Sustainability Policy and material strategic issues (valid for all business units in Latin America)
- Progress on the incorporation of sustainable products and services for customers, Let's Care for the House of All campaigns and sustainability content on the Do It Yourself platforms
- In 2023, update of materiality using the methodological framework recommended by the OECD
- Progress on a second Human Rights Due Diligence, including the commercial office in China, which will be completed in 2024
- Significant increase in 2023 of the company's offer of sustainable products and services, which reached over 6,700; the first retailer in Latin America to receive FSC certification of its own brand of wood.

## Sodimac's parent company in DJSI World

In 2023, for the eighth year, the Falabella group, Sodimac's parent company, was selected for inclusion in the Dow Jones Sustainability World Index (DJSI World). It was the only Chilean retailer in the index, which features listed international companies that are leaders on sustainability, according to environmental, social, economic and governance criteria.

Falabella was also one of the five top-performing retailers globally on ESG among the more than 13,000 companies from different industries that participate annually in the DJSI. With a record score of 73 out of 100, it climbed three places on its position in 2022.

Falabella is one of two Chilean corporations listed in the World Index. It is also included in the Integrated Latin American Market (MILA) and Chile Index indicators.

These achievements are testimony to a sustainable growth strategy that seeks to position Falabella as Latin America's largest physical-digital ecosystem, with a customer-centered approach and a constant commitment to advancing in line with an ESG agenda, that is, in accordance with environmental, social and governance criteria.



# Commitment to the Sustainable Development Goals (SDGs)

(2-23; 2-24)

Sodimac is committed to the Sustainable Development Goals (SDGs), a United Nations global initiative that, between 2015 and 2030, seeks to eradicate poverty, protect the planet and ensure prosperity for all as part of a sustainability-based growth agenda.

Sodimac has adhered to its own SDGs, defining priorities, objectives and targets that call for public-private efforts and work with civil society. Taking into account the nature of its business, the company focuses on managing and reducing its negative impacts as they relate to material sustainability issues. Their management is discussed throughout this Report.










*In the 2023 Conecta Business Awards, which highlight private-sector initiatives that have had a significant impact on progress towards the SDGs, Global Compact Chile recognized Sodimac for its due diligence program on respect for stakeholders' human rights.*

Its corporate SDGs have enabled the company to systematize four emblematic programs, presented to the Council for the Implementation of the 2030 Agenda for the process of preparing Chile's Voluntary National Review:




- Sodimac School of Excellence
- Sodimac Construction Professionals' Circle (CES)
- Environmental Management Program
- Building Dreams of Home Program.





SDG	OBJECTIVE	HOW SODIMAC CONTRIBUTES
	End poverty in all its forms everywhere	Sodimac supports the work of foundations that help improve the living conditions of vulnerable sectors of the community, maintaining formal strategic alliances with organizations such as TECHO and Junto al Barrio. Given the importance of having a permanent means of coordinating disaster response, Sodimac forms part of Movidos x Chile, an initiative promoted by the Community of Solidarity Organizations to strengthen collaboration between different bodies in addressing disasters and/or crises in the country. For further details, see the Commitment to the Community chapter.
	Ensure healthy lives and promote well-being for all at all ages	Sodimac seeks to generate a culture that promotes employees' mental health and general well-being through its quality of life programs. In particular, it fosters self-care, stress management and healthy eating and offers talks on the prevention of consumption of alcohol and other drugs. For further details, see the Our Employees chapter.
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Sodimac offers training programs through the Sodimac School of Excellence in order to provide employees with integral training as retail professionals, offering a structure of courses that allows them to know which to take to further their long-term career development. For further details, see the Our Employees chapter.  Sodimac also has its Construction Professionals' Circle (CES), an emblematic inclusive business program. It has now been in existence for 18 years and enables the company to tighten its ties with a key group of regular customers, providing training for construction professionals and contractors and equipping them with tools to improve their work and the management of their businesses. For further details, see the Our Customers chapter.
	Achieve gender equality and empower all women and girls	Sodimac is committed to gender equality, fostering an inclusive, diverse and non-discriminatory workplace. It seeks to identify gender gaps and implements initiatives that promote its women employees' development. In 2023, the company implemented its second internal mentoring program for women leaders. For further details, see the Our Employees chapter.  The company is committed to ensuring respect for the UN Guiding Principles on Business and Human Rights in all its activities and at all its operations (Human Rights Policy). For further details, see the Corporate Governance and Business Ethics chapter.
	Ensure availability and sustainable management of water and sanitation for all	Sodimac measures and seeks to reduce and mitigate the environmental impacts of its operations, managing and using water efficiently. On YouTube and other platforms, it also offers guidance for customers about responsible consumption and seeks to broaden access to products that enable households to save water. For further details, see the Commitment to the Environment chapter.

SDG	OBJECTIVE	HOW SODIMAC CONTRIBUTES
	Ensure access to affordable, reliable, sustainable and modern energy for all	In the construction of its stores, Sodimac adheres to environmental standards based on the guidelines of the US Green Building Council. Stores have an eco-efficient design that takes advantage of natural light and, among other measures, make extensive use of LED technology. The company has also progressed in the use of non-conventional renewable energies (NCRE). For further details, see the Commitment to the Environment chapter.
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	"Sodimac is committed to ensuring respect for the UN Guiding Principles on Business and Human Rights in all its activities and at all its operations (Human Rights Policy). For further details, see the Corporate Governance and Business Ethics chapter.  Sodimac offers training programs through the Sodimac School of Excellence in order to provide employees with integral training as retail professionals through a structure of courses that allows them to know which to take to further their long-term career development. For further details, see the Our Employees chapter.  In line with its awareness of the importance of caring for its employees, customers and contractors' employees in the daily management of its business, Sodimac has a Safety and Occupational Health Policy whose fundamental principles are the permanent strengthening of a culture of prevention and the constant improvement of safety standards. For further details, see the Our Employees chapter.  Sodimac prefers to hire full-time employees and its wage policy establishes an entry-level wage above the national legal minimum. For further details, see the Our Employees chapter.  Sodimac is committed to generating an inclusive, diverse and non-discriminatory workplace. It seeks to identify gender gaps and implements initiatives that promote its women employees' development. In 2023, the company implemented its second internal mentoring program for women leaders. For further details, see the Our Employees chapter.  Sodimac has its Construction Professionals' Circle (CES), an emblematic inclusive business program. It has now been in existence for 18 years and enables the company to tighten ties with a key group of regular customers, providing training for construction professionals and contractors and equipping them with tools to improve their work and the management of their businesses. For further details, see the Our Customers chapter.  Sodimac asks its suppliers to sign a declaration - available in Spanish, English and Mandarin - about aspects such as business ethics, human rights, workplace health and safety, their selection of their own suppliers, product labeling and advertising, the environment and commitment to the community. For further details, see the Our Suppliers chapter. "



SDG	OBJECTIVE	HOW SODIMAC CONTRIBUTES
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	<p>In the construction of its stores, Sodimac adheres to environmental standards based on the guidelines of the US Green Building Council.</p> <p>Stores have an eco-efficient design that takes advantage of natural light and, among other measures, make extensive use of LED technology. The company has also progressed in the use of non-conventional renewable energies (NCRE). For further details, see the Commitment to the Environment chapter.</p> <p>The initiatives that Sodimac implements to protect the planet include the more than 6,700 sustainable products and services it markets; its National Network of Clean Points; its Haciendo ECO (Being ECO) campaigns; special catalogues; Hágalo Usted Mismo (Do It Yourself) videos to promote the recycling and reuse of disused articles; progress on the use of clean energy through solar panels at the company's facilities; and the promotion of eco-efficiency in homes. For further details, see the Commitment to the Environment chapter.</p>
	Make cities and human settlements inclusive, safe, resilient and sustainable	<p>Sodimac has consolidated its Construyendo Sueños de Hogar (Building Dreams of Home) corporate volunteer program. This initiative, which is of great importance to the company, seeks to contribute to the development of the communities of which it forms part. The program also helps the company's employees to improve their homes and quality of life. In 2023, the program implemented 81 projects, benefiting over 33,000 people. For further details, see the Commitment to the Community chapter.</p> <p>Each year, Sodimac supports the work of foundations such as TECHO and Junto al Barrio that help improve the living conditions of the community. Given the importance of having a permanent means of coordinating disaster response, Sodimac forms part of Movidos x Chile, an initiative promoted by the Community of Solidarity Organizations to strengthen collaboration between different bodies in addressing disasters and/or crises in the country. For further details, see the Commitment to the Community chapter.</p>
	Ensure sustainable consumption and production patterns	<p>Sodimac believes that transparent, verifiable and comparable communication of an organization's economic, social and environmental performance is an important part of the organization's long-term sustainability. For further details, see the Responsible Growth chapter.</p> <p>In the construction of its stores, Sodimac adheres to environmental standards based on the guidelines of the US Green Building Council.</p> <p>Stores have an eco-efficient design that takes advantage of natural light and, among other measures, make extensive use of LED technology. The company has also progressed in the use of non-conventional renewable energies (NCRE). For further details, see the Commitment to the Environment chapter.</p> <p>The initiatives that Sodimac implements to protect the planet include the over 6,700 sustainable products and services it markets; its National Network of Clean Points; its Haciendo ECO (Being ECO) campaigns; special catalogues; Hágalo Usted Mismo (Do It Yourself) videos to promote the recycling and reuse of disused articles; progress on the use of clean energy through solar panels at the company's facilities; the operation's growing incorporation of electromobility; and the promotion of household eco-efficiency. For further details, see the Commitment to the Environment chapter.</p> <p>Sodimac, which participates in the Chilean Plastics Pact of the Fundación Chile technology transfer institute, works with its suppliers to expand its range of eco-sustainable products and services and to ensure that the containers and packaging of products it sells are recyclable, starting with its own brands. For further details, see the Commitment to the Environment chapter.</p>

SDG	OBJECTIVE	HOW SODIMAC CONTRIBUTES
	Take urgent action to combat climate change and its impacts	<p>"For five years now, all deliveries of customers' online orders have been carbon neutral. For further details, see the Commitment to the Environment chapter.</p> <p>Sodimac was one of only five organizations (and the only retailer) to be awarded the Seal of Excellence of the HuellaChile program as well as its Quantification and Reduction Seals in recognition of its commitment and continuous improvement as regards greenhouse gases. For further details, see the Commitment to the Environment chapter.</p> <p>In the construction of its stores, Sodimac adheres to environmental standards based on the guidelines of the US Green Building Council.</p> <p>Stores have an eco-efficient design that takes advantage of natural light and, among other measures, make extensive use of LED technology. The company also continues to progress in the use of non-conventional renewable energies (NCRE) and the installation of photovoltaic panels at stores and other facilities. For further details, see the Commitment to the Environment chapter.</p> <p>The initiatives that Sodimac implements to protect the planet include the over 6,700 sustainable products and services it markets; its National Network of Clean Points; its Cuidemos La Casa de Todos (Let's Look after the House of All) campaigns; special catalogues; Hágalo Usted Mismo (Do It Yourself) videos to promote the recycling and reuse of disused articles; the operation's growing incorporation of electromobility; and measures to promote household eco-efficiency. For further details, see the Commitment to the Environment chapter.</p> <p>Sodimac, which participates in the Chilean Plastics Pact of the Fundación Chile technology transfer institute, works with its suppliers to expand its range of eco-sustainable products and services and to ensure that the containers and packaging of products it sells are recyclable, starting with its own brands. For further details, see the Commitment to the Environment chapter."</p> <p>"Sodimac believes that transparent, verifiable and comparable communication of an organization's economic, social and environmental performance is an important part of its long-term sustainability. For further details, see the Responsible Growth chapter.</p> <p>In its activities, Sodimac seeks to comply fully with legal provisions and people's civil and labor rights. It has implemented a Corporate Integrity System to prevent, identify and address situations that may affect safety, the company's image and sustainability and the trust placed in it by its different stakeholders. For further details, see the Corporate Governance and Business Ethics chapter.</p>
	Promote peaceful and inclusive societies	





# Stakeholder engagement

(2-29)

To contribute to the integral development of its employees, customers, suppliers, citizens in general, the financial community, shareholders and the authorities, Sodimac applies a Stakeholder Engagement Policy that seeks to clearly establish the principles that guide the relations established with each group of stakeholders as well as the responsibilities of each member of the company in this area.

Stakeholder relations are governed by Sodimac's four intrinsic values:

- Respect
- Excellence
- Integrity
- Responsibility.

## Channels of communication with stakeholders

To engage with stakeholders, the company uses different platforms for listening and active dialogue.

Frequency: **D** Daily **W** Weekly **M** Monthly **Q** Quarterly **HY** Half-yearly **A** Annually

Stakeholder	Vehicle	Objectives	Principal Undertakings
Our people	- Open door policy	D	- Foster a good work climate - Provide opportunities for training and integral development - Strengthen the culture of responsibility and sustainability and ethical conduct - Work together with unions - Dignified and fair treatment - Integral development - Respect for human and labor rights - Diversity and inclusion - Workplace health and safety
	- Internal channels of communication (TV channel, intranet, Workplace)	D	
	- Weekly "walkabouts"	W	
	- Meetings in stores and other facilities	D Q	
	- Sodimac School of Excellence and other training programs	D	
	- Performance evaluation with feedback	A	
	- Integrity Councilors and Integrity Channel	D	
	- Dialogue with unions	M	
	- Feedback process with stakeholders	A	
	- Sustainability Report	A	
	- GPTW Survey		
	- LinkedIn		

Stakeholder	Vehicle	Objectives	Principal Undertakings
Customers	- Physical stores and online channels	D	- Continuous improvement in customer satisfaction (measured through NPS) - Offer of safe products with high quality standards - Constant listening and provision of the best quality of service - Responsible marketing - Protection of security and privacy of personal data
	- Customer service channels	D	
	- Surveys of satisfaction and channels of contact	D	
	- SERNAC and channels for complaints in traditional media	D	
	- Social networks	D	
	- TV program	W	
	- Catalogues	W	
	- CES	D	
	- Feedback process with stakeholders	A	
	- Sustainability Report	A	
	- Feedback through measurements of corporate reputation (Merco and others)	A	
	Suppliers	- Annual Suppliers' Meeting	
- Meetings with commercial team		D	
- Direct lines of attention, telephone and e-mail		D	
- Surveys		A	
- Regular meetings with Quality Control area		W	
- Supplier Innovation Center (CIP)		D	
- Sedex program		D	
- TCS Legal Compliance area for inquiries and complaints		D	
- Product fair		M	
- Line reviews		Q	
- Feedback process with stakeholders	A		
- Sustainability Report	A		



Stakeholder	Vehicle	Objectives	Principal Undertakings	
Communities	The communities in the vicinity of stores and other facilities	- Direct dialogue through meetings, letters, e-mail and telephone	D	- Increase the reach and impact of the programs implemented - Boost the positive impacts of the operation and assume responsibility for negative impacts  - Be a good corporate citizen with close ties with the community, contributing to the development and quality of life of the places where the company is present
		- Building Dreams of Home program	D	
		- Work in the field and Pulso study prior to opening stores	Q	
		- Sustainability Report	A	
		- Volunteer activities and response to emergencies	D	
Authorities	Authorities who define the legal and regulatory framework for the sector and its development	- Regular and/or occasional meetings	D	- Work together to address common problems - Foster public-private collaboration  - Improve business standards - Compliance with fair competition regulation
		- Multi-stakeholder initiatives	D	
		- Direct line with CMF	D	
		- Direct line with SERNAC	D	
		- Work with SEC on certifications	M	
		- Specific reports	M	
		- Annual Report	A	
		- Feedback process with stakeholders	A	
- Sustainability Report	A			
Industry	Business associations and other bodies in which the company participates that seek to raise business standards	- Participation in business associations and organizations	M	- Work together to address common problems - Foster public-private collaboration  - Improve business standards - Compliance with fair competition regulation
		- Business events	Q	
		- Multi-stakeholder initiatives	M	
		- Annual Report	A	
		- Sustainability Report	A	
- Feedback through measurements of corporate reputation (Merco and others)	A			
Academia	Universities and technical training centers with which the company collaborates, particularly on training and innovation	- Collaboration through the Sodimac Supplier Innovation Center	M	- Joint work on development of innovations of general benefit - Training programs for customers and employees  - Promote innovation to address challenges and opportunities
		- Direct dialogue	W	
		- Training programs	W	
		- Annual Report	A	
		- Feedback process with stakeholders	A	
		- Sustainability Report	A	
- Feedback through measurements of corporate reputation (Merco and others)	A			

Stakeholder	Vehicle	Objectives	Principal Undertakings	
NGOs and other experts	Civil society organizations with different areas of specialization with which the company collaborates to raise its standards and contribute to the solution of different problems	- Direct communication through letters, e-mails, meetings and telephone	D	- Active listening to understand and anticipate the requirements of the context in which the company operates - Collaboration on matters of common interest - Increase the reach and impact of the programs implemented  - Contribute to quality of life, social and economic well-being and care for the environment
		- Alliances and joint activities	M	
		- Multi-stakeholder initiatives	M	
		- Annual Report	A	
		- Feedback process with stakeholders	A	
		- Sustainability Report	A	
Investors	Holders of Sodimac bonds and shareholders in the parent company which trades on the stock market	- Reports on results and filings to CMF	Q	- Corporate transparency - Ethical management and compliance with regulation  - Safeguard the interests of all shareholders - Promote ethical conduct at all levels of the organization through the Corporate Probity Program - Proactive risk management
		- Investor relations activities organized by parent company	Q	
		- Annual Report	A	
		- Feedback process with stakeholders	A	
		- Sustainability Report	A	
		- Sustainability Report	A	
Media	Journalists and editors, particularly in those countries where the company has operations	- Contact by telephone and e-mail	D	- Create a relationship of collaboration through which to communicate matters of interest to different stakeholders  - Respect for the role - Ethics and rigor in the provision of information
		- Meetings	M	
		- Interviews	M	
		- Press releases	Q	
		- Financial reports	Q	
		- Annual Report and Sustainability Report	A	
		- Seminars and other activities attended by the press	M	
		- Feedback through measurements of corporate reputation (Merco)	A	



# Our alliances

(2-23; 2-28)

Sodimac establishes relations and forms alliances with different business associations and organizations of other types. It also participates in working groups where it shares its experience in best practices and contributes its knowledge to collaborate in the design of public policies and the solution of the country's social and environmental problems.

## Sphere of action: business associations

Sodimac is a member of different business associations related to its activities. Through them, it contributes to the development and progress of the retail and construction sectors and, from its perspective as an advertiser, the advertising industry.

- National Chamber of Commerce, Services and Tourism, CNC ([www.cnc.cl](http://www.cnc.cl))
- Santiago Chamber of Commerce, CCS ([www.ccs.cl](http://www.ccs.cl))
- Chilean Chamber of Construction, CChC ([www.cchc.cl](http://www.cchc.cl))
- Chilean Direct and Digital Marketing Association ([www.amddchile.com](http://www.amddchile.com))
- Circle of Companies of the Northern Pan-American Highway, CIRPAN ([www.cirpan.cl](http://www.cirpan.cl)).

## Sphere of action: social responsibility and sustainability

The company forms part of initiatives that foster social responsibility and sustainable development.

- United Nations Global Compact ([www.pactoglobal.cl](http://www.pactoglobal.cl))
- Global Reporting Initiative, GRI ([www.globalreporting.org](http://www.globalreporting.org))
- Acción Empresas ([www.accionempresas.cl](http://www.accionempresas.cl))
- Fundación PROhumana ([www.prohumana.cl](http://www.prohumana.cl))
- Base Pública ([www.basepublica.cl](http://www.basepublica.cl)).

## Sphere of action: corporate governance and business ethics

Sodimac participates in organizations that seek to strengthen corporate governance and business ethics.

- Generación Empresarial ([www.generacionempresarial.cl](http://www.generacionempresarial.cl))
- Chilean Council for Advertising Self-Regulation and Ethics, CONAR ([www.conar.cl](http://www.conar.cl)).

## Sphere of action: labor relations

The company collaborates with bodies that promote healthy and risk-free workplaces, equality of opportunity and sound labor relations.

- Asociación Chilena de Seguridad, ACHS ([www.achs.cl](http://www.achs.cl))
- Great Place to Work Institute Chile, GPTW ([www.greatplacetowork.cl](http://www.greatplacetowork.cl))
- Jesuit Service for Migrants, SJM ([www.sjmchile.org](http://www.sjmchile.org))
- Pride Connection Chile ([www.prideconnection.cl](http://www.prideconnection.cl))
- Soymás ([www.soymas.cl](http://www.soymas.cl))
- Fundación Proyecto B ([www.fundacionproyectob.cl](http://www.fundacionproyectob.cl)).

## Sphere of action: environment

Through different alliances, Sodimac reinforces its efforts on sustainability, protection of the environment and the mitigation of emissions.

- Corporate Leaders Group for Climate Action, CLG-Chile ([www.clgchile.cl](http://www.clgchile.cl))
- Energy Sustainability Agency, AgenciaSE ([www.agenciase.org](http://www.agenciase.org))

- Chile Green Building Council ([www.chilegbc.cl](http://www.chilegbc.cl))
- Chilean Plastics Pact ([www.fch.cl](http://www.fch.cl))
- World Wildlife Fund, WWF Chile ([www.wwf.cl](http://www.wwf.cl))
- Corporación Cultiva ([www.cultiva.cl](http://www.cultiva.cl)).

## Sphere of action: community

Sodimac collaborates with different foundations that work to eradicate poverty, improve living conditions and provide help in emergencies.

- TECHO ([www.techo.org](http://www.techo.org)) and Déficit Cero ([www.deficitcero.cl](http://www.deficitcero.cl))
- Fundación Junto al Barrio ([www.juntoalbarrio.cl](http://www.juntoalbarrio.cl))
- Movidos x Chile ([www.movidosxchile.cl](http://www.movidosxchile.cl)).



# Management of Sustainability

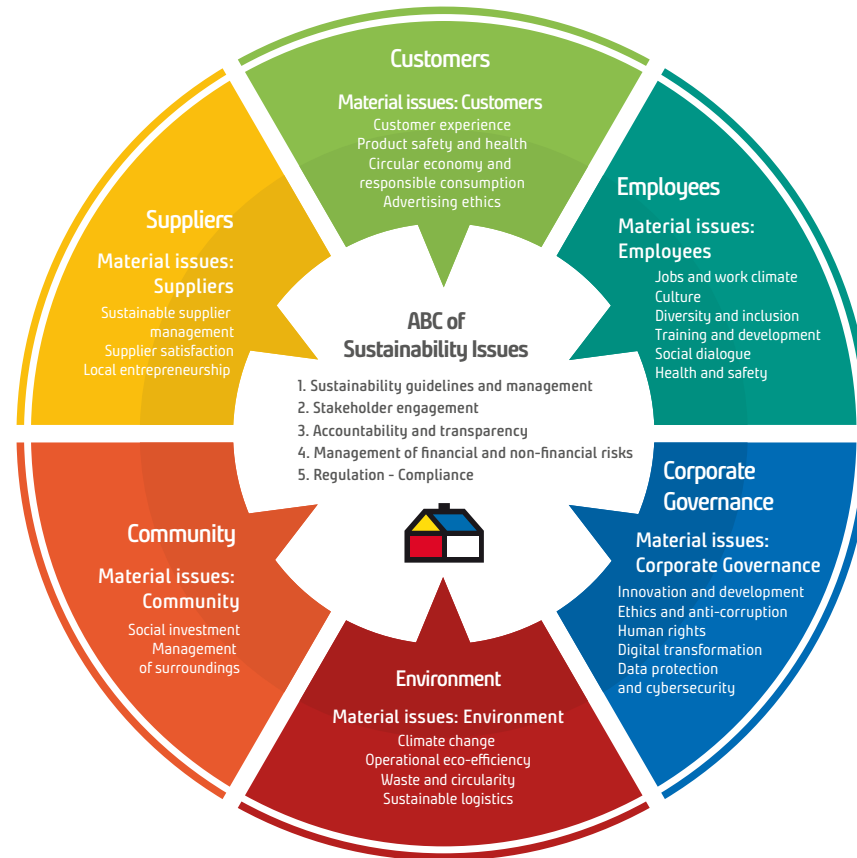
(2-23; 2-29; 3-1; 3-2)

## Strategic issues

Sodimac has a formal materiality process that enables it to identify the issues that are most important for the company and its stakeholders as regards the different aspects of sustainability, including the risks and opportunities that need to be managed.

Within this framework, Sodimac has a Corporate Sustainability Policy that identifies priority stakeholders and defines explicit obligations to them, enabling the company to address the most material issues for each group as part of its engagement strategy. The company also strives to align its efforts with international sustainability instruments.

In 2023, the company updated its materiality process, with support from Centro Vincular. This allowed it to identify the business's positive and/or negative impacts on different stakeholders for each material topic, based on the OECD's recommended methodological framework. The process involved interviews and workshops to understand different views and perspectives. It also included benchmarking with the world's leading retailers, the results of ESG measurements (environmental, social and governance criteria) with key stakeholders (employees, customers, suppliers, community and expert bodies) and an analysis of secondary information about the business.



This materiality is aligned with that defined for the Falabella group as a whole, which was updated in 2022.

## Materiality Falabella S.A.

No	Material Issue	Priority
1	Employee health and safety	High
2	Climate change	High
3	External working conditions, health and safety	High
4	Privacy and cybersecurity	High
5	Access, health and safety of customers	High
6	Waste	High
7	Customer experience and satisfaction	Medium
8	Employment and well-being	Medium
9	Diversity and inclusion	Medium
10	Sustainable construction	Medium

● Environmental
 ● Social
 ● Economic



# Internal structure

(2-9; 2-12; 2-13; 2-14)

## Sustainability Committee

This Committee leads and coordinates the work of all the company's different areas as regards sustainability and is also responsible for approving the Sustainability Report. It is formed by the managers of different areas:

- General Manager (chair)
- Operations
- Commercial, Marketing and Distance Sales
- Human Resources
- IT
- Supply Chain
- Administration, Management Control, Development and Projects
- Sustainability and Compliance.

## Sustainability and Compliance Area

This area coordinates and advises the company on sustainability and compliance, seeking to guarantee that current and future projects comply with the legislation in force and Chilean and international norms.

### Sustainability and Compliance Manager

- Responsible for managing the Sustainability Policy and the Sustainability Strategy and for monitoring the compliance matrix and progress on strategic programs
- Forms part of Sodimac's Executive Committee and reports directly to the General Manager
- Guarantees the alignment of the company's Sustainability Policy with the ILO's Principles concerning Multinational Enterprises and Social Policy; the UN Guiding Principles on Business and Human Rights; the principles of the UN Global Compact; the undertakings voluntarily entered into by the company as part of the Sustainable Development Goals (SDGs); ISO 26000; and the Global Reporting Initiative (GRI)
- Coordinates the Sustainability and Compliance Committee, which periodically reviews risk management to ensure regulatory compliance in the company's daily operations
- Participates in programs defined as strategic by the company

- Participates in Chilean and international organizations that recommend and promote actions on sustainability
- Defines, monitors and controls the company's Donations Policy.

In these tasks, the Sustainability and Compliance Manager is supported by the following executives:

### Sustainability Coordinator

- Coordinates the content of the company's Sustainability Report, including the GRI indicators
- Coordinates the provision of information from the company's different areas about its economic, social and environmental performance for calculation of the GRI indicators and the Sustainability Index
- Monitors undertakings and projects with the organizations with which the company has an alliance on social issues
- Supervises the Sedex project of Social Audits of Chilean and overseas suppliers
- Manages and supervises the Construyendo Sueños de Hogar (Building Dreams of Home) social investment program
- Leads and manages the Community Relations Program (RECSO)
- Consolidates the register of requests for donations and supervises compliance with the procedures and internal norms established under the company's Donations Policy.

## Head of Environment

- Draws up, coordinates and implements the company's transversal environmental guidelines
- Manages the state of compliance with environmental regulation, the standardization of procedures, environmental audits and declarations of emission and transfer of pollutants (RETC)
- Implements operational eco-efficiency policies, strategies and solutions
- Develops, prepares and consolidates environmental information and indicators.

## Head of Compliance

- Manages the gathering of information for risk matrices and their preparation and monitoring and identifies controls and action plans with respect to different areas of the company (including Fair Competition, Consumer Rights and the Criminal Responsibility of Legal Entities)
- Coordinates and manages the system to ensure that compliance programs and policies are in accordance with the legislation in force
- Develops the regulatory, communications, implementation and control aspects of compliance programs and manages certification of the company's Crime Prevention Model.



## Measurement: Sustainability Index

(2-12; 2-18; 2-23; 3-3)

*Sodimac Chile's overall score in the Sustainability Index in 2023, at **84%**, indicates that the company mostly applies world-class practices, inspired by the procedures set out by the main international instruments on sustainability. In addition, it showed a high level of integration, managing the **24** material or strategic sustainability issues. This reflects maturity in the incorporation of actual and potential impacts arising from the decision-making process and operational activities.*

To integrate sustainability strategically and manage it transversally under a 360° approach, Sodimac applies a tool (an Index), designed by Centro Vincular. Its results are part of the system of incentives for each operation's managers and first-line executives, who have annual targets associated with this indicator. With this tool, the company evaluates its internal performance, taking the following parameters into account:

- Best practices or processes of world-class companies across different areas in the framework of expectations based on regulatory instruments that are recognized internationally and by the Chilean government. These initiatives evolve in line with changes in the global context.
- Evaluation of the integration of material or strategic issues into the management of each of the company's areas, based on a management cycle that ensures they are being duly addressed by the company.

Each of the company's areas contributes to the final result, creating a mobilizing effect.

### Sustainability Index

Tool used by the company to **measure the performance** of its Sustainability Strategy

Results	
Chile	
2023	84
2022	82
2021	80
2019	75
2018	74
2017	68
2016	67
2015	65



INDEX	
Module I	Module II
Corporate governance	
Employees	
Environment	
Suppliers	
Customers	
Community	

Adoption of best practices of world-class companies

Management of impacts based on material issues of the industry and setting

**119 questions**

**24 issues**



# Principal prizes and recognitions 2023

- **1st place in Retail** and 8th overall in the ESG Responsibility Ranking (Merco)
- **1st place in Home Improvement** in the Chile 3D study of brands and lifestyle (GfK)
- **1st place in Retail** and 2nd overall in Index of Perceptions of Business Sustainability (IPSOS)
- **1st place in Home Improvement** in the study of Sustainable Brands (Better Brands and Global Compact)
- **1st place in Home Improvement** in the Citizen Brands study (Cadem)
- **1st place in Home Improvement** in the ICREO study of trusted brands (Almabrand)
- **2nd place in Retail** and 18th overall in the Talent Ranking of companies that attract and retain talent (Merco)
- **5th place in Best Places to Work for Women** (Great Place to Work-GPTW)
- **8th place in Best Places to Work in Chile** in the category of companies with over 1,000 employees (GPTW)
- Recognized by the Chilean Environment Ministry's HuellaChile program for the fourth consecutive year, receiving its Seals of Excellence, Quantification and Reduction; the only retailer to obtain the Seal of Excellence
- Recognized as the best company on paying SMEs in the retail sector in a study by the Chilean Association of Entrepreneurs (ASECH) and the Chilean Product Exchange
- **6th place in the Chile10** ranking of brands with the highest market valuation (Brand Finance)
- **1st place in Home Improvement** and 8th overall in the Total Brands 2023 study (Criteria and BBK+2Brains)
- **1st place in Home Improvement** in the Ranking of Most Innovative Companies (ESE Business School, Universidad de los Andes)
- **3rd place for Best Innovation Project**, Best Practices in Customer Experience (Association for the Development of Customer Experience-DEC)
- **9th place** in the Human Companies ranking of corporate reputation (True Brands and GfK)
- **1st place in Home Improvement** and 11th place overall in the Ranking of Corporate Reputation (Merco)
- Recognized by Global Compact Chile for its due diligence program on respect for stakeholders' human rights in the 2023 Conecta Business Awards, which highlighted private-sector initiatives with a positive impact on achievement of the UN Sustainable Development Goals.







# Corporate Governance and Business Ethics



# Corporate Governance and Business Ethics

*Sodimac understands that good corporate governance in line with international standards is fundamental for effective management and responsible and sustainable development. The company has a Corporate Integrity System to prevent, identify and address situations that may affect safety, the company's reputation, its sustainability and the trust placed in it by stakeholders.*

## Strategic issues

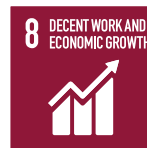
- Innovation and development
- Ethics and anti-corruption
- Human rights
- Digital transformation
- Data protection and cybersecurity

## Milestones 2023

- The company updated its Human Rights and Business Policy, in force since 2016, and began work on a second Human Rights Due Diligence, which includes the commercial office in China and will be completed in the first half of 2024.
- The consulting firm BH Compliance recertified the prevention model implemented by the company in accordance with Law 20.393.

- Global Compact Chile recognized Sodimac for its due diligence program on respect for stakeholders' human rights in the 2023 Conecta Business Awards, which highlighted private-sector initiatives with a positive impact on achievement of the UN Sustainable Development Goals.
- In the Merco ranking of the Most Responsible Companies on ESG, Sodimac maintained its top place in the retail sector and climbed three places to 8th position in the overall ranking (Corporate Reputation Business Monitor).
- The company was invited to present its strategy and actions on human rights and protection of the environment at the VIII Regional Forum on Business and Human Rights in Latin America and the Caribbean, held in Chile.

## Sustainable Development Goals:







# Leadership at Sodimac

*In 2023, Sodimac continued to strengthen its corporate governance, implementing a Corporate Integrity System to prevent, identify and address potential situations that could impact its stakeholders. Internal training efforts were intensified and included key programs such as "My Customer", "Fair Competition", "Environment", "Human Rights" and "Personal Data". The latter focused on consumer rights and personal data protection, respectively.*

## Board of Directors

(2-9; 2-10; 2-11; 2-12; 2-13; 2-19; 405-1)

Sodimac's corporate governance structure is headed by a Board of nine directors (six men and three women), without deputies, who hold their position for three years as from their election by the Shareholders' Meeting. Their election is reported to Chile's Financial Market Commission (CMF) and, under the protocols established by the parent company, they then undergo an induction process that includes the company's Sustainability Policy. Under an internal company policy, no director can hold an administrative position in it.

The Board defines the general policies that guide the company's management, oversees their implementation and answers to the shareholders. It supervises the different aspects of the company's performance and management, receiving regular reports from the General Manager and other senior executives. Both the Board and senior management adhere to the sustainability model as a strategic tool, seeking to respond opportunely to all Sodimac's stakeholders in line with:

- ILO Principles concerning Multinational Enterprises and Social Policy
- UN Guiding Principles on Business and Human Rights
- Principles of the UN Global Compact
- Principles of the Global Reporting Initiative (GRI)
- Sodimac's voluntary undertakings under the Sustainable Development Goals (SDGs)
- ISO 26000
- OECD Guidelines for Multinational Enterprises.

At the Ordinary Shareholders' Meeting held on 17 April 2023, it was agreed that the members of the Board would receive a net monthly fee of 50 UF<sup>1</sup> and, in the case of the chairman, 300 UF. In compliance with the legal requirements established by the CMF, this remuneration is disclosed in the company's Annual Report.

<sup>1</sup> An inflation-indexed currency unit that, as of 31 December 2023, was equivalent to approximately US\$42.

## Audit Commission

The Audit Commission is formed by three members of the Board who, in 2023, were Jaime García Rioseco, Sandro Solari Donaggio and Gonzalo Rojas Vildósola.

During the year, the Audit Commission reviewed matters delegated to it by the Board, including accounting management, the correct application of International Financial Reporting Standards (IFRS), the reports of the company's external auditors, the balance sheet and other financial statements, compliance with internal audit plans and progress on their implementation, risk management and a quarterly review of plans for their mitigation, ethical governance and compliance programs and activities, the Crime Prevention Program and analysis of related-party operations in accordance with Section XVI of Chile's Law 18.046 and the company's habituality policy.



## Board of Directors

(As of 31 December 2023)

(2-9; 2-11)



**Juan Pablo del Río Goudie**

CHAIRMAN

Architect

Catholic University of Chile

RUT: 5.898.685-2

Date of appointment: 14 April 2022



**Catalina del Río Silva**

Economist and business administrator

Catholic University of Chile

RUT: 8.317.939-2

Date of appointment: 14 April 2022



**Jaime García Rioseco**

Economist

Catholic University of Chile

RUT: 5.894.661-3

Date of appointment: 14 April 2022



**Manuel Cristóbal Hurtado Rourke**

Economist and business administrator

Catholic University of Chile

RUT: 13.038.050-6

Date of appointment: 14 April 2022



**María Cecilia Karlezi Solari**

Businesswoman

RUT: 7.005.097-8

Date of appointment: 14 April 2022



**Elizabeth Lehmann Cosoi**

Economist and business administrator

Catholic University of Chile

RUT: 11.625.647-9

Date of appointment: 14 April 2022



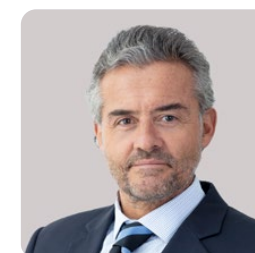
**Gonzalo Rojas Vildósola**

Economist and business administrator

Adolfo Ibáñez University

RUT: 6.179.689-4

Date of appointment: 14 April 2022



**Agustín Alberto Solari Álvarez**

Economist and business administrator

University of Chile

RUT: 8.458.863-6

Date of appointment: 18 April 2023



**Sandro Solari Donaggio**

Industrial civil engineer

Catholic University of Chile

RUT: 9.585.729-9

Date of appointment: 14 April 2022



## Senior management

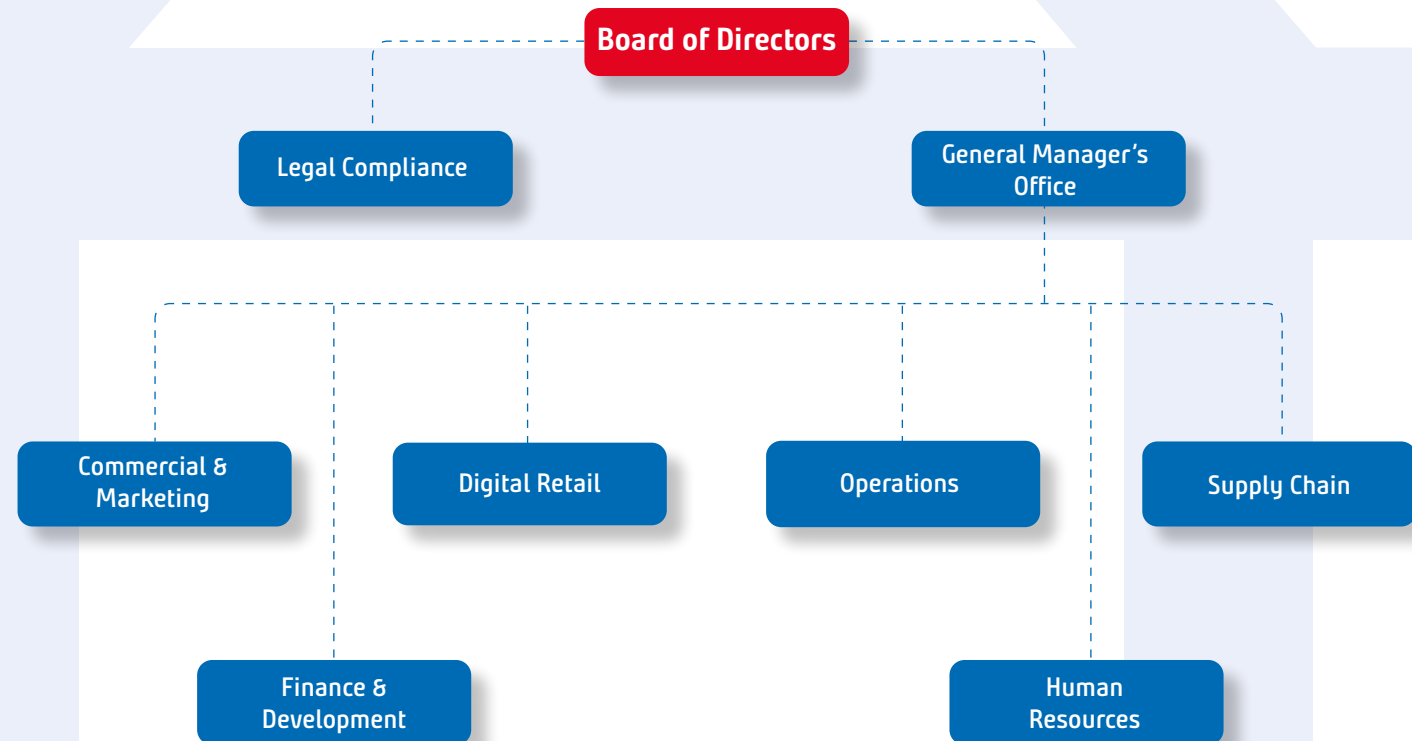
(2-9; 2-13)

Sodimac's management team focuses on achieving responsible growth in all the company's markets, taking advantage of the synergies of an international-scale operation whilst exercising due respect for the culture and particular characteristics of each country.

The team is headed by the Corporate General Manager to whom the General Managers of Sodimac Argentina and Uruguay, Sodimac Brazil, Sodimac Chile, Sodimac Colombia, Sodimac Mexico and Sodimac Peru report. The Corporate General Manager chairs a Corporate Executive Committee that meets weekly.

Sodimac Chile and its Imperial subsidiary each also have an Executive Committee, which controls and manages their economic, social and environmental development and ensures transparent and ethical conduct.

## Organizational chart







## Corporate Executive Committee

(As of 31 December 2023)

Corporate Executive Committee for the home improvement business of Falabella S.A. under a franchise contract with Falabella S.A. for the use of its Retail and Brands System:



**Alejandro Arze Safian**

Corporate General Manager  
Home Improvement  
Economist and business administrator  
Rut: 12.232.048-0  
Date of appointment: 15 March 2020



**Juan Manuel Borgoño García**

Corporate Digital Retail Manager (acting)  
Industrial civil engineer  
Rut: 15.097.462-3  
Date of appointment: 1 September 2022



**Andrea Carvallo Montes**

Corporate Human Resources Manager  
Economist and business administrator  
Rut: 10.321.899-3  
Date of appointment: 1 March 2021



**Fabio De Petris Duarte**

Corporate Finance and Development Manager  
Industrial civil engineer  
Rut: 15.325.237-8  
Date of appointment: 1 September 2018



**Francisco Javier Pirozzi Jabat**

Corporate Supply Chain Manager  
Industrial civil engineer  
RUT: 10.971.697-9  
Date of appointment: 1 October 2023



**Mariasol Soto Becerra**

Corporate Operations Manager  
Business administrator  
ID: 40705743  
Date of appointment: 1 March 2021



**Francisco Torres Larraín**

Corporate Commercial and Marketing Manager  
Industrial civil engineer  
RUT: 7.006.016-7  
Date of appointment: 1 August 2006



**Fernando Valenzuela del Río**

Corporate Legal Compliance Manager  
Economist and business administrator  
RUT: 9.571.294-0  
Date of appointment: 1 March 2020



## Sodimac Chile Executive Committee

(As of 31 December 2023)

(2-9; 2-12; 2-13)

The Sodimac Chile Executive Committee supervises the company's economic, social and environmental performance in Chile. It holds weekly monitoring meetings as well as quarterly meetings at which it reviews strategic planning, reporting the results of the company's different areas to the General Manager, who subsequently informs the Board of Directors. It also maintains channels of dialogue with the company's employees through their representatives, passing on their concerns or recommendations to the Board.



**Eduardo Mizón Friedemann**

General Manager  
Industrial civil engineer  
RUT: 9.586.083-4  
Date of appointment: 1 August 2006



**Claudia Castro Hruska**

Human Resources Manager  
Economist and business administrator  
RUT: 9.122.599-9  
Date of appointment: 1 October 2014



**Juan Carlos Corvalán Reyes**

Sustainability and Compliance Manager  
Lawyer  
RUT: 8.662.785-K  
Date of appointment: 1 August 2006



**Francisca Núñez Regauer**

Administration, Management Control,  
Development and Projects Manager  
Industrial civil engineer  
RUT: 16.478.370-7  
Date of appointment: 1 March 2022



**Cristián Andrés Huidobro Alarcón**

IT Manager Chile  
Industrial civil engineer with specialization in IT  
RUT: 12.721.807-2  
Date of appointment: 4 November 2019



**Mariano Ariel Imberga**

Operations Manager  
Industrial engineer  
RUT: 24.547.340-0  
Date of appointment: 1 September 2019



**Ignacio Monteverde**

Commercial, Marketing and Distance Sales  
Manager  
Industrial civil engineer  
RUT: 23.421.767-4  
Date of appointment: 1 September 2019



**Francisco Javier Pirozzi Jabat**

Supply Chain Manager  
Industrial civil engineer  
RUT: 10.971.697-9  
Date of appointment: 14 February 2020  
(Replaced on 1 January 2024 by Patricio Díaz Ugarte)





## Mobilizing the leaders

(2-19)

To align its managers and executives with its strategic objectives, Sodimac has a system of incentives that includes bonuses tied to economic targets and specific environmental and social matters. The results of the company's Sustainability Index, which provides annual measurement of its performance on the economic, social and environmental aspects of sustainability, are a factor in calculating the variable remunerations of the general managers and executive teams of each of Sodimac's business units.

The senior management of Sodimac S.A. and its subsidiaries – comprising the members of the Executive Committee, area managers and assistant managers and business unit managers - received remunerations and incentives for a total of 27,001,425,000 Chilean pesos in 2023 compared to 30,949,852,000 pesos in 2022. Years of service payments to executives leaving the company amounted to 2,580,111,000 pesos in 2023 and 602,651,000 pesos in 2022.

*For further details, see the company's Annual Report.*

## Merco ESG Responsibility Ranking

In the Merco ranking of the Most Responsible Companies on ESG, Sodimac maintained its top place in the retail sector in 2023 and climbed three places to 8th position in the overall ranking (Merco Corporate Reputation Business Monitor). This study assesses environmental, social, ethical and corporate governance criteria and is independently verified by KPMG in accordance with the ISAE 3000 standard.

The results were based on a total of 33,563 surveys conducted between August 2022 and April 2023 among employees, consumers, company directors, sustainability experts, financial analysts, journalists, government representatives, NGOs, worker unions, consumer associations, digital media and influencers. The policies of each company in the evaluated areas were also analyzed to compile the ranking.







# Ethics and human rights

(2-23; 2-26; 3-3; 205-2)

## Ethical framework

Valuation of and consideration for the human person, their dignity and fundamental rights underpin the actions of Sodimac. The company seeks to manage its business in accordance with values and ethical principles and a total rejection of corrupt practices.

It also seeks to establish and strengthen mechanisms that safeguard respect for human rights in all their dimensions. In the case of a potential impact of its decisions on the human rights of its main stakeholders, the company applies mitigation, prevention and remediation protocols that operate through the following:

- Corporate Integrity System
- Intelligent Territorial Early Warning Matrix (MIATT)
- Responsible marketing and trade programs
- Framework for relations with suppliers (Sodimac Commercial Transparency Policy)
- Supplier management and development system.

## Corporate Integrity Program

(2-25)

Sodimac has a Corporate Integrity Program through which to prevent, identify and address possible situations at odds with the company's values. It is designed to prevent conduct such as fraud, conflicts of interest and abuse of power. It also incorporates the elements envisaged in Chilean Law 20.393 on companies' criminal responsibility in the event of certain crimes (such as national or international bribery, money laundering and the financing of terrorism and its receiving) and the law's subsequent modifications.

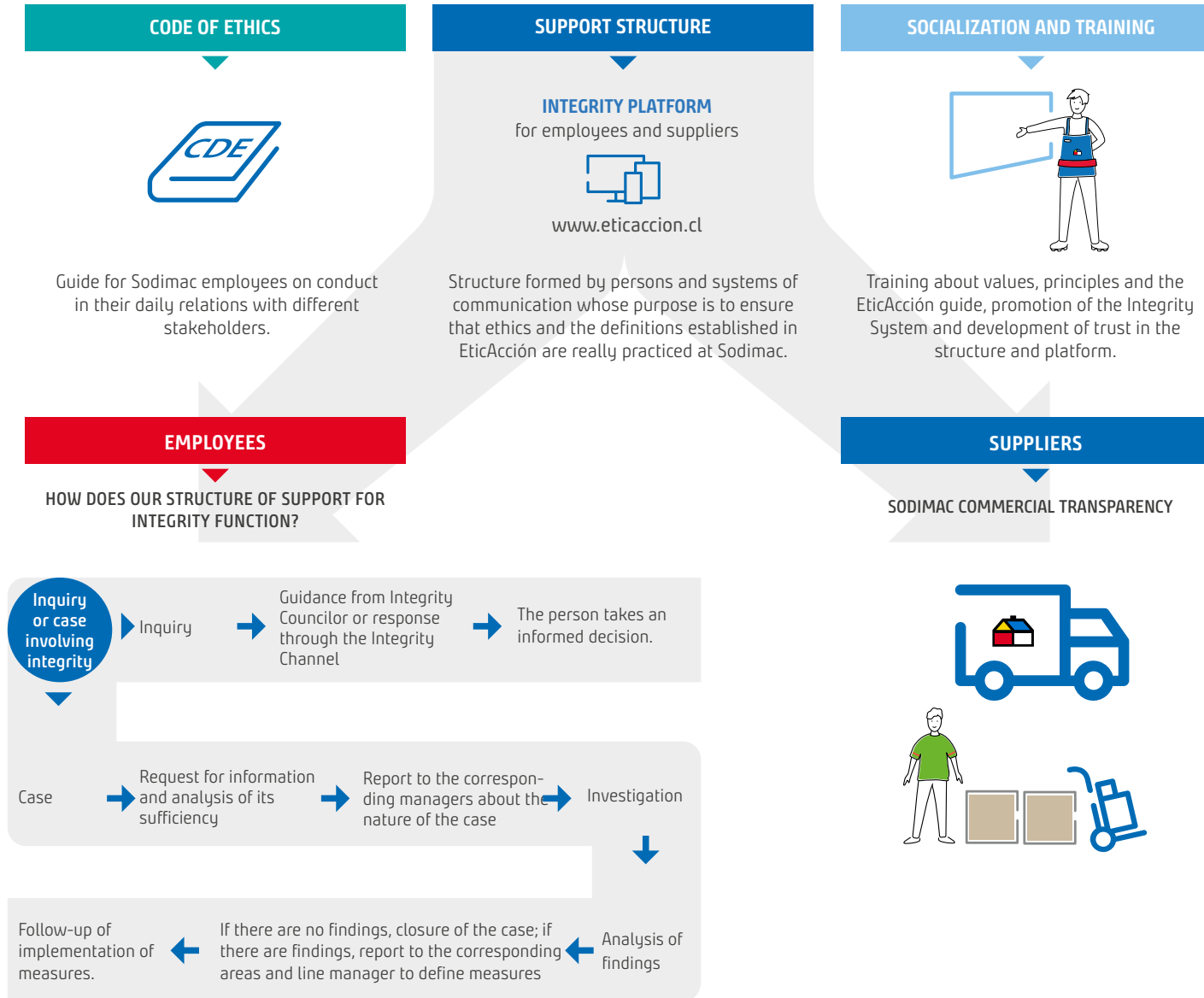
The system includes an online platform and a direct channel of contact for incident reporting and inquiries. They guarantee confidentiality of the identity of the person making the report and ensure investigation and an appropriate solution. The channel's fundamental principles are anonymity and freedom from reprisals for the person making the report and all those involved in its investigation. The model has representation and a formal structure at the different levels of the company, including the Board of Directors. It ensures

proper investigation of each report, its registration and communication of the outcome, always with due protection of confidentiality.

BH Compliance, a CMF-authorized entity, certifies Sodimac's implementation, management and supervision of a crime prevention model designed to prevent the crimes indicated in Law 20.393. The company has internal protocols to address the different crimes covered by this law, including those related to arms control, people trafficking, cybercrime and the theft of timber.

The company is in the process of updating its Crime Prevention Model in line with the new structure introduced by Law 21.595 on economic crimes. This process, which will take nine months and be completed in 2024, involves a diagnosis, information gathering (including interviews with the most exposed areas) and risk assessments.





The company has established a series of ethical norms and control procedures:

- **Code of Ethics (EticAcción):**

Sodimac is governed by a Code of Ethics, updated in 2021, which clearly sets out the rights and obligations of each member of the organization.

- **Order, Hygiene and Safety Regulation:**

This regulation establishes the principles that govern all personnel on matters that include ethical conduct, rights and obligations, confidentiality, workplace safety, integrity and relations with authorities and the community.

- **Supplier Manual:**

Sodimac's relations with its suppliers take place in a framework of ethics and transparency in accordance with the guidelines set out in the public document Sodimac Commercial Transparency (TCS). This document addresses both the commercial relationship and the company's norms of conduct and responsible and sustainable operation with suppliers, permitting collaborative work based on clear rules. Sodimac's Legal Compliance area is responsible for ensuring compliance with this code. Suppliers also have direct access to the company's Integrity Channel. The full TCS text is available for download at [www.sodimac.cl](http://www.sodimac.cl).

- **Integrity Channel:**

(406-1)

Employees and other stakeholders can use a 24-hour online platform to report or inquire about integrity issues. It ensures confidentiality, the investigation of each case and an appropriate solution. Employees can also talk directly to an Integrity Councilor, a role fulfilled by the company's social assistants, who have been trained specifically to handle and channel concerns and complaints.



The platform for complaints and inquiries, which is shared across Falabella companies, is operated externally, reinforcing its impartiality, objectivity and confidentiality. Statistical information from this channel is reported at least twice-yearly to the Board and quarterly to the Risk Committee. It is also analyzed by the Ethics and Compliance Committee.

In 2023, this platform received 334 contacts (inquiries or complaints) related to matters that included inappropriate conduct, workplace harassment, sexual harassment, conflicts of interest, infringements of the company's internal gift and invitation policies, and discrimination.

Inquiries or complaints are classified as "ethical" or "non-ethical". In 2023, 226 complaints corresponded to the former of which 74 were closed as "not proven" and 56 were substantiated.

N° of Contacts Integrity Channel	2021	2022	2023
<b>Total</b>	<b>453</b>	<b>410</b>	<b>334</b>

Source: Sodimac.

2023	N° of contacts	Open	Closed	With measures adopted
Inquiries	15	0	0	0
Complaints	319	0	230	56
<b>Total</b>	<b>334</b>		<b>230</b>	<b>56</b>

Source: Sodimac.

## Culture of integrity

Every two years, Sodimac conducts a survey of employees' perceptions of the company's integrity culture and the effectiveness of the steps taken. This survey measures aspects such as participation in ethics training, knowledge of corporate values and awareness of tools like the Integrity Channel. The results are used in the process of continuous improvement.

## Measures adopted on integrity issues

(205-3)

Cases reported 2023	Dismissal	Feedback	Written reprimand	Verbal reprimand	Work plan	Training	Transfer	Declaration of conflict	Management of conflict
Workplace harassment	0	0	1	0	0	0	0	0	0
Inappropriate conduct	0	31	2	0	8	0	1	0	0
Inappropriate conduct with sexual connotations	2	0	1	0	0	0	0	0	0
Conflict of interest	1	0	0	0	0	0	0	0	0
Discrimination	0	2	0	0	0	0	0	0	0
Untruthfulness	0	0	0	0	0	0	0	0	0
Internal fraud	0	0	0	0	0	0	0	0	0
Infringement of internal norms	1	1	0	0	0	1	0	0	0
Respect for private life and protection of personal data	0	1	0	0	0	0	0	0	0
Workplace issues with ethical connotations	0	1	0	0	0	0	0	0	0
Incorrect use of company's goods	0	0	0	0	0	0	0	0	0
Sexual harassment	0	0	1	0	0	0	0	0	0
Violation of confidentiality	0	0	1	0	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>36</b>	<b>6</b>	<b>0</b>	<b>8</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>

Source: Sodimac.





# Risk management and compliance

(2-12; 2-23; 205-1; 205-2)

## Risk management system

Sodimac has developed a management model to identify the risks of different types that can affect its business objectives and relations with stakeholders. The system assesses the probability of the risks' occurrence, their probable internal impact and control mechanisms and responsibilities for their prevention and/or mitigation.

The system is aligned with international standards. It uses a survey of each of the company's areas to construct a risk matrix that addresses economic, social, labor, environmental, ethical and corporate governance aspects of the business, integrating them with its financial and commercial risks and those related to operational processes and insurance.

Traditional and non-traditional risks are divided into four broad categories: operational, compliance, physical safety and IT. For each of these categories, there is a committee headed by the General Manager of Sodimac Chile and coordinated by the Sustainability and Compliance area, the Administration, Management Control, Development and Projects area and the IT area.

Risk Committee	Processes or Areas of Risks
<b>Risks related to operational processes</b>	Acquisition of goods
	Credit and debt collection
	Financial and budgetary management
	Real estate investments
	Logistics and procurement
	Marketing
	Operations
	Accounts
	Labor relations
	Sales

Risk Committee	Processes or Areas of Risks
<b>IT risks</b>	IT governance
	Business continuity
	Information security
	IT development and changes
	IT operations and monitoring

Risk Committee	Processes or Areas of Risks
<b>Compliance risks</b>	Environmental
	Product quality
	Commercial
	Accounting
	Labor
	Municipal
	Norms applicable to all businesses
	Criminal
	Tax

Risk Committee	Processes or Areas of Risks
<b>Risks related to physical safety</b>	Fire
	Customer accidents
	Workplace accidents/ occupational illnesses
	Infrastructure collapse
	Social emergencies
	Explosions/leaks
	Environmental impact

## Policy on conflicts of interest

(2-15)

Sodimac has a Policy on Management of Conflicts of Interest, which has been approved by the Board of Directors and establishes the principles and criteria for the effective declaration of interests and the management of conflicts of interest. At least once a year, the directors and first and second-line executives must complete and/or update the form on Declaration of Interests, Interlocking and Related Parties found in the Registration System. It is their responsibility to report any changes that occur. In addition, all employees must report a potential conflict of interest in a particular operation, even if the relationship has been previously declared, doing so through the Registration System as soon as it comes to their attention.

As part of the governance of this model, risk management is reported to the Audit Commission and Board of Directors. In addition, a Risk Committee meets quarterly, chaired by the General Manager of Sodimac Chile and including the senior executives who make up the Sodimac Chile Executive Committee. Operational committees meet monthly, with the participation of different areas, to identify and evaluate risks, verify the effectiveness of controls and define action plans for those situations that have not been sufficiently mitigated, appointing persons to monitor progress on the solution of each issue.

In addition, the different companies in the Falabella group exchange best practices, permitting a broader view of the risks or situations that may affect the company.

## Human Rights Due Diligence

(2-12; 412-1)

In line with its commitment to human rights, Sodimac continued to manage its risks and impacts in this area and made progress on a second Human Rights Due Diligence, including its commercial office in China. In this process, which will conclude in the first half of 2024, risks and controls have been updated and the impacts that the company's activities may have on its stakeholders re-identified. These updated risks were included

in the risk matrix with the corresponding prevention and mitigation measures, timelines and designated responsible parties.

The company also maintained its collaboration with the continuous improvement of due diligence initiatives in Chile, principally through its participation in the Global Compact Chile Network.

Sodimac continued to reinforce its commitment to respect for human rights and their promotion, taking advantage of International Human Rights Day and an internal Human Rights Week to implement a number of internal communications and awareness campaigns.

### Measures on compliance

(206-1)

All the Executive Committee (principal managers) received training on Law 21.595 on economic crimes. In 2024, the company will complete an update of risks in line with this law, establishing preventive controls and mitigation measures and designating the responsible parties.

During the year, 19 online training sessions and in-person courses took place on topics that included fair competition, corporate integrity, consumer rights, data protection and the environment. These targeted particularly people in positions identified by the company as exposed and included the "My Customer" and "Personal Data" programs, referring to consumer rights and personal data protection, respectively. In 2023, a mandatory course on fair competition was once again provided for employees participating in business associations. Overall, 942 people in exposed positions at Sodimac Chile received training (as well as a further 124 at its Imperial subsidiary).

### Sodimac presentation to principal regional forum on business and human rights

Sodimac participated in the VIII Regional Forum on Business and Human Rights in Latin America and the Caribbean. The event, which took place in Chile in October 2023, was organized by the Office of the UN High Commissioner for Human Rights and the UN Working Group on Business and Human Rights.

On this occasion, the event - the most important on these topics in Latin America - focused on the relationship between the business agenda, human rights and the right to a healthy environment. Chile's Confederation of Production and Commerce (CPC) invited Sodimac to make a presentation and its participation was approved by a panel of experts from civil society and the public and private sectors.

In the presentation, Sodimac's Sustainability and Compliance Manager, Juan Carlos Corvalán, spoke about the company's strategy and the measures it implements as well as companies' growing contribution to sustainable development and respect for human rights in all their dimensions.





## Global Compact recognizes Sodimac for human rights initiatives

Sodimac's due diligence on respect for its stakeholders' human rights was recognized by Global Compact Chile in its 2023 Conecta Business Recognition Awards, which seek to draw attention to private-sector initiatives with a positive impact on progress towards the UN Sustainable Development Goals.

In recognizing Sodimac's efforts in the human rights category, Global Compact noted that the company has consistently implemented a public and transparent policy since 2016. It also emphasized that the internal due diligence processes, which Sodimac has incorporated into its processes and matrices to prevent risks and promptly address any potential issues, meet OECD and UN standards.

The awards, which Global Compact, a special United Nations initiative, presented to business programs and actions across seven categories, were based on a rigorous validation process by a panel of 38 experts from different organizations.





## Internal Auditing

The Legal Compliance area (Internal Auditing) implements an Audit Plan that considers the business's important risks, giving priority to those with the greatest impact and likelihood of occurrence. This plan is approved by the Audit Commission.

The company applies a continuous audit model, using the IT system, known as Remote Control Panel, and other data analysis and visualization panels that permit early detection of any deviation from pre-established accounting, financial and operational procedures. The mechanism also operates in areas such as sales to companies, store operation, logistics and distance sales.

If any of these alerts necessitate adjustments to the Audit Plan or a new audit, the plan is updated and submitted to the Audit Commission for approval.

In addition, if a relevant risk is identified in any of the business units of Sodimac or the Falabella group, this is also audited in the corresponding cases in Sodimac Chile or other countries where this risk may be present.

Sodimac also uses a system known as Audistock that generates regular and timely inventory control alerts, complementing the physical inventory audits conducted by the area in all the company's stores and warehouses throughout

the year. In 2023, more continuous audit indicators were added and the model gained maturity through the incorporation of data analysis reports and panels. This permitted an increase in timely alerts of operational risks and their more opportune mitigation.

Preventive audits are also carried out on a number of processes related to Sodimac's participation in the ecosystem of the Falabella group, including digital, logistics, loyalty, payments, financial and regulatory processes. In addition, the company's preventive models related to Law 20.393 and other models are audited to verify their effectiveness and the implementation of operational controls.

After each audit, a report is submitted to senior management with conclusions and recommendations for each case and regular follow-up takes place until the situation is resolved. Each stage of this process is documented in an audit system known as "Highbond".

The Legal Compliance area reports relevant matters to Sodimac Chile's Audit Commission at least quarterly and meets more frequently with the Commission's chair whenever warranted by the risks identified. In addition, a report on relevant matters regionally is presented twice-yearly to the Board of Directors.

## Audits and control measures in stores, distribution centers and head offices

In 2023, 281 planned and unplanned audits took place, along with daily remote audits, based on an audit control panel in stores, warehouses, subsidiaries and head offices.

Nº Auditable Units	2021	2022	2023
Stores	78	74	75
Warehouses	28	30	30
Subsidiaries (*)	3	3	3
Support Office	173	173	173
<b>Total</b>	<b>282</b>	<b>280</b>	<b>281</b>

(\*) Companies with ownership relation to Sodimac.

Source: Sodimac.





# Our employees





# Our employees

*Sodimac implements a continuous improvement process to attract, train and retain talent, striving to promote its employees' workplace development and quality of life and safeguarding their health and safety in the framework of fluid and transparent relations.*

## Strategic issues

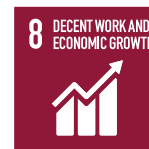
- Employment, culture and work climate
- Diversity and inclusion
- Training and professional development
- Social dialogue
- Health and safety

## Milestones 2023

- An Internship Program was implemented to attract and develop young talent and provide participants with growth opportunities in the Falabella group ecosystem.
- A total of 467,131 hours of in-person and online training took place, benefiting 12,066 employees.
- The company resumed its Training Fairs for store monitors, providing in-person training across five major areas and mobilizing 743 employees.

- For the second consecutive year, Sodimac took 5th place in the GPTW ranking of Best Places to Work for Women in Chile and, for the third year, it received certification from the Human Rights Campaign, the Iguales Foundation and Pride Connection, recognizing it as one of the best places to work for LGBTI+ talent.
- The Viva Engage internal communications platform was launched, offering employees more opportunities to share stories about their career development at Sodimac. Within five months, more than 53% of the workforce had migrated to this social network.
- As a result of sustained prevention efforts, accident and lost time rates continued to decrease.

## Sustainable Development Goals:







# Talent management and integral development

## Talent attraction

To improve the efficiency of its recruitment processes, Sodimac uses AIRA, an Applicant Tracking System (ATS). It facilitates communication with candidates and increases the visibility (both internally and externally) of job openings at Sodimac and the Falabella group, thereby supporting employees' career development. In 2023, this tool was used to fill vacancies in the support office, stores and the supply chain.

During the year, the company implemented an Internship Program to attract and develop top young talent and offer participants opportunities for growth in the ecosystem of the Falabella group.

In addition, the company implements the Crece (Grow) and Young Professionals programs. These are regional initiatives for the recruitment and development of professionals and young talent.

## Training

(404-1)

Sodimac is committed to the constant development and career growth of its employees, fostering a culture of continuous learning, self-learning and use of the digital tools currently available. This commitment is reflected in training and promotion programs designed to strengthen the skills of the workforce.

In 2023, the company provided a total of 467,131 hours of in-person and online training, providing development opportunities for 12,066 employees.

Horas de capacitación compañía		
Year	Nº of employees	Hours used
2021	13,531	379,105
2022	15,741	576,659
2023	12,066	467,131

Source: Sodimac.

Horas de capacitación Sence		
Year	Nº of employees	Hours used
2021	18,129	325,360
2022	9,052	554,620
2023	8,199	574,159

Hours of training by type of post	2021			2022			2023		
	Hours used	Hours women	Hours men	Hours used	Hours women	Hours men	Hours used	Hours women	Hours men
Managers and assistant managers	13,009	3,633	9,376	15,702	5,338	10,364	6,509	2,157	4,352
Professional and technical personnel	99,139	47,498	51,641	140,301	64,459	75,842	96,009	38,310	57,699
Other employees	266,957	102,988	163,969	420,656	177,719	242,937	365,976	166,102	199,875
<b>Total</b>	<b>379,105</b>	<b>154,119</b>	<b>224,986</b>	<b>576,659</b>	<b>247,516</b>	<b>329,143</b>	<b>467,131</b>	<b>206,569</b>	<b>261,925</b>

Source: Sodimac.

Training by gender and type of post	2021			2022			2023		
	Nº of employees	Women	Men	Nº of employees	Women	Men	Nº of employees	Women	Men
Managers and assistant managers	408	111	297	388	116	272	420	144	276
Professional and technical personnel	2,785	1,338	1,447	3,827	1,740	2,087	3,886	1,484	2,403
Other employees	10,338	4,252	6,086	11,526	4,765	6,761	7,813	3,743	4,071
<b>Total</b>	<b>13,531</b>	<b>5,701</b>	<b>7,830</b>	<b>15,741</b>	<b>6,621</b>	<b>9,120</b>	<b>12,066</b>	<b>5,343</b>	<b>6,724</b>

Source: Sodimac.





## Traineemac, one of the OTECs that trains most employees in Chile

Sodimac teaches most of its training courses through Traineemac, a subsidiary that is officially registered as a Technical Training Organization (OTEC) and is certified under the ISO 9001 and NCH 2778:2015 standards.

According to the government's National Training and Employment Service (SENCE), Traineemac is one of the three OTECs in Chile that trains most people.

*In 2023, Sodimac Chile significantly increased the number of in-person courses taught in the Santiago Metropolitan Region and in regional stores, expanding training nationwide. It also achieved the certification of all its cut-to-size operators, improving standardization of this service. In the case of sustainability, employees obtained FSC certification in wood use, reinforcing the company's commitment to the responsible management of resources. Similarly, training in the Energy Management System sought to promote energy efficiency in the company's daily operations.*

In 2023, Sodimac Chile continued strengthening the integral development of its employees through a range of training and well-being initiatives. For example, there was an increase in in-person courses in the Santiago Metropolitan Region and groupings of stores in other regions, which enabled the company to reach a significant number of employees.

A training plan (courses and a monitoring project) was designed and implemented for the different categories to optimize employees' knowledge and performance.

Fairs for Product and Cross-Category Monitors were organized while cut-to-size operators in all stores around the country were certified. Innovation (upskill) courses were also offered for salespeople and line managers, helping to enhance their skills for addressing a constantly changing environment. These efforts were complemented by workshops on soft skills and leadership for heads of area and by training in the new Salesforce platform, focusing on ensuring a better customer experience.

Safety and sustainability were also priorities. This was reflected in FSC employee certification in wood use and training in the Energy Management System. In the case of health, mental health workshops were provided via Teams, addressing the emotional well-being of work teams.

The company also continued to promote the learning of languages through scholarships for English courses and undergraduate and postgraduate scholarships to enable employees to continue enhancing their skills. A Good Treatment module on autism spectrum disorder (ASD) was introduced to foster inclusive and respectful working environments. A Store Operations course was also taught to improve the operational performance of all the company's stores.

In the case of the supply chain, a new Chain Onboarding process was implemented to facilitate employees' integration.

Overall, 2023 was a year of consolidation and significant progress on the training, well-being and growth of Sodimac employees, thanks to an integral approach that addressed both personal and professional development.

## Sodimac School of Excellence

The Sodimac School of Excellence, which forms part of the Human Resources area, trains retail professionals. Its structure of courses focuses on subjects that favor the employees' integral workplace development. The courses include project management, customer service, sale of projects, commercial management on the sales floor, products, teamwork and labor laws.

In addition, more than 65,000 courses are available to employees through the Falabella Academy, a corporate learning platform with specific content tailored to the needs of the business. The company also has a scholarship program to complement the training it provides as well as special diploma programs taught by nationally recognized academic centers.



# Workplace development

(404-2)

## Succession plans

Sodimac's Succession Plan seeks to reinforce employees' career development by identifying, measuring and growing the workplace skills of people with the potential to assume positions of greater responsibility in stores when a key post becomes vacant.

Under this plan, five employees (two men and three women) were promoted in 2023: two heads of area to assistant manager and three assistant managers to manager.

As part of one of the projects implemented in stores in 2023, in addition to the Succession Plan, 35 heads of checkout (29 women and six men), who fulfilled the corresponding requirements and had performed well, were promoted to assistant store manager in order to boost their career development within the company.

## Internal promotion processes

(404-3)

The company offers employees the opportunity to progress within the organization through internal promotion processes that allow them to apply for a position in another store, warehouse or the support office. Vacancies are open to all employees in the Falabella group. In 2023, 684 processes of this type took place in Chile and resulted in 290 promotions.

	Internal promotion processes
2021	1,568
2022	901
2023	684

Source: Sodimac.

## Performance evaluation

(404-3)

Performance evaluation is an annual process and includes all employees who have been with Sodimac for at least three months. It is a standardized procedure with a single platform that measures the same skills in all units around the region, enabling the company to foster internal mobility between businesses and countries in an equitable manner.

In 2023, 100% of the workforce in Chile was evaluated, equivalent to 11,323 people (57% men and 43% women).

The company also implements 360° evaluation processes at the management level. In 2023, 160 executives (109 men and 51 women) were evaluated through this process.

	Performance evaluation Employees evaluated		
	Women	Men	Total
2021	4,225	6,752	10,977
2022	4,862	7,140	12,002
2023	4,834	6,489	11,323

Source: Sodimac.

Improvements were introduced in 2023 to streamline the evaluation process in order to have and manage the results during the year. Work also began in the support office to identify synergies and standardize evaluation processes.

## Remunerations

(202-1)

Sodimac prefers to hire full-time employees and, under its wage policy, offers an entry-level wage that is equal to or above the legal minimum in the country. In addition, to foster employment for young people and the training of retail professionals, it creates positions designed for under-30s, without higher education or training, most of whom have recently completed their secondary education and for whom this is their first job.

*In 2023, Sodimac continued to implement its Store Succession Plan. This is designed to identify and develop people with the potential to become managers or assistant managers. The company also launched the second version of the Crece (Grow) regional initiative to attract and develop young professionals.*

	Chilean minimum wage (CLP)	Sodimac entry-level wage (CLP)	Ratio Sodimac vs. country
2021	337,000	504,096	1.50
2022	400,000	598,333	1.50
2023	460,000	688,083	1.50

*Gross wage. The entry-level wage at Sodimac is equivalent to the country's minimum wage plus 10% and a bonus.*

Source: Sodimac.



# Culture, work climate and quality of life

Management of the work climate at Sodimac is the shared responsibility of the Climate and Culture team, managers, the Human Resources team and employees in general. The company constantly reinforces its Corporate Integrity System, strengthening listening platforms and promoting the values and ethical principles that guide the company's actions.

Sodimac has a team specialized in culture and climate whose mission is to support and promote action plans to improve the climate of the company's different workplaces. One of this team's main activities is to gather qualitative information through the so-called Work Climate Roundtables. Led by company psychologists, these serve as safe spaces for dialogue with different work teams and the exploration of practices that foster a positive work climate.

**40 Work Climate Roundtables in 2023, with the participation of 260 employees from stores, distribution centers and the support office.**

This approach led to the implementation in 2023 of two key processes – a Culture Survey and the 2023 Pulses – to assess the company's culture and work climate. The former is a vehicle for listening to employees and learning about aspects such as their commitment to the company, identification with it and perceptions about its leadership. The results are analyzed by each leader through the internal Qualtrics platform, permitting the design of specific action plans for each area to maintain a positive work climate. The Pulses, which are more segmented surveys, served to measure progress on more specific matters.

## In-person and virtual roundtables

Sodimac holds virtual Aquí Estoy (Here I Am) roundtables as well as in-person roundtables. In these, the General Manager, the Operations Manager and the Supply Chain Manager meet with different groups of employees in an atmosphere of trust to recount experiences, clarify doubts and/or suggest improvements.

Employees play an active role in this field through their participation in the Culture and Climate Committee of their store or distribution center. These committees implement initiatives and draw attention to comradeship practices within the company.

**75 Culture and Climate Committees, formed by between three and five employees from different areas, with the participation of 355 people countrywide.**

Other culture and organizational climate activities in 2023 included:

- In the framework of the Te Asesoramos (We Advise You), Te Acompañamos (We Accompany You) and Juntos Construimos (Together, We Build) initiatives, the in-person and online support provided in workplaces involved a total of 45 roundtables with some 375 participants from different regions and business segments around Chile.
- In 2023, concepts defined at the corporate level for all Falabella business units - We a single team; We move with agility, We are passionate about the customer, and We Care for the Future – were added to Sodimac's traditional values of Respect, Excellence, Integrity and Responsibility.

## Viva Engage

In an important milestone of 2023, the company's main internal communications platform, Workplace, was replaced with Viva Engage, a platform that offers more opportunities for all employees to tell the story of their own development as a Sodimac employee, sharing experiences, motivations, opinions, moments they consider important in their daily work and good practices. The change was a success: within just five months, over 53% of employees were actively using the new social network.

- A new program, Reconocer es valorar lo que somos (To recognize is to value who we are), was launched to celebrate and highlight employees whose performance embodies these four shared values.
- The company transitioned to the Edge communications platform, the official site for generating feedback for employees on matters such as promotion processes, improvements and prevention.

**According to the latest Culture Survey, 62% of Sodimac employees were familiar with the Falabella group's corporate values in 2023.**

The Great Place to Work (GPTW) Climate Survey was replaced by an internal culture survey, aligning Sodimac with the other companies in the Falabella group. This enables the company to continue its monitoring and focalized work in the different areas to continuously improve levels of employee loyalty. The Employee Net Promoter Score (eNPS) is an instrument that measures internal levels of recommendation of the company as a place to work and is part of the Culture Survey, which will also take place in 2024.





In the Merco Talent Ranking of companies that best attract and retain talent, Sodimac took overall **18th place** in 2023 and **second place** in the retail sector.

### Results Sodimac Chile 2023

**749** employees participated in volunteer activities in 2023, contributing **8,659** hours of their time.

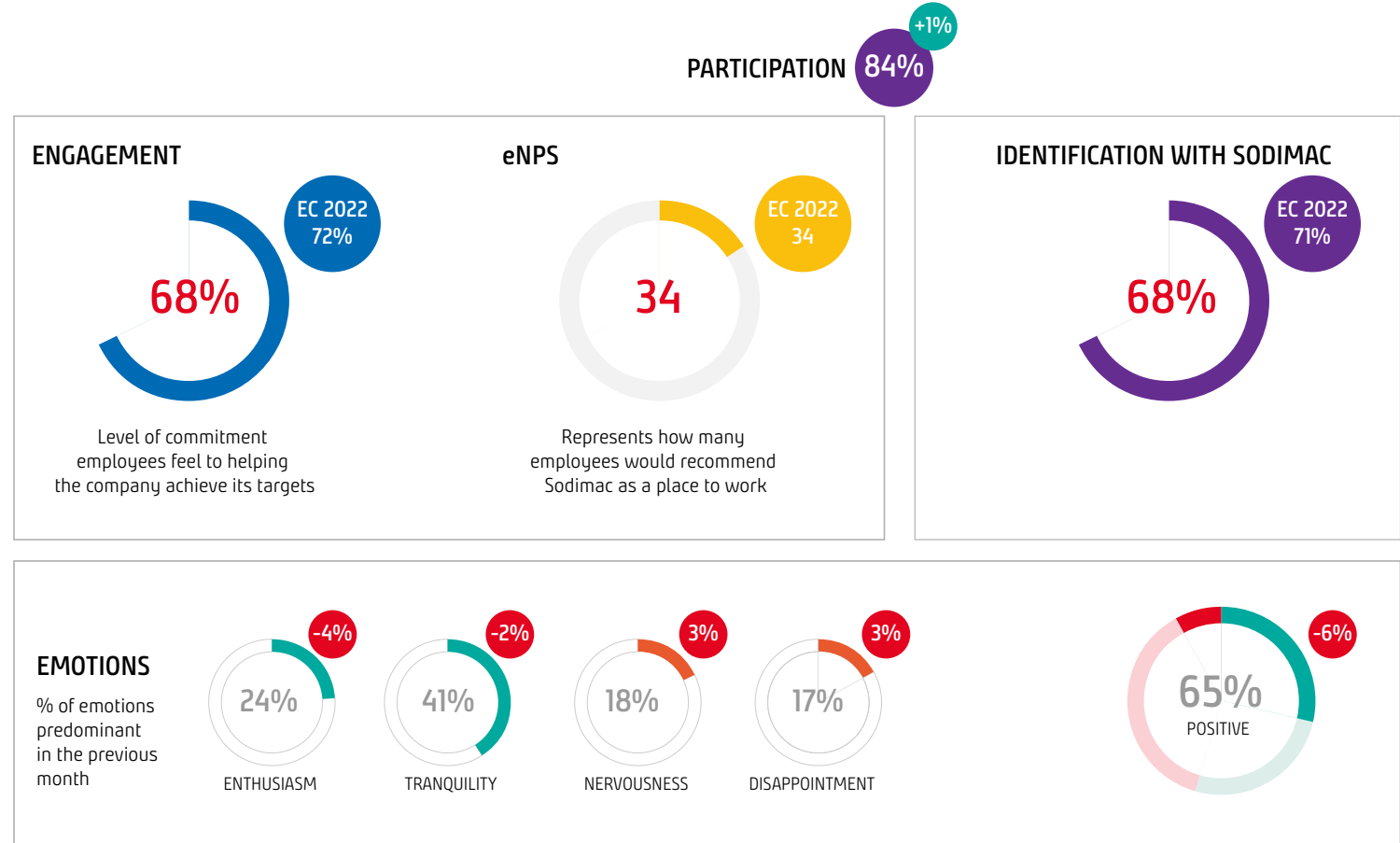
### Corporate volunteering at Sodimac

More than 4,000 Sodimac employees are enrolled in its Construyendo Sueños de Hogar (Building Home Dreams) volunteer program. In 2023, they contributed to the implementation of 81 projects that helped improve the quality of life of some 33,000 people in vulnerable communities around Chile, from Arica to Punta Arenas.

The activities undertaken in 2023 included improvements to facilities for senior citizens, people with disabilities and homeless people, the repair of classrooms and playgrounds at schools and kindergartens and improvements to health centers, fire service installations, sports clubs and neighborhood associations as well as the creation of community vegetable gardens and the renovation of public squares.

At the same time, under the Nuestra Casa Contigo (Our Home with You) program, company volunteers (supported by construction professionals) implemented 73 projects, improving the homes of 54 fellow Sodimac employees and their families in different regions of Chile. Since this program's launch in 2017, it has implemented 800 projects, positively impacting the quality of life of 513 employees and their families.

For further information, see the Housing Program section of this chapter and the Commitment to the Community chapter of this Report.





## Quality of life

(401-2)

Sodimac implements programs to help employees achieve a balance between their personal and working lives. To this end, it provides more than 70 different types of benefits related to the family, housing, education, healthcare, insurance coverage, special assistance, bonuses and recognition.

### Principal programs

#### Guidance and social support

The company's team of social assistants around the country provides advice and support for the different needs of employees and their families, including monitoring and evaluation.

In 2023, 66 employees received support, with contributions from the company's Welfare Fund that totaled 19,238,667 million Chilean pesos.

#### Housing Program

Sodimac supports employees' efforts to realize their dream of homeownership, providing advice and guidance on applying for state housing subsidies. It also offers financial support and, in 2023, provided loans for 45 employees.

Under the company's Nuestra Casa Contigo (Our House with You) program, vulnerable employees can obtain financial support for projects to improve their homes. In addition, construction professionals and company volunteers help

with the work. In 2023, this program benefited 54 employees, who met the requirements, and a total of 73 projects were implemented, involving principally work on bathrooms, kitchens, flooring, ceilings, insulation and roofing.

#### Health Program

(403-6)

Care for its employees and their families is paramount for the company. This is reflected in a range of measures for their integral well-being, including programs to foster self-care, mental health programs and the promotion of healthy workplaces.

Through the advice provided by the company's social assistants, the Health Program helps employees make correct use of their healthcare plans and related benefits. The company also has collective agreements with two health insurers under which employees can choose between exclusive plans or other plans at below-market preferential prices.

It also offers employees complementary health insurance. This was boosted in 2023 with the inclusion of new benefits and campaigns to encourage the incorporation of employees not taking advantage of this protection. Financed jointly by the company and the employee, this insurance covers dental care, catastrophic illnesses, telemedicine, preventive physiotherapy and treatments using artificial intelligence. At the date of completing this Report, 5,325 employees and 3,902 dependents were covered by this insurance.

All employees also have insurance against death, accidental death, total disablement and accidental disablement. It is financed jointly by the company and the employee.

#### Sports Program

Sodimac promotes activities that benefit people's physical and mental health as well as healthy coexistence at work, the internal climate and emotional stability. In 2023, national football, table tennis and padel championships, trekking outings and yoga sessions took place and, together with other activities, benefited 137 employees. This is in addition to different online sports activities.

Online sports activities	2021 (online)	2022 (online)	2023 (in-person)
Active break videos and training routines	128	58	125
Online classes	413	121	12

Source: Sodimac.

#### Flexible Work Program

Sodimac seeks to help employees achieve a balance between their working and personal lives through policies based around three pillars:

- Flexible working hours: Employees not involved in the operation of stores or distribution centers can choose between three options of working hours, providing this is compatible with their functions.
- Place of work: Employees can opt to work remotely, providing that the post and work tools permit.
- Time off: Employees can ask for time off without pay to use according to their needs. Two options are available: two blocks of five working days or up to three months.



In a further benefit, the company offers the Más Días Libres (More Free Days) program, with three options:

- Free days: Employees can take up to five days off a year with pay. These can be taken separately or together, subject to prior coordination with the line manager.
- Birthdays: Employees are given their birthday off with pay.
- End-of-year celebrations: Employees can take off the afternoon of December 24 and 31 when all workplaces close early. In addition, they can choose to take off the morning of December 24 or 31, making one of these days a free day.

Principal Benefits ('000 CLP)	2021	2022	2023
Holiday bonus	4,520,790	5,743,870	6,189,220
Seniority and length of service	981,068	1,391,664	1,456,669
Special assistance	3,145,643	3,792,033	4,195,375
Christmas and Independence Day bonuses	1,815,636	2,104,840	2,005,524
Nursery	489,445	595,128	747,689
Transport benefits	4,734,093	4,593,309	4,014,814
Benefits for uniform and work clothes	877,239	1,017,702	1,210,457
Corporate events	1,272,837	1,173,122	1,282,130
Canteen and meals	9,892,430	13,470,094	13,483,169

Source: Sodimac.

## Recognitions and other activities

Each year, Sodimac holds events to recognize employees and foster the camaraderie that is an important part of the company's culture. They include:

- New Year Ceremony to start the year together, tightening ties and employee alignment with the company's strategy and challenges
- Recognition of Maximum Excellence, a ceremony to recognize those selected as the best employees in terms of both performance and attitude
- Recognition Program to highlight and reward monthly and quarterly those who create added value in their tasks
- Volunteers' Meeting of all volunteer captains, social assistants and those who, in general, mobilize the company's volunteer community and support the Building Dreams of Home program
- Celebration of the company's anniversary, with opportunities for recreation and camaraderie in all workplaces around Chile
- Years of Service Awards for all those who complete 5, 10, 15, 20, 25, 30, 35 and 40 uninterrupted years of work at Sodimac
- Christmas parties, which are held throughout Chile for employees to celebrate together with their children, who also receive a gift from the company.





# Diversity, equity and inclusion

(405-1)

Inclusion and the prevention of discrimination of any type are a fundamental part of Sodimac's corporate culture. Since 2015, the company has had an Inclusion, Diversity and Non-Discrimination Policy, backed by a planned and systematic management process that seeks to ensure that, in the company's workplaces, no one is excluded on grounds other than their professional contribution.

Throughout the year, ongoing efforts were made to foster increasingly inclusive, equitable and discrimination-free environments. The different initiatives implemented included the presentation of a Gender Equity Policy, which reaffirms Sodimac's commitment to the equal development of all employees, promoting talent and fostering both professional and personal growth.

On-site training sessions took place for heads of stores and distribution centers to reinforce the protocol against gender violence - which includes concrete forms of support for employees who so require - and to ensure that everyone is familiar with this tool.

## Our programs:

### Gender equity

(401-3; 405-2)

At the beginning of 2023, Sodimac formally launched a Gender Equity Policy. Among its core principles, this policy declares Sodimac's commitment to equal opportunities, the absence of arbitrary discrimination, and a work-family balance. In line with this, it establishes a remunerations system that excludes factors

unrelated to individual skills and potential as is borne out by the absence of wage gaps between men and women. In addition, on-site training for heads of stores and distribution centers emphasized the importance of reinforcing the company's protocol against gender violence, ensuring that all employees are informed about this resource.

The second version of Sodimac's mentoring program, Vamos por más: Women líderes (Let's go for more: Women leaders) took place in 2023. Eleven mentees from stores, the supply chain and the support office, selected for their potential and performance, participated in the program, working with their mentors to develop their leadership skills. The program includes a Learning Circle, formed by four participants from the previous year, who have stood out for their career development and, in 2023, shared their experience with the new group of mentees.

Postnatal/parental leave	2021	2022	2023
Women	202	573	238
Men	3	2	2

Source: Sodimac.

Rate of return to work	2021	2022	2023
Women	13%	71%	94%
Men	100%	100%	100%

Source: Sodimac.

As of December 2023, **44%** of Sodimac Chile's workforce were women. They accounted for **33%** of managers and assistant managers, up from 29% in 2022. In addition, 19 of the 34 executives hired by the company (including internal promotions and external recruitment) were women, equivalent to **56%** of the total (65% in 2022).

### Gender wage gap

(505-2)

Post, responsibility or function	Gross wage of women executives and other women employees as a percentage of that of men in equivalent positions
Managers and senior executives	11.9%
Professional and technical personnel	-0.1%
Other employees	1.1%

Source: Sodimac.

### People with disabilities

Sodimac has an Inclusion Program for People with Disabilities under which it offers conditions in which people with a disability of any type can work, in accordance with their particular situation, and have opportunities for development on equal terms with others.

In 2023, the company further reinforced these protocols through a series of on-site talks for heads of stores and distribution centers that sought to increase awareness and facilitate the integration of people with disabilities. In addition, the Supply Chain area created a work cell specifically to promote inclusion in the different distribution centers. This included workshops on the benefits of accreditation for people with disabilities, accompanied by the offer of support for those seeking accreditation.

The company also actively participated in inclusive job fairs and workshops organized by different foundations and/or companies, where it presented its inclusion model. At the corporate level, an e-learning course was provided to train all the workforce in specific issues related to disabilities.

*As of December 2023, Sodimac had over **156** active employees with disabilities, surpassing the 1% of the total workforce required under Law 21.015 on effective workplace inclusion.*

*Sodimac applies inclusive selection criteria for all job openings within the company. Accordingly, it adjusts its recruitment processes to ensure that everyone can participate on equal terms. In addition, its induction process for new employees includes a module on diversity and inclusion, ensuring that, from the outset, employees are aligned with corporate principles and take these issues into account in their work.*

## Sexual diversity

Sexual diversity is another important pillar of Sodimac's work. This is reflected, for example, in the company's participation (as a mentor) in the Pride Connection program, which seeks to shorten the learning curve by sharing best practices for LGBTI+ inclusion across organizations.

The company's LGBT+ Community and Allies platforms continued to be active in the Viva Engage internal communications system. During the year, this permitted the creation and sharing of content, with support from the team of ambassadors in stores, the supply chain and the support office. The company also has a gender transition protocol, which was activated on seven occasions in 2023, reflecting an increasingly open culture where each person can be authentic.

As in previous years, Sodimac celebrated the Pride Parade in June, organizing various activities at the start of the working day in each of its facilities during the month.

*Sodimac once again received certification from the Human Rights Campaign, the Iguales Foundation and Pride Connection, recognizing it as one of the best places to work for LGBTI+ talent and, for the fourth consecutive year, consolidated its position as a mentor company and benchmark on the inclusion of diverse talent.*

## CEOs for Inclusion

Sodimac participates actively in the #CEOforInclusion initiative, created by the Acción Empresas organization, together with the ConTrabajo Foundation and the Network of Inclusive Companies (ReIN) of Chile's Manufacturers' Association (SOFOPA). Its purpose is to accelerate the workplace participation of people with disabilities and the development of inclusive companies through the commitment of their CEOs.

Sodimac was one of the 41 signatory companies when this alliance was launched in December 2021 to promote nine undertakings. They include the participation or increased role of managers and CEOs in companies' Diversity and Inclusion Committee in line with the importance of leadership in the implementation of organizational changes that favor the workplace participation of people with disabilities.





*At end-2023, Sodimac employed **819** seniors. They were distributed in a way similar to the rest of its workforce of which they accounted for **6.4%**.*

## Interculturality

At end-2023, migrants of 15 different nationalities accounted for 5.9% of Sodimac's workforce. The company addresses this issue from a standpoint of respect and equality, values it inculcates through a Manual on Recruitment of Migrants and Intercultural Communication.

## Seniors

Sodimac values the contribution of different age groups and promotes that of employees aged 60 or over, who, with their experience of work and life in general, help to reinforce the work climate and service standards. They carry out different functions in line with their experience and knowledge as line managers, general sales personnel and sales experts as well as in operational and administrative positions.

## Social and reinsertion projects

Another pillar of Sodimac's work is the contribution to the community it makes through alliances with foundations, where it provides training tools and employment opportunities. One example of this is the EMTP project, implemented with Chile's Confederation of Production and Commerce (CPC) and the Inacap training institute, which seeks to help graduates from technical high schools reach their full potential and have equal opportunities. Ultimately, this also contributes to the country's productivity and social cohesion.

In 2023, Sodimac resumed its alliance with Proyecto B, an organization that supports the social and workplace insertion of young people from the National Service for Minors (SENAME) and the country's new *Servicio Mejor Niñez* (Better Childhood Service). Under the alliance, an in-person training plan was implemented, equipping 12 young offenders with soft, technical and business-related skills. In recognition of the program, which took place successfully at the Sodimac Homecenter San Miguel store in Santiago, the company received the Transform Seal in the Potencia Prize category.

Sodimac was also invited to participate in an inclusion cycle organized by the Acción Empresas organization, where it served as a model for social reintegration initiatives.

## Alliance with Soymás Foundation

Since 2019, Sodimac has supported the work of Soymás, a foundation that supports pregnant young women and teenage mothers to help them continue to pursue their life projects without renouncing the world of work. The company offers them work experience opportunities in its stores and, to facilitate their access to the labor market, supports them in boosting their skills and knowledge. In 2023, two training programs were implemented – one in the Soymás center in Santiago's La Pintana district and the other in the city's Renca district – and included participation in a job fair and work experience at two of the company's stores.

Since 2022, the company has also implemented a program with Soymás and the Inacap training institute for the training and insertion of young women from the Renca district. They attend practical and theoretical classes on subjects that include customer service techniques, attitude, effective communications, sale of projects, logistics operation and service at checkouts. The courses are complemented by visits to stores and distribution centers to learn at closer hand about the operation and its way of working.

## Silent Hour (ASD)

In January 2023, Sodimac began work on Silent Hour, an initiative aimed at reducing sensory impact in stores for one hour. It arose as a pilot project at the Sodimac Homecenter Talagante store, which had direct experience with people on the autism spectrum.

In June, the definitive project was implemented in this store and, given its positive impact on both customers and employees, had been extended to 22 stores, from Arica to Chiloé, by the end of the year.

Every Wednesday from 1:00 to 2:00 pm, stores turn off background music and dim the lights. A Quiet Zone is also created in the Garden section and priority checkouts are made available for the prompt attention of customers on the autism spectrum. Importantly, 100% of the store's staff receive training and a coordinator is appointed to provide assistance if needed. Ultimately, Silent Hour is not merely a quiet pause in the routine: it is a tangible commitment to creating inclusive and respectful environments.

In 2024, the company plans to expand and deepen this program across other stores around the country.



# Prevention and Safety

(403-1; 403-4; 403-5; 403-8; 403-9; 403-10)

## Care for our employees

Sodimac has a Safety and Occupational Health Policy based on its corporate values and the ISO 45001 standard on Occupational Health and Safety Management Systems. The policy enshrines the principle of constantly strengthening Sodimac's culture of prevention and improving safety standards, giving risk prevention, productivity and sales equal importance in the company's internal processes.

To reinforce this culture, the company implements activities to promote leadership on the prevention of accidents and occupational illnesses. In this, it is supported by experts in safety and occupational health, the Joint Worker-Management Health and Safety Committees that are active at all its facilities and the Asociación Chilena de Seguridad (ACHS).

In addition, the company uses the Woken-Reactivate platform to facilitate on-site evaluation of conditions in its installations and, when a gap is detected, to send an alert to the corresponding area leader, triggering measures to reduce the probability of undesired events in stores, the supply chain and the support offices.

*In 2023, the Joint Worker-Management Health and Safety Committees of El Belloto, San Felipe, Reñaca and Los Ángeles obtained Level 1 (Initial) certification while the Committee of the Linares store received Level 2 (Intermediate) certification. .*

En statistical terms, the main achievements of the alliance with ACHS were:

- 10,267 employees, equivalent to 81% of the workforce, maintained their indicators in Zero Accidents and Zero Fire Hazard.
- 53% of employees completed the Safety and Occupational Health training plan.
- The OGP Risk Monitoring Team detected 8,852 issues, helping to mitigate risks related to electricity, fire, physical safety, hazardous tasks and accidents to people.
- Together with the Store Planning team, 1,479 deviations in electrical and fire protection matters were identified and addressed.
- 68 Safety and Occupational Health walkthroughs were conducted.
- 200 posts were published on the Edge communications platform, receiving 810 reactions, among other metrics.



## ACHS-Sodimac strategic alliance

Through a strategic alliance with the Asociación Chilena de Seguridad (ACHS), which involves annual work plans, Sodimac fosters a culture of prevention throughout the company, focusing on minimizing accidents and maintaining healthy working conditions. The alliance also gives the company access to permanent advice and support for compliance with legal requirements in these fields.

In 2023, this alliance was strengthened by the signing of an agreement – led by the general managers of the two organizations – to reinforce care for people. As of December 2023, this undertaking showed an advance of over 80% and only administrative activities with no impact on the results were pending.

In another milestone of the year, 100% of Sodimac's experts in safety and occupational health took a certification course on the ACHS platform.



## Lost time and accident rates

(403-2)

Sodimac has achieved a sustained reduction in workplace accidents, thanks to its corporate policies based on care for people and the constant promotion of a culture of prevention. The company's lost time rate is among the lowest in the retail sector.

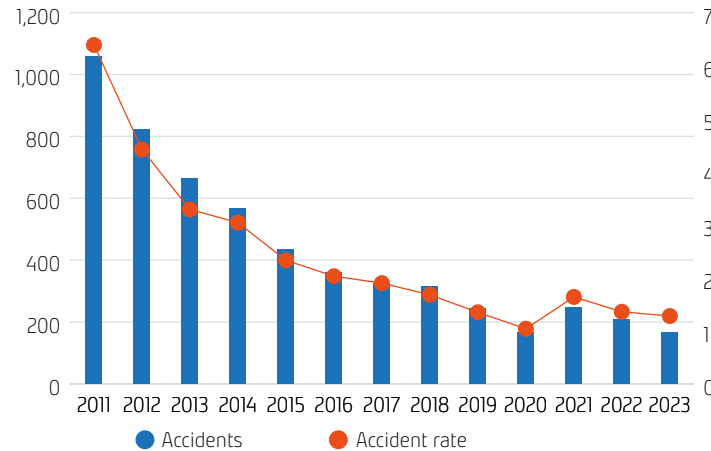
- In 2023, the company reported 168 workplace accidents, 12 occupational illnesses and 2,934 lost days (due to workplace accidents and occupational illnesses), including those related to accidents in previous years.
- The accident rate, at 1.28%, was down by 7% on 2022, implying 39 fewer accidents.
- The lost time rate, at 22%, was 19% down on 2021, implying 1,154 fewer lost days.

Zone or Region	2021			2022			2023		
	Lost days due to accidents	Accidents	Occupational illnesses	Lost days due to accidents	Accidents	Occupational illnesses	Lost days due to accidents	Accidents	Occupational illnesses
North	541	40	1	380	29	12	374	31	1
Center	158	21	1	254	19	1	242	21	1
South	1,300	85	6	1,207	83	8	512	45	3
Santiago Metropolitan Region	1,371	98	3	1,332	77	30	880	71	4
Men	2,048	159	5	2,420	144	34	1,217	99	7
Women	1,322	85	6	753	64	17	791	69	2
<b>Total (includes days due to accidents in previous years)</b>	<b>3,985</b>	<b>244</b>	<b>11</b>	<b>3,173</b>	<b>208</b>	<b>51</b>	<b>2,008</b>	<b>168</b>	<b>9</b>

Note: Lost days due to accidents include days attributable to accidents in previous years.

Source: ACHS.

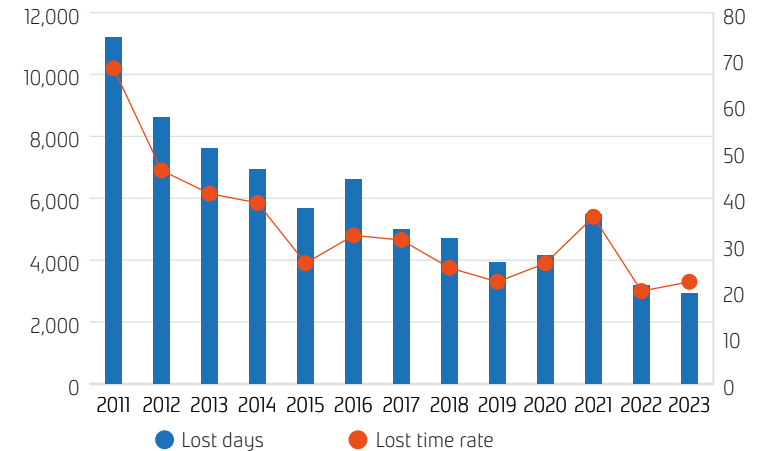
### Accidents and Accident Rate



Calculated as nº of accidents/average nº of employees x 100.

Source: ACHS.

### Lost Days and Lost Time Rate



Calculated as nº of lost days/average nº of employees x 100.

Source: ACHS.



# Relations with unions

(2-30)

With its trade unions, Sodimac seeks to maintain fluid relations, anchored in dialogue, mutual collaboration and trust. This approach is based on the following pillars:

- Respect for people
- Commitment to their personal and professional development
- Legitimacy of unions
- Adherence to the law.

*At end-2023, Sodimac Chile had six company unions and one union for a single establishment, all registered under a single tax number (RUT). Together, they had **10,715** members, representing a unionization rate of **85%**. No collective bargaining processes took place in 2023.*

Unionization		
	Nº of employees	Percentage
2021	11,803	75%
2022	12,055	84%
2023	10,715	85%

Source: Sodimac.

## Permanent dialogue

Between March and December of each year, company executives meet every month or every other month with the leaders of the different unions. At these meetings, the union representatives raise different concerns and the company, in turn, informs them about relevant matters.

The store and distribution center unions contact local managers, the business partner and the corresponding heads of human resources whenever matters arise that the union needs to discuss with the company.

All unions can contact the Labor Relations team, as and when they need, by e-mail, WhatsApp or telephone.



## Judicialization of labor cases

In 2023, the company’s legal team handled 492 cases of a labor nature against the company. By the end of the year, 347 cases had been resolved and 176 cases remained open.

Labor Cases	
	Nº of labor cases filed
2021	216
2022	162
2023	492

Source: Sodimac

### Union training

Sodimac offers a training program to foster the development of the skills of union representatives and leaders. In 2023, the following courses on labor legislation and collective bargaining took place:

- In September, courses on Collective Bargaining Techniques were provided for the Nocesur Union.
- In November, courses on Labor Legislation and Collective Bargaining were provided for the Homecenter Union.



# Outsourcing at Sodimac

(2-8)

Sodimac has an Outsourcing Unit to design and implement policies that guarantee external companies' compliance with their labor and social security obligations and ensure that their employees have proper working conditions. This Unit also provides training on labor laws to the company's different areas, focusing on outsourcing and temporary services, in a bid to foster self-regulation and generate balanced relations between outsourced workers and their employers. In this way, the company guards against lawsuits and fines for infringements of labor regulation.

In 2023, 239 lawsuits related to outsourcing were filed of which 143 were settled during the year while 117 were before the courts and the others remained pending at the end of the year.

In line with the documentation required by law and the safety of contractors' employees, Sodimac continuously updates and reviews its system for controlling the access of external operational personnel to all its facilities (stores, warehouses and distribution centers). The new system permits better control of the documentation that external personnel must have in order to comply with labor regulation. It authorizes the entry of the external personnel of those contractors and subcontractors who have previously uploaded the required information into the system.

In addition, the Outsourcing Unit constantly checks that the information provided meets legal and contractual criteria, guarding against responsibilities that could arise from non-compliance. It also provides advice on outsourcing matters and temporary services to the different areas of the company as required.

The Outsourcing Unit maintains constant contact with contractors and subcontractors on matters related to care for the health of external personnel and compliance with labor regulation.

Outsourcing	2021	2022	2023
Contractors (*)	117	106	68
N° of employees (**)	7,202	6,283	5,062
N° of inspections	-	3	1
N° of fines	-	3	0

(\*) Includes only centrally-controlled contractors. Contractors providing specific services are controlled by each store.

(\*\*) Out of the average of 5,062 contractors' employees in 2023, 2,980 were men and 2,081 were women.

Source: Sodimac.







# Our Suppliers



# Our Suppliers

Sodimac views its suppliers as strategic allies and seeks to build long-term mutually beneficial relations with them, based on transparent rules and responsible management policies.

## Strategic issues

- Sustainable supplier management
- Supplier satisfaction
- Sustainable local entrepreneurship

## Milestones 2023

- To help overcome the difficult economic conditions, Sodimac launched the *Volvamos a Construir* (Let's Get Back to Building) initiative under which it reduced and froze the prices of over 1,000 construction and home improvement products.
- The traditional Suppliers' Meeting addressed the need to innovate, be flexible, strengthen the omnichannel, seek opportunities for improvement in e-commerce and physical stores, and make further progress on the environmental performance of product packaging to meet the requirements of the Extended Producer Responsibility (REP) Law.

- Sodimac's prompt payment policy was recognized by the Chilean Association of Entrepreneurs (ASECH) and the Chilean Product Exchange, positioning it as the best company on paying small and mid-sized enterprises in the retail sector.
- As part of its policy of preventive product review, Sodimac activated a recall for a model of Wurden heaters that, under certain conditions, could have posed injury risks to users.

## Sustainable Development Goals:





# Sustainable supply chain management

(2-6; 204-1)

As of December 2023, Sodimac's supply chain comprised 1,545 suppliers of products and services of which 605 were small and mid-sized enterprises (SMEs). The company's relations with them are anchored in efficient coordination, complementary capabilities, innovation, assured production and sensitivity to customer needs.

Each year, the company selects the best products available locally and globally from trusted manufacturers, which are subject to strict quality controls. The company's procurement strategy considers:

- Price
- Supplier continuity and product quality and safety
- Continuous improvement policies
- Good labor practices
- Adequate work environments
- Use of safety elements
- Adherence to national and international labor regulation.

In 2023, suppliers in Chile accounted for 81% of the company's procurement while the other 19% was imported from companies in Asia, South America, North America and Europe.

Share of procurement by origin of products			
	2021	2022	2023
Imported	21%	26%	19%
Local	79%	74%	81%

Source: Sodimac.

## A challenging context

A number of factors made 2023 a challenging year for the business segments in which Sodimac operates. Investment in the construction sector contracted and consumer spending and sales indicators were down.

This impacted the company's revenues and, in response, it worked to strengthen its commercial and operational management, taking measures to generate traffic in stores and enhance customer experience. It also sought to make efficiency gains, ensure timely supply to stores, maximize sales floor profitability and streamline the delivery of online orders.

In all these efforts, the priority continued to be to meet customers' needs and expectations. This was reflected in marketing campaigns in which the company reduced and froze prices, which called for work in coordination with suppliers.



*Sodimac markets over **6,700** products and services with sustainable attributes. They represent **8.7%** of its total range, a figure that the company aims to increase to **30%** by end-2026.*

## Sodimac Commercial Transparency

Collaboration with suppliers is fundamental for the company's ability to respond to the needs and expectations of consumers who are ever better informed, more demanding and equipped with legal tools to protect their rights. The company, therefore, seeks from its suppliers:

- Product availability
- Quality and service

- Profitability
- Differentiation
- Trust..

Relations with suppliers are governed by a formal framework, known as Sodimac Commercial Transparency (TCS), through which the company provides precise self-regulation guidance to its suppliers on the following aspects:

- Principles and commercial ethics
- Area of application
- Procurement of goods and services
- Charges and discounts to suppliers
- Supports for increasing and guaranteeing sales
- Quality control of goods and services
- Use of brands, patents and similar intellectual property
- Conduct and norms as regards sustainability
- Role of the TCS Compliance Office.

## Annual Suppliers' Meeting

In 2023, Sodimac held its traditional Suppliers' Meeting, which was well attended by companies of different sizes and from different sectors. The event focused on deepening the alliance between Sodimac and its suppliers in order to continue to develop together and support customers at a difficult time.

The event – which included both in-person and remote formats – addressed the need to innovate, act with flexibility and strengthen the omnichannel, seeking opportunities for improvement in e-commerce and physical stores.

Prizes were awarded to suppliers who had stood out for their performance in different categories. The winners were Tecbolt ("Growth"), Comercial Surchile ("Revelation"), Montana Colors ("Innovation"), Midea ("E-Commerce"), Lanco ("Support in Stores"), Bosch Herramientas ("Sodimac Media") and Forestal Yukon ("Sustainability"), the latter for its role in the certification of Sodimac's own brand of wood. A Special Track Record Award was also presented to Peter Lüscher, founder of the Ilesa company.

The Cauce Foundation was invited to the meeting to talk about its work in creating opportunities for vulnerable secondary school students by offering them training and work experience.

## Supporting Chile's reactivation

In response to the country's complex economic situation, Sodimac, in collaboration with its suppliers, launched the *Volvamos a Construir* (Let's Get Back to Building) initiative under which it lowered and froze the prices of over 1,000 different construction and home improvement products. The campaign sought to help construction professionals, small and medium-sized enterprises, construction companies in general and home improvement customers to restart projects they had put on hold because of the prevailing conditions. In this way, the company sought to help reactivate key sectors of the economy.





## Timely payment to SMEs

Para contribuir al desarrollo comercial, estabilidad y confianza de sus proveedores, la empresa tiene la norma de pagar a sus proveedores en un plazo no mayor a 30 días, especialmente a las Pymes. En 2023, la Asociación de Emprendedores de Chile (Asech) y la Bolsa de Productos entregaron un reconocimiento a Sodimac como el mejor pagador a pequeñas y medianas empresas en el sector comercio, junto con Falabella Retail.

Under these protocols – enforced by Sodimac’s Legal Compliance area – and in line with the corporate commitment to human rights, Sodimac rejects child labor and does not use suppliers that employ children. In 2023, no cases of child labor were reported or detected in the supply chain.

In 2023, the company received no complaints about possible breaches of TCS norms that were investigated and resolved during the year by the Legal Compliance area. At the end of the year, no investigations related to the previous year were underway. No inquiries were received through this channel in 2023.

## Evaluating our suppliers

(308-2; 414-2)

Sodimac has a responsible procurement program managed in accordance with the recommendations of the Supplier Ethical Data Exchange (Sedex). Through the Sedex platform, suppliers are themselves able to assess their performance on workplace health and safety, freedom of association, respect for human rights and compliance with labor, ethical and environmental norms as well as applying best practices in their processes and administering key information (certifications and/or audits) for sharing with clients who also use the platform.

At end-2023, 749 Sodimac suppliers were registered and active with Sedex. During the year, 192 suppliers were evaluated on aspects that included labor standards, workplace health and safety, human rights and environmental standards.

Total Suppliers Evaluated through Sedex			
Origin	2021	2022	2023
Chilean	32	11	15
Overseas	188	218	179
<b>Total</b>	<b>220</b>	<b>229</b>	<b>194</b>

Source: Sodimac.

## Supplier Sustainability Questionnaire

Sodimac asks its suppliers to sign a declaration – available in Spanish, English and Mandarin – about business ethics, human rights, workplace health and safety, their selection of their own suppliers, product labeling and advertising, the environment and commitment to the community. In 2023, 217 overseas suppliers and 199 Chilean suppliers signed this undertaking

Supplier Questionnaire (*)	2021	2022	2023
Total overseas suppliers	574	564	486
Suppliers who signed the Sodimac questionnaire	180	186	217

(\*) Considers suppliers active for several years.

Source: Sodimac.

### TCS

### EQUITY

Seeks to ensure fair treatment of all those involved, based on:

- What is warranted by commercial conditions
- A supplier’s track record of compliance.

### CREDIBILITY

Based on ethics, transparency and trust and seeks to ensure:

- Priority for the undertakings of both parties
- Ethical integrity
- Impeccability in fulfilling undertakings.

### RESPECT

Seeks to recognize the dignity of people and companies, both in regulatory and general terms and on a practical everyday basis.

For further information (in Spanish), see [www.sodimac.com](http://www.sodimac.com) (nuestra empresa/proveedores).



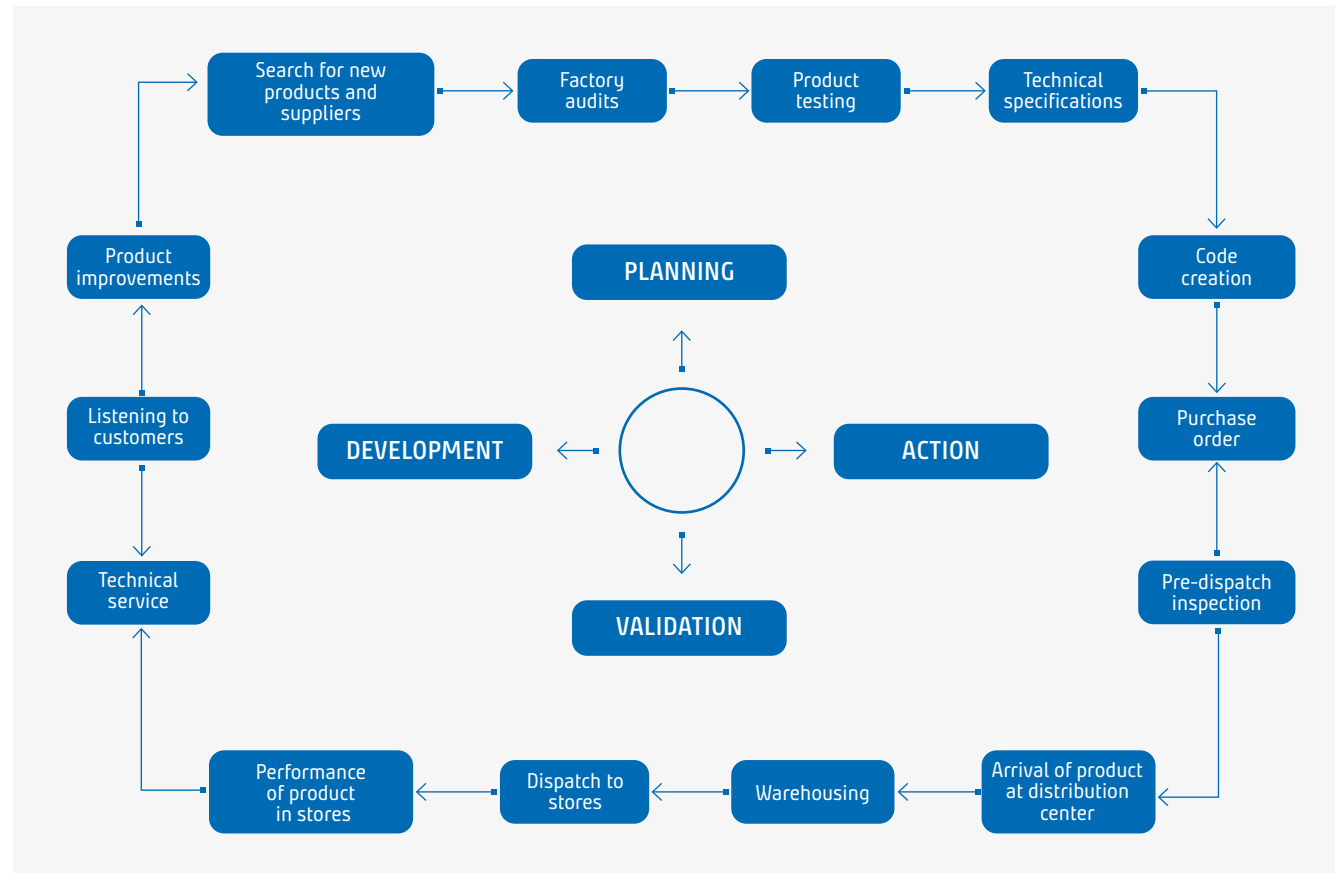


# Product quality and safety

(416-1)

Sodimac is committed to responsible trade and seeks to ensure that all the products it markets are safe and of guaranteed quality. It works with suppliers to ensure that products meet the highest national and international standards. In addition, it works with the authorities not only to comply with regulation, but also to contribute its experience so that the country has the best regulation.

With the support of firms specializing in evaluation, certification and regulation, Sodimac controls the quality of products from their incorporation into its mix through to the after-sales stage, seeking to ensure their safety and the trust of customers.



## Local and international inspections

(417-1)

The selection of products and the establishment of contact with potential overseas and local suppliers envisage visits to their facilities to verify their capacity and solvency. The products are subjected to strict quality testing by specialized companies, which examine the production process as a whole, verifying that the product complies with the specifications required by Sodimac's Quality Control area as regards materials, manuals, labeling, barcode, packing and palleting. They also take into account the product's technical specifications, components and functional characteristics.

Corrective inspections take place if a problem is detected and it must be remedied by the manufacturer. In all inspections, a product may be accepted or rejected and its dispatch authorized or not.

International inspections	2021	2022	2023
Asia	1,467	4,618	1,966
Americas	128	300	166

Source: Sodimac.



Suppliers inspected	2021	2022	2023
Asia	175	173	206

Source: Sodimac.

Inspections in Chile			
Result of inspection	2021	2022	2023
Approved	228	259	290
Rejected	14	16	9
<b>Total</b>	<b>242</b>	<b>275</b>	<b>299</b>

Source: Sodimac.

## Product testing

(416-1)

All items marketed - especially electrical, combustion and other items that may pose a risk to customers - undergo strict quality controls by specialized companies, which examine them both in the factory of origin and in the after-sales stage. The company also encourages suppliers to carry out tests in external facilities when adding a product to its catalogue.



Provision of samples



Review of technical material (technical data sheets, safety information, etc.)



Comparative, physical, chemical and functional tests, depending on the type of product



Preparation of technical report

Product Testing	2021	2022	2023
Product tests in Chile	2,418 units	2,401 units	2,478 units

Source: Sodimac.

## Own brands and technical support

In the case of products that Sodimac has made and labeled as own brands, it takes even greater responsibility for their quality, functioning and after-sales service. Much of the work of its Quality Control area involves monitoring these products in the different stages of their life cycle. In 2023, the company provided authorized technical service for 554 stock-keeping units (SKUs) of these products through a network of 20 Tejocenter branches around the country.

Sodimac also has a technical service exclusively for repair, the provision of spares and response to customers' requirements regarding its own brand of tapware and products using electricity or some fuel. In 2023, 15,409 products in different categories were checked by the Tejocenter technical service authorized by Sodimac to administer after-sales service for these own-brand products.

## Product Use Experience Laboratory

Sodimac seeks to ensure that customers have a positive experience of products. It is the only retailer in Chile with its own Corporate Quality Control Laboratory - certified under the LEAN 5S philosophy - for testing products' safety and functionality. The laboratory has mechanical, electrical, chemical and materials testing facilities as well as areas for the installation, assembly and application of products. In 2023, the laboratory evaluated 492 products.

## Preventive recalls

Sodimac implements preventive recalls when it detects that the use or handling of a product could pose a risk to customer safety. This protocol was activated in 2023 following the detection of issues in the functioning of a model of Wurden heaters sold between February and May. Although no incidents were reported, it was found that, under certain conditions, the heater could potentially cause injury to users. Customers who had purchased the product were asked to stop using it and to contact the company to arrange its return and a full refund.

In addition, customers can use a network of technical support modules located in 70 stores around the country. They are staffed by experts who help customers with how to start to use the product and the best way to do so and, if necessary, refer them to the technical service.

Attentions in Store Technical Support Modules	
2021	408,547
2022	301,530
2023	381,539

Source: Sodimac.

	N° of products recalled	Cost of recalls
2021	0	0
2022	0	0
2023	801	CLP 38,498,463

# Innovation and support for the entrepreneurship ecosystem

Sodimac supports the entrepreneurship ecosystem through innovation projects that enable it to meet customers' expectations and grow efficiently and sustainably. To this end, it works to establish commercial alliances with suppliers and startups, sharing knowledge and experience with them and providing access to its stores and other facilities for the co-creation and testing of pilots that can be further developed together.

## Assisted Online Sales (VOA)

In 2023, Sodimac consolidated its Assisted Online Sales (VOA) service as a differentiating way of advising customers. The company works with Videsk, a startup, with which it has implemented a project to offer customers expert advice through a free video call service over the Internet or through the Sodimac App. The service is operated by Sodimac sales personnel, who support and guide the customer in selecting products or services, obtaining a quote, resolving doubts and making the purchase.

In 2023, static tablets were installed in aisles where advice is most frequently requested as an alternative form of the VOA service for customers wanting to activate a video call from a fixed totem.

Since the VOA service was launched in 2020, it has received over 150,000 requests for advice on products and services and interior decoration, kitchen and bathroom projects. In 2023, 59,521 advisory services were provided, with a user satisfaction level of 91%.

## Analytics for better store operation

Together with the SumatoID startup, Sodimac has developed a project that leverages artificial intelligence to process images from stores' camera circuits. In this way, data can be gathered in physical stores to design measures that improve customer experience, boost operational and commercial efficiency, increase productivity and reduce operational risks at sales points. In 2023, this technology was deployed in 15 Sodimac stores around the country, taking advantage of existing cameras and the startup's expertise to generate data intelligence.

## Geo-marketing at the service of the customer

Together with the MOCA company, Sodimac has implemented a geo-marketing platform for the personalization of customers' phygital experience (integration of the physical and digital environments). The initiative uses the Sodimac App and its integration with 384 beacons installed in stores around Chile that detect and emit signals to mobile devices. The aim is to gain a deeper understanding of customers' behavior and stay in stores, gathering information that helps to deliver a better shopping experience, providing Assisted Online Sales (VOA) in more complex aisles and communicating special offers, one-off opportunities or other relevant content. In this way, the system provides

integration with different geo-location initiatives through push messaging at checkouts and in specialty aisles, project centers or paint counters.

## AI to boost the shopping experience

As part of its efforts to manage routine operational tasks and enhance the customer experience, Sodimac has strengthened its use of an artificial intelligence (AI) solution developed together with the Zippedi startup. The result is a robot – which the company's employees named "Tito" – that operates in all Homecenter and Constructor stores in Chile, automating processes to detect errors in the prices displayed and possible out-of-stocks as well as collecting a series of other data by product code and area of the store. The information obtained provides teams with key data at the start of the day on the basis of which to organize their tasks.

## More efficient use of space in stores

One of Sodimac's differentiating features is its commitment to constant innovation across all processes, an essential attribute for maintaining market leadership. All these improvements are designed to benefit customers, who are the company's primary motivation. To better identify and address market challenges and opportunities, Sodimac has



internally developed a digital tool to improve its management of spaces in stores. With this tool, it can graphically identify operational and financial attributes related to the profitability of the different commercial categories. This has enabled the company to identify and begin to implement data-based adjustments that seek to offer an efficient proposition on the use of resources and value for customers.





# Our Customers



# Our customers

All Sodimac's customer service platforms are equipped with listening tools to provide the company with first-hand information about their needs. In a process of continuous improvement, the company uses this information to enhance the shopping experience, structure a differentiating range of products and services and achieve ever higher levels of customer satisfaction.

## Strategic issues

- Shopping experience
- Product health and safety
- Circular economy and responsible consumption
- Advertising ethics

## Milestones 2023

- Service levels were up by 10% compared to 2022, with an 11% increase in the speed of home deliveries. By the end of the year, 45% of deliveries were being completed within 24 hours and 61% within 48 hours.
- Thanks to investment in technological solutions at the main distribution center, 90% of its internal flows were automated and 60% of orders were delivered directly from warehouses to customers' homes.
- ARQ, a free online platform, was launched to enable architects, designers and builders to work intuitively and make it easier for them to obtain quotes for their architectural and interior design projects.

- To support and raise awareness of people on the autism spectrum, the Silent Hour initiative was launched. On Wednesdays between 1:00 and 2:00 p.m., the background music is switched off in 19 stores, forklifts stop operating, the lighting is dimmed and priority checkouts are made available for the prompt attention of these customers. This initiative will be expanded to more stores in 2024.
- Over 120,000 professional customers received training through Sodimac's Construction Professionals' Circle (CES) and the Great Training Fair, an annual event organized by the company

## Sustainable Development Goals:



# Shopping Experience

Through its omnichannel strategy, Sodimac strives to offer customers the best shopping experience in line with changes in consumption habits and the opportunities being created by the digital transformation and mass use of e-commerce.

## E-commerce and the omnichannel strategy

In 2023, Sodimac Chile continued to build new stores whilst also remodeling existing stores around the country, updating their commercial and operational standards in a bid to be closer to customers and offer them the best experience, with spaces of inspiration for the realization of their dreams and home improvement projects.

In April, the company inaugurated its first store in Maitencillo. This was its 11th in the Valparaíso Region and its 74th in the country as a whole.

The renovation of the Sodimac store in Viña del Mar, located in the Espacio Urbano Mall, marked another milestone. The first stage of the remodeling was inaugurated in November, ahead of the completion of its second phase in the second half of 2024. It features the latest commercial and operational standards and is located in an area of the city that has been growing.



The company also completed construction of its second store in Puerto Montt, which opened in January 2024. This store seeks to serve the inhabitants of the northern part of this city, which has experienced important residential growth in recent years.

Sodimac also sought to continue boosting its omnichannel strategy, incorporating the benefits of the online world into its stores as part of the customer journey, whether for purchases, advice or inspiration. This involved investments in technology to offer customers a better physical-digital experience through measures such as improvements in Wi-Fi connectivity and mobile coverage in stores.

The company also consolidated its Assisted Online Sales (VOA) service as a differentiating aspect of the advice it offers in stores. This has emerged as a tool that is highly valued by customers and employees.

In e-commerce, the company strengthened its same-day delivery service, achieving improvements in service levels of over 10% compared to the previous year and an 11% increase in the speed of home deliveries. By the end of the year, 45% of deliveries were being completed in less than 24 hours and 61% within 48 hours. In addition, optimizations were achieved in proactive notification of customers.



The year also brought other important milestones in the company's digital strategy. At the end of the year, in line with the preference of its household and professional customers, Sodimac Chile returned to offering its products and services on its own Sodimac.com website. It will, however, remain one of the sellers on Falabella.com.

## Progress on digital transformation

Efficiency gains were an important focus of the company's work in 2023. An increase in process automation reduced operational errors, improved the experience of customers and internal clients, simplified daily tasks and increased productivity and processing capacity.

The strategy involved measures to increase sales and recover margins. They included the use of business intelligence models to optimize product availability in stores, better manage product mixes and increase the return on commercial campaigns and inventory sales.

At the same time, the company sought ways to improve store functioning and increase the return on the areas available in each store. This was reflected in the development of a digital tool to optimize the management of spaces, graphically identifying operational and financial attributes related to the profitability of the different commercial categories in order to make data-based adjustments.

## Innovations to improve customer experience

As part of its efforts to harness technological tools to the quality of customer experience, the company has implemented a solid process of innovation to develop new capabilities, particularly digital capabilities, that facilitate the shopping process and reinforce customer advice services at key points in stores. A number of initiatives were adopted in 2023.

### Content and advice

*Another key innovation was the integration of artificial intelligence into digital commercial processes. Some **90% of products were published online with enriched information tailored to construction professionals. A significant 50% of these items received additional attention on the page, with the inclusion of videos or detailed images and emotional descriptions.***

## Video analytics and AI

The company completed the implementation of video analytics technology in 15 stores, using the cameras already in place. The initiative involved collaboration with startups specializing in artificial intelligence to train algorithms that interpret different cases. It helped to enhance customer experience, increase team productivity and reduce operational risks.

## Robots in the distribution center

Thanks to investments at the main distribution center, 90% of its internal flows were automated using robots. In addition, 60% of orders were delivered directly from warehouses to customers' homes.



## Geo-marketing at the service of the

The company continued to work on the Geopush project, a geo-marketing initiative that uses over 400 beacons installed in all stores. These devices, leveraged by the Sodimac App, detect and send signals to mobile devices, providing the capacity to identify, understand and personalize the experience of customers in the store.

This innovation provides the company with a greater understanding of customer behavior and time spent in stores and enables it to offer the Assisted Online Sales (VOA) service in more complex aisles, communicate its value proposition and relevant content through push messaging and integrate geo-location initiatives at checkouts, project centers or paint counters.

## Recognition of customer experience

In 2023, Sodimac's efforts to harness innovation to customer experience received recognition from a number of organizations.

The company took first place in the Home Improvement category of the Most Innovative Companies ranking published by MIC Business Consulting and the ESE Business School of Los Andes University. Similarly, thanks to its Assisted Sales Service (VOA), the company was one of the top three companies in the Best Innovation Project category of the Best Customer Experience Practices Awards of the Association for the Development of Customer Experience (DEC Chile).

## ARQ: An architecture and design platform

Architects, interior designers and builders are an important group for Sodimac, given their direct links with its business. The company, therefore, makes constant efforts to support their work, particularly at times like 2023 when economic activity is weaker.

In 2023, it developed ARQ, a free online platform that enables them to model intuitively and makes it easier for them to obtain quotes for architectural and interior design projects.

## Launch of Silent Hour

In a bid to offer customers more inclusive attention, Sodimac launched the Silent Hour initiative to support and increase awareness of people on the autism spectrum.

On Wednesdays between 1:00 and 2:00 p.m., the background music is switched off in stores, forklifts stop operating, the lighting is dimmed and priority checkouts are made available for the prompt attention of these customers. In addition, a permanent Quiet Zone was created in stores' Garden sector.

The initiative was launched as a pilot project in the Sodimac store in Talagante with the support of the Aspergirls organization and the NGO Defensoría de la Discapacidad. It was subsequently extended to 19 stores around Chile and further stores will be added in 2024. The project also included training for all the personnel of these stores.







# Listening to customers

Sodimac attends to customers' needs through a series of platforms across the different areas of the business. They include:

- Customer call center
- Suggestion boxes in stores
- E-mails to Sodimac personnel
- Company website and social media
- Open line, letters to the National Consumer Service (SERNAC) and the media
- Mystery shopper measurements
- Channel for receiving inquiries and complaints open to all stakeholders.

In 2023, the NPS showed an important increase of more than 12% on 2022 and more than 58% on 2021. This reflected the different action plans focusing on people, processes and technology that the company has implemented.

Satisfaction Survey	2021	2022 (*)	2023
Customers surveyed	368,441	221,268	161,839
Score of 9-10	59%	64%	67,3%
Score of 7-8	16%	14%	13,2%
Score of 0-6	25%	22%	19,4%

Source: Sodimac

(\*)The drop in customers surveyed in 2022 is explained by the migration of the e-commerce channel. NPS surveys related to this channel were handled by Falabella.com.

## Handling of requests and complaints

In its Customer Service area, Sodimac has in place a mechanism for processing and responding to all the requests, inquiries, congratulations, suggestions and complaints it receives from customers.

In 2023, after-sales service showed a significant improvement in the rate of complaints, which dropped by 18% on 2022 and over 60% on 2021. This was principally a result of the effectiveness of plans to improve service levels in both home deliveries and store collection of orders.

## Integral salesperson

Adjustments were made to the structure and staffing of stores to ensure efficiency and productivity, especially in the sales and customer service areas. Sales personnel were regrouped under a new structure in a bid to gain flexibility and increase coverage. This measure, along with the implementation of training programs, increased the agility with which personnel move within stores, enabling them to respond effectively to customers' needs. As part of these improvements, the company launched the Integral Salesperson program to reinforce advice and guidance for customers with greater visibility at key points in stores.

## Customer satisfaction

(2-29)

Sodimac uses the Net Promoter Score (NPS) system as its main indicator of customers' satisfaction and perception of the quality of their experience in stores, e-commerce channels and the Sales to Companies area. This daily feedback is used to introduce improvements in the company's processes, value proposition and service standards and to make changes in physical and technological infrastructure and other aspects.



### Step 1

The customer decides to contact the company, generating a requirement



### Step 2

Registration of information



### Step 3

Processing and classification of information



### Step 4

Forwarding of information to the specialized unit



### Step 5

Unit acknowledges receipt within 72 hours



### Step 6

Provision of solution



### Step 7

End of cycle: Satisfied customer



Year	Customer communications (*)
2021	1,144,048
2022	955,753
2023	651,729

Source: Sodimac.

(\*) Includes inquiries and congratulations.

Type of communication	2021	2022	2023
Complaint	34.2%	20.4%	24.5%
Request	19.4%	20.7%	45.4%
Inquiry	46.1%	58.4%	29.3%
Congratulations	0.3%	0.5%	0.8%
Suggestion	N/A	N/A	N/A

Fuente: Sodimac

Area of complaint	2021		2022		2023	
	N°	%	N°	%	N°	%
Delivery service	235,580	60.15%	136,999	70.28%	119,895	75.01%
After-sales service	89,410	22.83%	19,676	10.09%	13,535	8.47%
Internet	26,628	6.80%	15,289	7.84%	7,508	4.70%
Installation service and tool rental	26,081	6.66%	8,760	4.49%	3,789	2.37%
Checkouts	5,979	1.53%	8,404	4.31%	8,651	5.41%
Other store services	6,037	1.54%	5,092	2.61%	5,845	3.66%
Products	1,089	0.28%	615	0.32%	595	0.37%
Sales area	352	0.09%	94	0.05%	12	0.01%
Others	504	0.13%	-	-	-	-
<b>Total</b>	<b>391,657</b>	<b>100%</b>	<b>194,929</b>	<b>100%</b>	<b>159,830</b>	<b>100%</b>

Source: Sodimac.



## Sodimac–SERNAC agreement

Sodimac has an interoperability agreement with Chile's National Consumer Service (SERNAC). The system operates using a platform that provides Sodimac with immediate notification when SERNAC receives a complaint, enabling the company to handle it more efficiently, with the undertaking to respond within seven working days.

In 2023, Sodimac received 7,984 complaints through this channel (7,762 in 2022) of which 1,879 (24%) corresponded to after-sales service, 3,681 (46%) to deliveries and 1,516 (24%) to sales through the website.



# Responsible trade and marketing

Sodimac’s marketing communications are based on good faith, fair competition and the fulfillment of its promises in line with promotional practices based on sustainability and ethical advertising criteria. This occurs in a framework of total respect for consumer rights, with fair and transparent commercial policies, ensuring that the company can offer customers an adequate assortment in terms of the availability, quality and safety of goods and services.

## Brand building

In a very challenging year for all brands, Sodimac managed to maintain high levels of brand recognition, recommendation and top-of-mind (first mention as a home improvement brand).

In line with the country’s economic situation, the company, along with its suppliers, launched the *Volvamos a Construir* (Let’s Get Back to Building) campaign under which it lowered and froze the prices of more than 1,000 products so that both home improvement customers and construction professionals could continue building their dreams of home.

Using digital tools and personalized communications, the company sought to build deeper connections between the brand and its different publics.

Investment in high-performance campaigns with Google permitted precise audience targeting, providing valuable information through personalized and geo-referenced advertising.

In advisory services for customers, personalized communications were developed using machine learning models to anticipate the purchase of flooring, paint and bathroom and kitchen projects, seeking to offer customers the best recommendations for their projects and renovations.

Sodimac also consolidated its first-party data strategy on Meta and Google in order to continue offering personalized customer experiences in a world without cookies. This enabled the company to reach its audiences in an automated way and ensure personalized communications based on knowledge of customers.

These efforts by Sodimac received constant feedback through different measurements.



## A valued brand

In 2023, Sodimac received a series of awards. It was positioned as one of the most valued companies in Chile in the first Human Companies corporate reputation index published by True Brands and GfK.

It also took first place in the home improvement category of the ICREO survey of trust in companies and first place in the retail category of the Citizen Brands survey by Cadem.

GfK’s Chile3D study recognized Sodimac as a brand of excellence and an undisputed leader in home improvement.

The company also ranked sixth in the Chile10 ranking of brands with the highest market valuation (Brand Finance) and took first place in home improvement and eighth place overall in the Total Brands 2023 study (Criteria and BBK+2Brains).

In addition, it received the Gold EIKON award for its Construction Professionals’ Circle campaign.



## Advertising ethics

Sodimac voluntarily adheres to the Code of Advertising Ethics and the principles of Chile's Council for Advertising Self-Regulation and Ethics (CONAR). Similarly, it adheres to the Code of Self-Regulation of the Chilean Direct Marketing Association (AMD), which certifies the company's direct marketing activities as regards general matters of responsibility and ethics.

## Personal data and information security

(418-1)

Sodimac maintains total confidentiality of all its customers' personal data, applying rigorous internal protocols and security systems, and prohibits its transfer to third parties, complying strictly with the corresponding regulation.

In 2023, there were no reports or formal complaints related to the violation of privacy or data leakage.

## Product recalls

(416-2)

The company's responsibility towards its customers implies that it immediately halts the sale of any product that may pose a risk to them and implements a preventive recall. In this, the company places particular emphasis on its own-brand products.

The protocol was activated in 2023 when problems were detected in the functioning of a model of Wurden heaters.

*For further information, see the Our Suppliers chapter of this Report*

## Legal regulation and lawsuits

(2-27; 417-2; 417-3)

In 2023, 71 cases related to consumer demands were filed against the company. This compared with 100 cases in 2022. During the year, 36 cases filed in 2023 and previous years were resolved.

To guard against conflicts of this type, Sodimac provides training for all the company's different areas to reinforce employees' understanding of the My Customer compliance program, which seeks precisely to strengthen the company's culture of compliance with regulation.

Legal cases - Lawsuits	2021			2022			2023		
	Cases	Cases resolved	Amount sentenced to pay (CLP)	Cases	Cases resolved	Amount sentenced to pay (CLP)	Cases	Cases resolved	Amount sentenced to pay (CLP)
Delivery non-compliance	2,022	65	13,370,255	41	29	19,689,259	9	7	8,644,913
Health and safety	20	16	43,500,110	34	11	29,314,954	46	23	8,436,236
Others	42	42	43,815,897	14	8	3,246,720	16	6	7,961,223
Product, information and labeling	38	25	312,864,309	12	5	1,181,195			
Advertising and marketing	1	3	-	22	2	680,000			
	<b>158</b>	<b>151</b>	<b>413,550,571</b>	<b>111</b>	<b>61</b>	<b>54,112,128</b>	<b>71</b>	<b>36</b>	<b>25,042,372</b>

*Note: The amounts indicated are those paid at the end of the lawsuit.*

*Source: Sodimac.*





# Education and responsible consumption

Sodimac participates in different campaigns that seek to generate awareness of the environment and contribute to its protection and the fight against climate change.

*For further information, see the Commitment to the Environment chapter of this Report.*

## Caring for the House of All

In this context, *Cuidemos La Casa de Todos* (Let's Look after the House of All) has become an iconic initiative because of the close ties it has created with consumers. Taking advantage of its different platforms, the company provides information on how to implement home improvement projects that reduce water or energy consumption and reuse waste or other materials.

## Circular economy

As part of its environmental program, Sodimac applies a circular economy strategy in its operations, taking measures to reduce the use of materials, including their reuse and recycling.

*Sodimac markets over **6,700** sustainable products and services. For further information, see the Our Suppliers chapter of this Report.*

## Battery recycling

All the company's stores have a program for collecting and recycling used vehicle batteries. It is open to the community and free of charge. Since the program's launch, the company has received some 5,680 batteries, which would otherwise have posed health and environmental risks. In 2023, it collected 5,512 batteries (equivalent to 71 tonnes).

## Hágalo Usted Mismo

Under the *Hágalo Usted Mismo* (Do It Yourself) program, Sodimac uses its YouTube channel, website, workshops in stores and other forms of contact to promote simple ideas for home repair and maintenance and provide information on topics such as circular economy projects.

Campaigns in 2023 focused on topics that included starting and maintaining a vegetable garden; building a greenhouse from recycled bottles; using water efficiently in terraces and gardens; composting and making a compost bin; reusing waste or other materials; reducing household water and energy consumption; checking the condition of roofs, gutters, walls, doors and windows; creating a personal recycling point; and making eco-friendly bags from old clothing.

*For further information, see [hagaloustedmismo.cl](http://hagaloustedmismo.cl).*

*At the end of 2023, the **Hágalo Usted Mismo** YouTube channel had over **2.4 million** subscribers.*

## Sodimac Construction Professionals' Circle

Over the years, Sodimac's Circle of Construction Professionals (CES) has established very close relations with this segment of the company's customers, seeking to get to know them ever better and meet their specific needs.

In 2023, the program implemented 240 training activities through its Construction Professionals Academy to support them in innovating and improving their work. This included scholarships for studies at higher education institutions through e-learning and in-person courses on topics such as minor construction work, electrical installations, plumbing, photovoltaic and thermal solar systems, tapware and home extensions. In addition, through courses offered by the Inacap training institute and the University of Talca, construction professionals can obtain certification to validate and demonstrate their acquired knowledge. During the year, over 120,000 people received training through CES and the Great Training Fair organized annually by the company.

In 2023, CES continued to grow, gaining 100,000 new members around the country and reaching a total of 897,000 members by the end of the year.

*To enhance the experience of CES members, Sodimac implemented a personalized and automated communications strategy, highlighting the attributes of a product in line with the construction professionals' occupation or type of needs as well as offering them special spaces and services. To provide them with a tangible vision of the discounts available through this loyalty program, discounts were applied according to Gold and Black tier levels.*

*The CES+CMR Points loyalty program for construction professionals reached over **897,000** registered members. In 2023, a function for payment with CMR points was incorporated into the website, facilitating redemptions and enhancing loyalty. In addition, the CMR Points program was strengthened with the Points+Cash function, permitting faster and easier redemption on Falabella.com. This was reflected in the redemption of over 650,000 items during the year.*

CES activities	2021	2022	2023
N° of members	350,915	796,128	900,000
N° of members with SEC certification (*)	Suspended (*)	Suspended (*)	Suspended (*)
N° of people trained (**)	20,618	22,196	14,482
N° of scholarships	3,330	4,037	3,712

(\*) In 2021 and 2022, certifications could not be awarded because this requires an in-person test that could not be conducted due to the pandemic and, in 2023, due to the operation's poor economic results.

(\*\*) Training in stores was replaced with training via Zoom, which permitted an increase in the number of places on each course and an important increase in the number of people trained.

Source: Sodimac

For further information about CES, see [www.circulodeespecialistas.cl](http://www.circulodeespecialistas.cl).

## Great Training Fair

On March 16 and 18, Sodimac held its 11th Great Training Fair. It was attended by over 14,000 construction professionals while a further 96,000 connected remotely from different places in Chile and Latin America. Importantly, 15% of those who attended were women.

In the 160 courses (50 of a practical nature and over 100 theoretical courses) and around 147,000 training sessions, participants were able to acquire tools and knowledge for their work. In addition, free certification in plumbing and electrical work was provided through the Inacap training institute.

This event - the largest of its kind in the construction sector in Chile - also featured 70 supplier stands and varied networking spaces.





## Commitment to the environment





# Commitment to the environment

*Sodimac's commitment to climate action is reflected in initiatives such as the measurement, reduction and mitigation of its operations' environmental impacts and its efforts to create awareness of the importance of care for the environment throughout its value chain.*

## Strategic issues

- Climate change
- Operational eco-efficiency
- Waste and circularity
- Sustainable logistics

## Milestones 2023

- For the fourth consecutive year, Sodimac was awarded the Seal of Excellence of the Environment Ministry's HuellaChile program. It was the only retail company and only one of five organizations in Chile to receive this distinction.
- To help increase recycling and compliance with the Extended Producer Responsibility (REP) Law, Sodimac gradually began integrating its Clean Points into the first collective management system for packaging and containers,

ReSimple. This process started in December with the transfer of the Clean Points at its stores in Arica and Calama.

- Sodimac became the first retailer in Latin America to obtain FSC certification, which was in recognition of its responsible management of the Timbermac own brand of wood.
- The company continued to expand its range of sustainable products and services for customers, which reached over 6,700 items.

## Sustainable Development Goals:





# Climate action

(302-1; 302-4; 305-1; 305-2; 305-3; 305-4; 305-5)

## CARBON FOOTPRINT

Inventory of GHG Emissions  
v.15/March/2023  
Sodimac CL - 2023

# 265 ktCO<sub>2</sub>e



One of the priorities of Sodimac's sustainability strategy is to mitigate the impact of its operations with a view to becoming carbon neutral in Scopes 1 and 2 or, in other words, direct emissions and those under its operational control by 2030. Every year since 2010, the company has measured and managed its carbon footprint, using the Greenhouse Gas Protocol methodology and a process designed with the support of the Projectae engineering company. The measurement includes the following scopes:

- **Scope 1:** Direct emissions generated by the use of fossil fuels and the leakage of refrigerant gases in sources controlled or owned by the company
- **Scope 2:** Indirect emissions related to the electricity consumed by the company at its facilities (stores, offices and warehouses)
- **Scope 3:** Indirect emissions generated by the transport of products, the transport used by customers to visit stores, the transport of employees, the manufacture of operating inputs used by the company's stores and corporate offices, the disposal of waste and recycling, business travel, e-commerce and the production of fuels.

In 2023, the results of the measurement showed that the company's carbon footprint reached 265,000 tonnes of

10 ktCO <sub>2</sub> e		8 ktCO <sub>2</sub> e		126 ktCO <sub>2</sub> e		96 ktCO <sub>2</sub> e			25 ktCO <sub>2</sub> e		
Fuels and refrigerant gases		Electricity		Hired freight transport		Transport to stores used by customers			Others		
SCOPE 1		SCOPE 2		SCOPE 3		SCOPE 3			SCOPE 3		
Source	% CO <sub>2</sub> e	Source	GWh	% CO <sub>2</sub> e	Source	% CO <sub>2</sub> e	Source	% use	% CO <sub>2</sub> e	Source	% CO <sub>2</sub> e
Fixed sources	5%	Electricity system average	24	100%	Imports to distribution centers	36%	Private car	56%	94%	Transport of employees	41%
Forklift trucks	57%	100% renewable	73	0%	Local products to distribution centers	41%	Public transport	15%	6%	Waste and recycling	46%
Company vehicles	7%	Own solar generation	15	0%	Supply of stores from distribution centers	19%	On foot/bicycle	10%	without GHG	Production of fuels	4%
Refrigerant gases	31%				Deliveries to customers	3%				Business travel	3%
										Inputs and services	2%
										Use of websites	3%
4%		3%		48%		36%			9%		

**Notes:** Differences in the sum of the percentages are explained by rounding of figures.  
Scope 2 emissions are reported using the market-based method.  
GHG emissions generated by the manufacture, use and disposal of products sold are not included in this figure.  
It is recommended that this figure be read in conjunction with the Report.

Source: **projectae**

carbon dioxide equivalent (265 ktCO<sub>2</sub>e) in the three scopes, excluding the impact of the manufacture, use and end-of-life of the products sold. This represented a drop of 46% on total emissions in 2022. This was explained by:

- o A reduction in the impact of electricity consumption, due to the decarbonization of Chile's electricity matrix and an increase in purchases of electricity certified as 100% renewable;

- o A reduction in imports and customer journeys to stores, due to a drop in activity compared to 2022;
- o A reduction in generation of non-hazardous waste and an increase in the recycling rate from 19% to 24%.

In 2023, the electricity consumption reported in previous years was reviewed and retroactive improvements were

introduced, resulting in the recalculation of emissions in 2019-2022.

In parallel, the company continued to measure the impact of the products it marketed (manufacture, use and end-of-life). This was found to represent a total of 1,504 ktCO<sub>2</sub>e or, in other words, almost six times the impact of the rest of the operation.

## HuellaChile Seal of Excellence

For the fourth consecutive year, Sodimac was awarded the Seal of Excellence of the Chilean Environment Ministry's HuellaChile program as well as its seals for the Quantification and Reduction of greenhouse gas (GHG) emissions. This is a recognition of the company's efforts to reduce the impact of its emissions.

It was the only retailer to receive the Seal of Excellence of the voluntary program, which seeks to promote the quantification, reporting and management of GHG emissions by public and private organizations.

## Committed to electromobility

Transport activities are the largest contributor to the retail industry's carbon footprint (excluding the products sold). To reduce their impact, Sodimac implements an Electromobility Policy under which it is incorporating electric vehicles for last-mile deliveries and store restocking. It also supports transport contractors in transitioning to this technology. Already, the entire fleet at Sodimac's main distribution center is electric.

This commitment to electromobility also includes customers. In an alliance with Enel X Way, the company promotes electromobility among its customers by installing electric vehicle charging stations at its stores, distribution centers and head offices and already has 21 stations in Santiago and other regions. Together with Copec Voltex, it also offers a service for installing electric vehicle chargers at customers' homes.

## Carbon neutral commerce

Since 2019, all Sodimac's deliveries of customers' online orders have been carbon neutral. It was the first retailer in Chile to make this undertaking, adopting a model that offsets the corresponding emissions by acquiring carbon credits from internationally registered renewable energy projects in Chile. The system is assured by the Santiago Climate Exchange (SCX), which issues CO<sub>2</sub> Neutral certification for the delivery process, guaranteeing the process's compliance and traceability.

In 2023, the company offset 317,950 journeys for home deliveries (181,119 in 2022), transporting 5,398,306 orders (3,517,662 in 2022) and neutralizing 4,356 tCO<sub>2</sub>e. In addition, electric vehicles were used for 2.3% of the kilometers traveled for deliveries.

*For more information, see [www.scx.cl](http://www.scx.cl).*







# Operational eco-efficiency

Under the company's internal protocols, the construction of all new stores and other buildings related to its operations is based on the guidelines of the US Green Building Council, with sustainable architectural and infrastructure standards that are conducive to the efficient use of resources.

## NCRE Program

Thanks to a program implemented consistently year after year, the company obtains 70% of its energy supply from

non-conventional renewable energies (NCRE) and the goal is to reach 100% by 2030.

As part of this program, the company has installed photovoltaic panels in 49 stores and other facilities. In 2023, they generated 14,921 MWh of electricity, avoiding the emission of 4,356 tCO<sub>2</sub>e of Scope 2 emissions.

This is in addition to an agreement between Enel and the Falabella group under which Sodimac accessed some 76 GWh of renewable energy in 2023, avoiding the emission of 17,602 tCO<sub>2</sub>e.

## Sustainable infrastructure

In pursuit of its goal of carbon neutrality by 2030, Sodimac continued to invest in the replacement of lighting, the renovation of facilities and the construction of new stores designed to consume less energy. The latter make intensive use of natural light and are equipped with LED lighting technology and low-consumption air conditioning systems as well as equipment and fixtures that reduce water consumption.

This approach was applied in the new store opened in Maitencillo in 2023, the renovation of the Sodimac store in the Espacio Urbano Mall in Viña del Mar and the construction of a second store in Puerto Montt, which was inaugurated in January 2024.



	Units	2021	2022	2023
N° stores with solar panels	N°	48	49	49
Electricity generated by panels	MWh	16,542	16,595	14,921
Emission factor of National Electricity System (SEN)	tCO <sub>2</sub> e/MWh	0.391	0.301	0.24
Scope 2 emissions avoided	tCO <sub>2</sub> e	6,463	4,988	4,356

## Water footprint

(303-5)

Sodimac does not use water for industrial purposes. Its consumption is limited fundamentally to showers and bathrooms for employees, canteens and customer bathrooms. In these cases, the company has equipment and artifacts that permit efficient use of the resource. This water is supplied by each town or city's water company and, after its use, is discharged into the public wastewater system in accordance with the regulation in force.

Because store consumption is low and water use is non-industrial, the company does not have water recycling or reuse projects. However, in 2023, work continued to gather information about its internal water consumption. This gave a total consumption of 1,024,000 m<sup>3</sup>, considering the facilities billed directly by the corresponding water company and an estimate for other facilities.

In addition, the company implements campaigns to raise awareness of the importance of responsible water use among customers, promoting products that help households save water.



## Environmental expenditure and investment

Sodimac devotes an important level of resources to environmental matters.

Project ('000 CLP)	2021	2022	2023
Changes in lighting	360,970	833,315	257,006
Clean Points	786,629	925,842	1,055,167
Waste treatment	73,689	146,809	237,705
Carbon footprint measurement	9,926	73,720	1,063
REP inventory	13,837	21,167	12,762
Environmental declarations	43,082	52,215	115,104
Environmental platform	23,992	110,942	144,104
Consultancy on eco-products	20,111	-	52,977 *
Consultancy on solar panels	6,000	10,501	-
<b>Total</b>	<b>1,338,236</b>	<b>2,174,511</b>	<b>1,875,888</b>

Source: Sodimac.

\* Equivalent to 1,440 UF as of 31 December 2023.





# Compliance and waste management

## Environmental compliance

Sodimac's Environment area, which forms part of the Sustainability and Compliance area, is responsible for identifying risks and leading initiatives to ensure compliance with environmental regulation and the undertakings into which the company has voluntarily entered in this field. Under its Sustainability Policy, the company also files declarations with the Environment Ministry's Register of Emission and Transfer of Pollutants (RETC).

The legal environmental requirements to which the company adheres address 12 points:

### 1. Waste management and disposal

For this purpose, the company has temporary waste storage facilities that have permits from the Health Ministry's Regional Office (SEREMI), with the corresponding person responsible in the RETC online system in which each collection is reported. Movements are reported to the National Waste Declaration System (SINADER) and the System for Declaration of Hazardous Waste (SIDREP). An update of the database is filed monthly.

### 2. Emissions from fixed sources

The company registers all its facilities' generators and fire pumps and monitors their fuel consumption and hours of

use on a monthly basis. It also files an annual declaration for each store to the RETC system.

### 3. Light pollution

In the Antofagasta, Atacama and Coquimbo Regions of northern Chile, the type and angle of outside lighting are regulated so as not to interfere with the operations of the astronomical observatories located in this part of the country.

### 4. Canteens

Canteens require authorization from the Health Ministry's Regional Office (SEREMI). In addition, they must comply with a number of infrastructure requirements.

### 5. Monitoring of Environmental Approval Resolutions (RCAs)

Certain projects must be submitted to Chile's Environmental Impact Evaluation System through the presentation of either an Environmental Impact Study or an Environmental Impact Declaration. This process culminates with the award of an Environmental Approval Resolution (RCA), which sets out all the related environmental undertakings.

### 6. Pest control

Regular pest control and sanitization processes take place according to the needs of each facility, maintaining cleanliness and hygiene for both employees and customers.

### 7. Hazardous substances

These include liquefied gas for cranes, paints and solvents. Requirements apply to their display in stores.

### 8. Extended Producer Responsibility (REP) Law

This law obliges the manufacturers and importers of six priority products to take responsibility for them once their useful life has ended.

### 9. Permits from the Superintendency of Electricity and Fuels (SEC)

These are required for interior electrical and gas installations and the storage of liquid fuels.

### 10. Municipal permits

These include planning permission and authorization for the use of a new building as well as business operating licenses.

### 11. Industrial review

This process evaluates the risks that a facility poses in terms of the damage and harm it could cause to employees, the neighborhood and the community. Activities can be classified as inoffensive, a nuisance, unhealthy, polluting or hazardous. Its aim is to establish the conditions in which activities are located in accordance with Municipal Zoning Plans and in harmony with their residential surroundings and the environment.

### 12. Health report

This document testifies to an industrial establishment's compliance with environmental and health and safety regulation. Under Article 83 of Chile's Health Code, it is a prerequisite for the definitive municipal permit for the installation, expansion or change of location of an industrial, commercial or warehousing activity.





## Waste management

(306-1; 306-2; 306-3; 306-4; 306-5)

Sodimac applies protocols for the recovery, recycling and disposal of its own waste and that generated by the community.

### Disposal of non-hazardous waste

In alliance with Sociedad Recuperadora de Papel (SOREPA), Sodimac implements a plan for recycling the paper and cardboard used by suppliers as packaging for their products. In 2023, 4,582 tonnes of material were recycled, including white and magazine paper, cardboard, mixed paper and white and colored thin cardboard as well as plastic film and wood.

Non-hazardous waste for which the company does not have a recovery plan is sent to duly authorized landfills for disposal. In 2023, this amounted to 21,817 tonnes.

Aspecto	Unit	2021	2022	2023
Waste Disposal	t	41,634	39,035	28,863
Total waste generated	t	41,527	38,921	28,706
Non-hazardous	t	34,427	31,586	21,817
To disposal	t	7,100	7,335	6,889
To recovery	t	107	114	157
Hazardous	t	50	43	84
To disposal	t	57	71	73
To recovery	t	41,634	39,035	28,863
Total waste generated	t	0	0	0
On-site treatment	t	41,634	39,035	28,863
Off-site treatment (with third parties)		17%	19%	24%
% waste recovered (not sent for disposal)	%	17%	19%	24%

### Compliance plan for noise nuisance from a store

(307-1)

In 2023, no formal complaints were made to the Superintendency for the Environment about noise generated by a Sodimac store or other facilities. Nonetheless, the company continued to implement the Compliance Plan drawn up in response to a complaint about a store received in 2022. It consists of the following measures:

- Elimination of one of the store's two generators and the soundproofing of the remaining generator;
- Replacement of gas-powered forklifts with electric vehicles;
- Change in the location of waste containers to an area away from the affected neighbors;
- Change in operating hours;
- Limit on the number of trucks in transit at the store.

## Circular economy

Sodimac implements numerous circular economy projects through which to reduce waste and GHG emissions. Key initiatives include:

### Mulch production and sales

Through an alliance with the Armony company, Sodimac transforms waste pallets from its operations into mulch for plant pots and gardens while plant and wood waste from stores is used to make multipurpose compost. Both products are then marketed by Sodimac.

In 2023, 2,112 tonnes of waste of this type were reused, producing 1,205 m<sup>3</sup> of mulch and 4,209 m<sup>3</sup> of compost, avoiding the waste's disposal in landfills and transforming it into products with a positive environmental impact.

### Recycling Pet Food Waste

Sodimac recycles pet food waste (for example, the contents of bags that break open in stores), sending it to the plant of Ecofeed for use as an input for new pet food. In 2023, 1,852 kilos of material were processed in this way.



## Disposal of hazardous waste

For its stores' elimination of solid and liquid waste that could be harmful to people or the environment, Sodimac applies a protocol that covers the disposal of used batteries, fluorescent tubes, electronic articles, empty paint tins, solvent containers, oils and solid waste contaminated with hydrocarbons, all of which are stored in duly labeled plastic containers.

The company also has a Standard Operating Procedure (POE) for hazardous materials. In areas where chemicals are stored, all stores have equipment for handling spillages appropriately.

With prior official authorization, Veolia, a specialized company, takes hazardous waste to a final disposal plant where it is rendered inert and subjected to a recovery process while all those elements of which use cannot be made or which do not have value undergo chemical and physical treatment.

Disposal	Unit	2021	2022	2023
Hazardous waste generated	t	107	114	156
To disposal	t	50	43	84
To recovery (used batteries)	t	57	71	73

Source: Sodimac.

## Sodimac in ReSimple

In 2023, Sodimac helped to found ReSimple, Chile's first collective waste management system for containers and packaging. To support recycling efforts and compliance with the Extended Producer Responsibility (REP) Law, Sodimac gradually began transferring its Clean Points to ReSimple. This transition started in December with the transfer of the Clean Points at Sodimac's stores in the cities of Arica and Calama. These will continue to be operated by TriCiclos, which won a public tender called by ReSimple.

By transferring its Clean Points, Sodimac is putting an important flow of users, as well as the infrastructure, at the service of Chile's recycling goals. The people who have visited Sodimac's Clean Points over the past 13 years have participated in an educational process and cultural change that will now be boosted nationally.

ReSimple is a system governed by the REP Law. It offers a free service for the collection of recyclable waste from homes as well as operating clean and green points.

## National Network of Clean Points

Launched in 2010, Sodimac's National Network of Clean Points is the largest initiative of its kind in Chile. With 18 collection centers from Arica to Chiloé, operated by TriCiclos, it had received over 4.5 million visits and facilitated the recycling of nearly 28,500 tonnes of waste by December 2023.

The network receives 14 types of recyclable material with a guaranteed form of recovery. They include PET plastics, polythene, polypropylene, polystyrene, glass, aluminium, scrap metal, food cans, tetra pack containers, cardboard, paper, newspapers and magazines. These are compacted and sent to recycling companies. Through an alliance with the WOM telecommunications company, the Clean Points also receive electronic waste (old mobile phones, tablets and cables).

	Recycling at Clean Points		
	2021	2022	2023
Tonnes	1,961	2,609	2,599
Visits	173,484	260,695	367,219

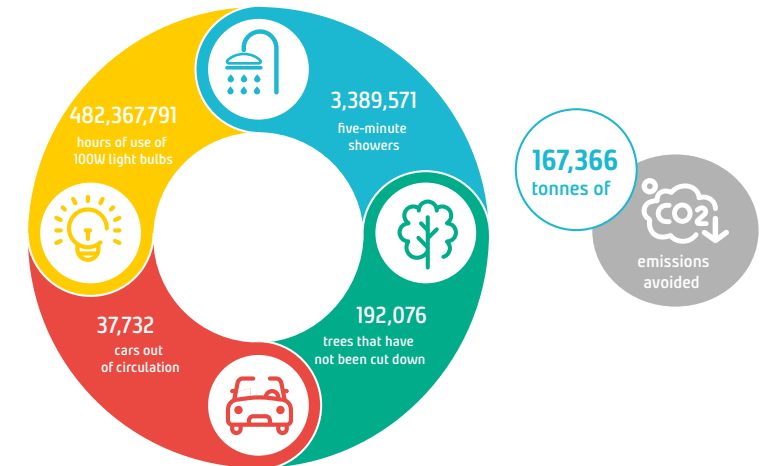
Source: TriCiclos.

Materials Recycled, 2023	
Glass	52%
Cellulose	34%
Plastics	11%
Metal	3%

Source: TriCiclos.



Savings to ecosystems as a result of the 18 Clean Points of Sodimac's National Network since its launch



## Promoting recycling by customers

In the framework of the REP Law's implementation, Sodimac is implementing, with the support of different institutions, a series of initiatives to encourage waste reduction, reuse, and recycling by both organizations and households. The initiatives include:

- Services to households to repair and/or recycle furniture and appliances such as washing machines, refrigerators and cookers. In 2023, it recovered 44,049 kilos of different elements from customers.
- Management of waste for recycling paper, cardboard and stretch film and progress on the disposal of wood, achieving a recycling rate of around 24%, considering only post-industrial waste generated by the operation of stores.
- Contribution to waste management through the National Network of Clean Points and their gradual transfer to the ReSimple collective waste management system.

## Clean Production Agreements (APLs) for the circular economy

In recent years, Sodimac has signed a series of Clean Production Agreements (APLs) through which it contributes to fostering a circular economy in Chile.

### New life for tires

As from 2023, customers who replace their vehicle tires at the company's Car Centers can also opt to leave their old tires at specially equipped collection points.

Under this free service, this environmentally harmful waste is sent to a processing plant where it is repurposed as raw material for new products.

This initiative is part of Sodimac's active role in Neuvo!, Chile's first collective system for the management of used and end-of-life tires, established under the REP Law.



### Battery recycling

Sodimac is committed to a Clean Production Agreement (APL), established in 2016, under which it has contributed to the recovery of some 5,680 old vehicle batteries (equivalent to approximately 73 tonnes), collected from its Car Center customers and through specific campaigns in Homecenter stores around the country. This service was permanently extended to all the community and all stores in 2022 when 5,512 batteries were recovered (71 tonnes).



## Management of electrical and electronic waste

Since 2019, Sodimac has been part of an APL to create a collective system for the management of used electrical and electronic goods and improve information about the sector. One of the key measures has been the definition of a model for the inclusion of grassroots recyclers in the management and handling of this waste, taking into account the issues of storage, transport, pre-treatment and hazardousness. A map of existing public-private initiatives and pilot programs for the recovery and reuse of post-consumption electrical and electronic articles was also drawn up in order to obtain reliable and extrapolative information about real management capacity. Public education campaigns about management of waste of this type have also been implemented.

## New APLs for construction sector waste

In 2023, Sodimac joined three APLs, launched by the Chilean Chamber of Construction (CChC) and the Sustainability and Climate Change Agency of the government's Economic Development Agency (CORFO). Their aim is to foster the prevention, recovery and proper management of construction and demolition waste and the sustainable consumption of water resources in the value chain of the Antofagasta, Los Lagos and Magallanes Regions.

The Ministry of Housing and Urban Development estimates that, just in activities related to housing, the construction sector generates nearly 7,500,000 tonnes of construction and demolition waste each year, equivalent to more than 15 national stadiums, a figure that underscores the importance of these public-private agreements.

Under the APLs, a diagnosis of waste generation and water consumption in the participating installations will be carried out and a sector baseline will be established on a regional scale to implement a management plan for construction and demolition waste and promote efficient water use. In addition, a regional strategy will be drawn up to solve the lack of sites for the recovery and disposal of this waste. Companies will also be provided with a register of waste managers and existing disposal sites in the corresponding regions.

Among other measures, each company will implement a construction and demolition waste management plan and a water efficiency plan. The APL will be implemented within 24 months.



## Participation in the Chilean Plastics Pact

Since 2019, Sodimac has been a member of the Chilean Plastics Pact (PCP), an initiative promoted globally by the Ellen MacArthur Foundation and led in Chile by the Fundación Chile technology transfer institute and the Environment Ministry. Its aim is to accelerate the move from the linear model of most plastic containers and packaging to a circular one that takes advantage of all the virtues of this material, preserving its value and use for as long as possible and reducing the negative impact of this waste.

In 2023, the PCP played an active role in supporting the development and implementation of new regulation. Among other initiatives, it submitted a regulatory proposal to the Ministry of Health (MINSAL) for the use of recycled plastics in contact with food and collaborated with the Environment

Ministry in addressing regulatory gaps that hinder the implementation of certain reuse models. In addition, it made progress on a review of national and international initiatives for the circularity of flexible plastics, published the results of a pilot study on their use, designed a new pilot on end markets to be implemented in 2024 and created a roadmap for flexible plastics. It also conducted tests with multimaterial structures (PE/PA, PP/PE, PE/PET) to evaluate their recovery potential and incorporation into the production of new containers and packaging, given that these materials are considered non-recyclable. On circular design, the PCP supported Laben USACH in developing a Guide/Design Platform for the Recyclability of Containers and Packaging. It also implemented environmental education campaigns targeting the community.



# Promoting sustainability

## Product packaging and design

Sodimac has a right-sizing program to reduce the use of plastic and cardboard in the containers and packaging of the products it markets and minimize potential waste. By tailoring packaging to the size of the article, the company can make more efficient use of space in containers, warehouses and stores. By permitting the transport of more products in a single delivery, this also reduces transport-related CO2 emissions.

The company also seeks to ensure that 100% of the containers and packaging of the products it markets is recyclable, starting with own brands. At present, 90% of the containers and packaging of the latter is classified as recyclable.

## Education and responsible consumption

Sodimac seeks to foster care for the environment and the circular economy among its stakeholders. For this purpose, it takes advantage of its different platforms (presence in stores, catalogues, website, advertising campaigns and Do It Yourself content) to heighten awareness and help generate changes in conduct that contribute to the combat of climate change and its effects.

## Sustainable products and services

As of end-2023, the company was marketing over 6,700 products and services that comply with the norms and requirements established by the Quality Control area for their classification as "sustainable".

They include products that reduce or avoid energy and water use, are made with care for natural resources and disclose their environmental impact as well as those that help to maintain healthy homes free of harmful chemical particles and those made from materials that are recyclable, reusable or compostable and that are socially responsible.

Sustainable services include the installation of photovoltaic panels and electric vehicle chargers in homes as well as automatic watering systems that mean important water savings.

## Sustainable wood

All the wood Sodimac markets is from known, controlled and environmentally friendly sources. In addition, the company helps to provide constant training for small and mid-sized suppliers to ensure the sustainable exploitation of forests.

## FSC wood certification

Sodimac became the first retailer in Latin America to obtain international FSC certification in recognition of its responsible management of its own brand of wood.

*For further information, see the Our Suppliers chapter of this Report.*

## Environmentally-friendly tools

In 2023, Stanley Black & Decker introduced its Reviva line of cordless tools in Chile, marking their debut in Latin America. This product range, available exclusively in Sodimac stores and the company's online platform, comprises these tools: drills, sanders, jig saws, screwdrivers and handheld vacuums.

The Reviva line is the first of its kind globally to be manufactured using recycled materials and it is currently the only line with this attribute available in the Chilean market. In addition, its packaging is made from 100% recycled and fully recyclable cardboard.

Sustainable Products			
Aspect of sustainability	2021	2022	2023
Energy saving and efficiency	1,005	1,537	1,427
Water saving and efficiency	385	478	570
Recycled, reused and biodegradable products	478	449	686
Products from sustainably managed sources	1,247	1,039	1,517
Healthy home	1,443	2,401	1,527
Inclusive trade	127	156	1,237
<b>TOTAL</b>	<b>4,685</b>	<b>5,789</b>	<b>6,739</b>



## Promoting sustainability in the value chain

Sodimac's suppliers play a key role in its objective of moving towards products and services that meet the highest environmental standards. In 2022, together with the Ecostrategia consultancy company, it prepared a guide, entitled System of Sustainable Products, which defines six criteria for evaluating products from this standpoint: sustainable production, efficient water consumption, energy efficiency, healthy home, circularity and recycling, and inclusive trade. To be considered sustainable, a product must comply with at least one of these criteria.

The company also prepared a Guide on Packaging and Packing that establishes the requirements and procedures for the right-sizing of product packaging and its recyclability. This manual sets out the goals of the Sodimac Packaging and Packing Roadmap for own-brand products: to ensure that it is all recyclable, to advance on right-sizing and the use of recycled material, and to label all packaging with information on how to recycle it. In the future, this will be extended to all products so that customers can identify the different components of the packaging, the material from which it is made and how to recycle it correctly.

In conjunction with the Falabella group, Sodimac is also drawing up strategic definitions to address the impact of its carbon footprint from the moment products are manufactured.

## Support for public-private initiatives

Each year, Sodimac supports initiatives implemented by different institutions in favor of the planet:

- **HuellaChile certification**

Since 2018, Sodimac has participated in HuellaChile, an initiative implemented by Chile's Environment Ministry to promote the measurement, reporting and management of GHG emissions by public and private organizations.

- **Participation in the Climate Ambition Accelerator**

Sodimac participates in the Climate Ambition Accelerator program of the UN Global Compact, of which it has been a member since 2007. The initiative seeks to provide companies with the knowledge and skills to advance more quickly on climate ambition and set science-based emissions reduction targets aligned with the 1.5°C scenario of the Paris Agreement.

- **Alliance for Climate Action**

Sodimac was one of the founders of the Alliance for Climate Action (ACA Chile), a public-private initiative that seeks to articulate the efforts of numerous non-state actors and provide a more coordinated response to the climate emergency.

- **Race to Zero**

In 2021, Sodimac joined the Race to Zero initiative, the world's largest carbon neutrality alliance. It seeks to promote the transformation to a decarbonized economy through collaboration between governments, cities, regions, companies

and investors in a bid to achieve a world with net zero carbon emissions by 2050. This is in addition to Sodimac's undertaking to become carbon neutral by 2030 in Scopes 1 and 2 emissions and, as part of the Corporate Leaders Group for Climate Action (CLG), to implement an environmental management program to combat climate change.

- **Earth Hour**

In 2023, Sodimac once again supported Earth Hour, the largest global initiative to create awareness of climate change. Between 20:30 and 21:30 on Saturday, 25 March, it switched off the signs on the fronts of its stores, distribution centers and administrative offices around the country. It also promoted the activity by inviting employees, customers and the community in general to support this initiative.

- **Chile Green Building Week**

To support sustainable construction, the company once again participated in the International Summit: Construye Acción, an event that took place in the framework of Chile Green Building Week in a bid to increase awareness in the sector of the importance of contributing to climate action. The meeting is organized annually by the Chile Green Building Council, of which Sodimac is a member, and featured Chilean and international speakers on subjects such as ESG, climate financing and the implementation of sustainable, regenerative and resilient initiatives aligned with the principles of climate action, health and well-being and circularity.





# Commitment to the community





# Commitment to the community

*Sodimac has permanent channels for engaging with communities where its operations may have an impact. It also implements social investment policies, supports the work of different foundations that seek to improve people's quality of life and encourages employees to participate in corporate volunteer activities.*

## Strategic issues

- Social investment
- Management of community relations

## Milestones 2023

- Under its RECSO program, the company continued to support teams in stores classified as "high and medium priority" in processes of dialogue with the community and the authorities. A database was created containing information about the neighbors of stores around the country in order to extend personalized invitations to participate in the Construyendo Sueños de Hogar (Building Dreams of Home) program.
- Building Dreams of Home implemented 81 projects, directly benefiting over 33,000 people.

- In 2023, the Murals for Chile initiative completed four new projects in schools in Iquique, Antofagasta, Copiapó and Punta Arenas, bringing the total to 15 murals since the initiative began in 2021.
- As a member of the Movidos x Chile network, Sodimac contributed 3,500 humanitarian aid kits for the over 4,200 people affected by the storm system that impacted the O'Higgins and Maule Regions.

## Sustainable Development Goals:





## Sodimac and local communities

Thanks to its listening channels, constant qualitative and quantitative evaluation of its operational impacts and its work with allied organizations, the company has information that enables it to understand the needs and expectations of the communities with which it has ties. It uses this information in putting its engagement policies into practice.

### Social investment

(203-1)

	Type				Total '000 CLP
	Money		In-kind		
	'000 CLP	%	'000 CLP	%	'000 CLP
Investment in community	1,452,575	83%	406,307	95%	1,858,881
Donations	174,150	10%	21,491	5%	195,641
Commercial initiatives	122,000	7%	-	0%	122,000
<b>Total</b>	<b>1,748,725</b>	<b>100%</b>	<b>427,797</b>	<b>100%</b>	<b>2,176,522</b>

## Territorial management

(413-1; 413-2)

Sodimac has a Territorial Management System that allows it to understand the needs of the settings in which its operations take place so that, throughout their life cycle, they are respectful towards neighbors and the community and contribute to their development.

In this, Sodimac takes into account the indicators of the Community category of its Stakeholders Sustainability Index (SSIndex), developed by ESG Compass. This category specifically addresses risk management and sustainable monitoring in the company's community relations.

The system comprises different lines of action. The Sodimac Community Relations Program (RECSO) is responsible for defining work in collaboration with communities across the different phases of a project's life cycle:

- **Approval, tendering, contracting and construction:** Sodimac's Planning, Development and Projects area uses the Intelligent Territorial Early Warning Matrix (MIATT), a tool specially designed for the company that is applied in each territory where it plans to build, expand or remodel facilities. MIATT serves to guide relations with the community and permits opportune dialogue with neighbors in the development of projects, generating technical, economic and social measures and seeking to ensure opportune management, including when projects are implemented by external companies. In this way, the company strives to ensure that current and new investments not only comply with regulation, but also meet Sodimac's standards as regards sustainable growth

- **Store operation:** Externalities that may be impacting a store's direct neighbors are addressed, seeking solutions in coordination with the community. In this stage, long-term ties with the community are established through social projects such as those of the company's Construyendo Sueños de Hogar (Building Dreams of Home) program.
- **Closure of a facility or store:** In the last stage of the project cycle, the focus is on informing neighbors and social organizations about the calendar for the process and the related mitigation and safety measures.

### RECSO actions 2023

In line with this, support was provided for the opening of the company's first store in Maitencillo (inaugurated in April 2023) and the construction of its second store in Puerto Montt, which opened in January 2024. Both projects were presented to the authorities and the company began to establish initial contacts with the community. Similarly, support was provided for local teams in preparation for the opening of a new store in Villarrica in 2024.

At the same time, efforts in 2023 focused on the operational phase, with the RECSO program's ongoing implementation in stores that had been identified as "high and medium priority" in 2022. This involved supporting teams in implementing and communicating the improvements undertaken. A key case was the Nueva La Florida Homecenter and the process of dialogue with neighbors and the





## Local job creation

(202-2)

Sodimac gives priority to hiring people from each store's area of influence. In this way, it can not only create job opportunities for the surrounding community but also reduce employees' commuting times to the benefit of their quality of life. This also applies to store leaders or, given their knowledge and experience, they are offered the possibility of moving to another location.

The company participates in job fairs and has alliances with institutions that offer free technical training for low-income young people so they can acquire knowledge that facilitates their labor market insertion.

In 2023, the company hired 779 new employees (466 men and 313 women).

municipal government of the Peñalolén district, enabling the company to make adjustments in infrastructure and operations to favor the community's well-being.

The results of a 2022 survey of regional and store managers helped to define priorities based on the territorial situation of each store and identify those requiring greater support for the subsequent strengthening of permanent links

and direct communications channels with neighbors. Community bulletins were launched to inform them about improvements, changes in the operation and Sodimac's progress on fulfillment of its undertakings.

The program also supported new stores in identifying and registering with authorities, grassroots organizations, hospitals, schools and other stakeholders to favor the start of dialogue with local teams. The Sustainability area also created a database with information about the neighbors of each store around the country. As a result, they could be sent personalized invitations to participate in the Building Dreams of Home program, which also formed part of the project of implementation of social programs to foster stronger relations through workshops and activities for the community.

Training sessions were also planned for store teams to equip them with practical tools for improving relations with their communities in the case of concerns or requests.

## Construyendo Sueños de Hogar

Through the *Construyendo Sueños de Hogar* (Building Dreams of Home) program, Sodimac and its employees contribute to the development of communities near the company's stores, distribution centers and head offices.

Under this program, community organizations can apply for support for projects to repair, remodel or otherwise improve infrastructure or public spaces. The projects submitted are evaluated, based on their social impact, by Sodimac's

Technical Executive Committee and representatives of the Community of Solidarity Organizations (COS). Sodimac provides the necessary materials and their transport while company volunteers carry out the work in coordination with the communities themselves.

In alliance with organizations such as TECHO, the Junto al Barrio Foundation and Movidos x Chile, the program also contributes to the construction of definitive housing, the improvement of neighborhood spaces and help for communities affected by emergencies or natural disasters.

In 2023, the program implemented projects that improved facilities for senior citizens, people with disabilities and on the autism spectrum and homeless people. It also helped repair classrooms and playgrounds at schools and kindergartens and the infrastructure of health centers, fire services, sports clubs and neighborhood associations as well as creating community vegetable gardens and renovating public squares.

The work undertaken included a project in the facilities of the NGO Maymuru in Arica; the construction of a therapeutic and sensory garden for the Down Somos Foundation in Rancagua, which serves children and adolescents with Down syndrome; improvement of the conditions of the Third Fire Company in San Pedro de la Paz; and the creation of an eco-library at the Manantial School in Villarrica.

Since its launch 16 years ago, Building Dreams of Home has implemented 921 projects, directly benefiting over 335,000 people.

## Murals for Chile

Since 2021, Sodimac, Falabella Retail and the Antenna Foundation have been implementing the Murals for Chile project, which seeks to take art to schools supported by the *Haciendo Escuela* (School Making) program and, at the same time, showcase the work of emerging artists.

Each project is of an integrated nature, with the artist designing a monumental piece at the school, which should go on to become part of the neighborhood's heritage. At the same time, the students participate in urban art workshops, accompanied by experts, teachers and volunteers from Falabella Retail and Sodimac. The project culminates with a collective intervention of one of the school's inside walls.

In 2023, Murals for Chile completed four new projects, taking the total since its launch to 15. The first was in the Profesor Manuel Castro Ramos School in Iquique and was led by the artist Haroldo Ríos, who intervened two central walls of the school and one in the workshop area, totaling over 190 m<sup>2</sup>. In Antofagasta, another project, implemented by Francisco Tapia, took the form of *Resilientes*, a mural that covers a wall of 30 m<sup>2</sup> in the Básica General Santiago School. The Vicente Sepúlveda Rojo School in Copiapó was the site for a 135-m<sup>2</sup> mural about the district's history and culture by the artist Jaime Valderrama. Finally, in the Juan Bautista Contardi Secondary School in Punta Arenas, the program implemented its southernmost project, a 50-m<sup>2</sup> mural by two artists from the city, Antonia Ríos and Natanael Stockebrand.



Some 36% of the projects took the form of improvements to the infrastructure of organizations promoting inclusion (such as for senior citizens, people with disabilities and on the autism spectrum and homeless people).

Work for schools and kindergartens that needed to improve classrooms or playgrounds accounted for a further 27% while 14% of the organizations that benefited were neighborhood associations that needed to improve the infrastructure of their social centers.

The creation of community vegetable gardens or the improvement of green areas (public squares) accounted for 12%. Support for sports clubs to improve changing rooms and other facilities accounted for 6% while the remaining 5% corresponded to organizations related to healthcare and fire services that needed to improve their common spaces.



# Our social alliances

(2-28)

*In 2023, the Building Dreams of Home program implemented **81** projects (out of a total of 828 submitted by communities), directly benefiting over **33,000** people.*

Sodimac supports the work of different foundations that help improve the living conditions of different communities.

## TECHO

For the past 17 years, Sodimac has maintained a strategic alliance with the TECHO organization in a bid to help build fairer and more sustainable cities, helping families in informal settlements obtain definitive housing. To this end, the company offers materials, preferential prices and logistics support to TECHO's social real estate branch, which manages these projects. Thanks to this joint work, 99 housing projects have been implemented around Chile, enabling 8,281 people to achieve the dream of their own home.

The two organizations also join forces in the event of fires or natural disasters to give those who have lost everything a temporary home, providing basic necessities and materials to rebuild the affected homes.

In 2023, work continued on the alliance's 100th project: the Santa Teresa project in Santiago's San Bernardo suburb.

The first stone was laid in December 2022 and the project is scheduled for inauguration at the end of 2024, benefiting 51 families from temporary settlements, who will be joined by others in this social integration project.

The company made a donation for the construction of emergency housing after the February 2023 fires in the Biobío and Araucanía Regions. Thirty-five houses were installed in Quirihue, Ninhue, Purén, Mulchén, Tomé and Arauco.

In July, Sodimac also participated in the transfer of the deeds for the Flor del Valle de Maipú project, one of the last projects implemented by TECHO for 104 families from the La Isla informal settlement in the Maipú district of Santiago.

In August, Sodimac joined TECHO in commemorating its 25th anniversary. Between September 28 and October 1, it also supported the organization's national fundraising collection, providing space for volunteers in stores and the head office to receive contributions from customers and employees.

*For further information, see [www.techo.org/chile](http://www.techo.org/chile).*

## Junto al Barrio Foundation

During more than ten years of joint work with the Junto al Barrio Foundation, Sodimac has provided economic support and voluntary work for different initiatives implemented by this organization to improve the surroundings and quality of life of people from vulnerable groups.

In 2023, the focus was on supporting the foundation in its efforts to strengthen the community in the Augusto D'Halmar sector and Plaza Lo Espejo of Santiago's Lo Espejo district, assisting it in applying for projects to improve green areas (Plaza and Platabanda sector). These projects represent a public investment of over 400 million Chilean pesos associated with Supreme Decree (DS) 27. Two projects received approval at the beginning of 2024 for their implementation during the year.

*For further information, see [www.juntoalbarrio.cl](http://www.juntoalbarrio.cl).*

## Base Pública

Sodimac's participation in Base Pública since 2018 has enabled the company to relate to a network of people and organizations united by sustainability, publicizing the purposes, ideas and actions of different agents of social and environmental change, in a bid to foster a more human and collaborative social transformation.

The alliance was renewed in 2023 and continued to implement different collaborative projects. Sodimac was part of the City and Territory alliance, collaborating as a sponsor in different programs. In a webinar, it shared information about the Building Dreams of Home program, providing civil society organizations with details of the application process, and talked about the Seal of Excellence awarded to the company in 2023 by the Environment Ministry for the fourth year.

*For further information, see [www.basepublica.cl](http://www.basepublica.cl).*



## Supporting Proyecto B

In 2023, Sodimac established ties with Proyecto B, an organization that supports the social and workplace insertion of young people from the National Service for Minors (SENAME) and the country's new *Servicio Mejor Niñez* (Better Childhood Service). During the year, an in-person training plan was implemented, equipping 12 young offenders with soft, technical and business-related skills. In recognition of the program, which took place successfully at the Sodimac Homecenter San Miguel store in Santiago, the company received the Transform Seal in the Potencia Prize category.



## Movidos x Chile

Along with other companies from the Falabella group, Sodimac is part of Movidos x Chile, an initiative of the Community of Solidarity Organizations (COS). Its objective is to serve as a vehicle for permanent coordination among different organizations in providing support for communities hit by catastrophes and/or emergencies that may occur in the country, thereby facilitating effective and timely aid. For this purpose, the company has protocols with procedures as well as an Emergency Operational Committee.

In 2023, the Movidos x Chile network was activated in response to the fires in February in the Ñuble, Biobío and Araucanía Regions. It provided 500 debris removal kits, which included 1,484 products such as wheelbarrows, shovels and personal protection equipment.

The network was activated again in June in the face of floods in the O'Higgins and Maule Regions, with the donation of 450 debris removal and sanitization kits for families in Coltauco, Rengo, Licantén and Linares.

In these emergencies, the company was in daily contact with Movidos x Chile, which monitors the emergency in coordination with local authorities, the National Service for Disaster Prevention and Response (SENAPRED) and the Ministry of Housing.

*For further information, see [www.movidosxchile.cl](http://www.movidosxchile.cl).*

## Déficit Cero

Sodimac forms part of *Déficit Cero* (Zero Deficit), an organization that seeks to overcome Chile's housing shortage. To this end, it carries out studies to propose public policy solutions, generating collaboration between different sectors of society. In January 2023, it held the Housing and City Meeting which, in its first version, sought to reflect on the subject of "Housing as a Common Purpose" in the face of a housing deficit that affects over 600,000 families. The event featured important Chilean and international speakers and was attended by some 250 people.

*For further information, see [www.deficitcero.cl](http://www.deficitcero.cl).*

## Late!

Under the strategic alliance that Sodimac formed with this B company over ten years ago, 100% of the profits on sales of its bottled water in stores are donated to the TECHO organization, which uses them to finance the construction of housing for vulnerable families and community projects. In 2023, the company's customers contributed 9,058,582 Chilean pesos.

*For further information, see [www.late.cl](http://www.late.cl).*



# Appendices



## Appendix 1

# Economic development

(201-1)

In 2023, Sodimac continued to lead the home improvement sector in Chile, with a market share that, including its Imperial subsidiary, reached 22.1%. At 2,364,993,261,000 Chilean pesos, consolidated revenues, including Imperial's sales, were down by 20.0% on 2022, a drop explained principally by the severe post-pandemic economic crisis.

Economic performance ('000 CLP)	2021	2022	2023
Operating income	3,255,724,149	2,957,797,459	2,364,993,261
Operating costs	-2,235,217,768	-2,082,239,782	-1,697,824,015
Payment of dividends *	176,090,891	142,474,351	-
Profit	228,951,420	52,079,958	-44,529,454

Source: Sodimac.

\* Does not include dividends to non-controlling interests or net provision of minimum dividend.

**Economic value generated:**  
**2,364,993,261,000**  
**Chilean pesos**

## Operating income

Consolidated operating income to December 2023 reached 2,364,993,261,000 Chilean pesos, down by 20.0% on the same period in the previous year.

## EBITDA

At 108,147,545,000 Chilean pesos, EBITDA to December 2023 was down by 52.6% on the same period in the previous year and represented 4.6% of total income, compared to 7.7% in the previous year.

## Results

At 43,438,116,000, the loss attributable to the controllers in the year to December 2023 was down by 190.5% on the same period in the previous year and represented (1.8%) of total income, compared to 1.6% in the previous year.

The after-tax result attributable to the controllers showed a drop of 190.5% on the previous period. This is explained by the following:

## CONSOLIDATED RESULTS TO DECEMBER 2023

	Unit	31.12.2023	% income	31.12.2022	% income	Var.	% var.
Operating income	'000 CLP	2,364,993,261	100.0%	2,957,797,459	100.0%	(592,804,198)	(20.0%)
Operating costs	'000 CLP	(1,697,824,015)	(71.8%)	(2,082,239,782)	(70.4%)	384,415,767	(18.5%)
<b>Gross earnings</b>	<b>'000 CLP</b>	<b>667,169,246</b>	<b>28.21%</b>	<b>875,557,677</b>	<b>29.60%</b>	<b>(208,388,431)</b>	<b>(23.8%)</b>
Admin. and sales costs <sup>1</sup>	'000 CLP	(679,339,665)	(28.7%)	(759,738,686)	(25.7%)	80,399,021	(10.6%)
<b>Operating result</b>	<b>'000 CLP</b>	<b>(12,170,419)</b>	<b>(0.5%)</b>	<b>115,818,991</b>	<b>3.9%</b>	<b>(127,989,410)</b>	<b>(110.5%)</b>
Non-operating result <sup>2</sup>	'000 CLP	(45,995,668)	(1.9%)	(52,692,490)	(1.8%)	6,696,822	(12.7%)
EBITDA <sup>3</sup>	'000 CLP	108,147,545	4.6%	228,161,380	7.7%	(120,013,835)	(52.6%)
<b>Result before tax</b>	<b>'000 CLP</b>	<b>(58,166,087)</b>	<b>(2.5%)</b>	<b>63,126,501</b>	<b>2.1%</b>	<b>(121,292,588)</b>	<b>(192.1%)</b>
Taxes	'000 CLP	13,636,633	0.6%	(11,046,543)	(0.4%)	24,683,176	(223.4%)
<b>Result after taxes</b>	<b>'000 CLP</b>	<b>(44,529,454)</b>	<b>(1.9%)</b>	<b>52,079,958</b>	<b>1.8%</b>	<b>(96,609,412)</b>	<b>(185.5%)</b>
Attributable to non-controlling interest	'000 CLP	(1,091,338)	(0.0%)	4,097,787	0.1%	(5,189,125)	(126.6%)
<b>Attributable to controllers</b>	<b>'000 CLP</b>	<b>(43,438,116)</b>	<b>(1.8%)</b>	<b>47,982,171</b>	<b>1.6%</b>	<b>(91,420,287)</b>	<b>(190.5%)</b>

1. Sum of distribution costs, administration costs and other costs by function.

2. Net sum of other earnings (losses), financial income, financial costs, exchange rate differences and results by unit of adjustment.

3. Operating result minus depreciation and amortizations.





- Income from the Home Improvement segment (Sodimac) dropped by 19.8% while that from the Construction Professionals segment (Imperial) was down by 22.6%. The margin decreased from 29.60% to 28.21%. The drop in income reflects principally economic conditions in Chile where gross domestic product (GDP) showed a variation of close to 0% in 2023. Although the Central Bank's Monthly Indicator of Economic Activity (IMACEC) grew by 1.2% in November, compared to the same month in the previous year, the commerce sector showed a drop of 0.1%, contracting by 1.4% in annual terms. This reflected mainly the performance of the retail sector.

Moreover, unemployment showed a 12-monthly increase of 14%, which naturally affected demand and, consequently, sales. The poor economic situation meant that, in a number of categories (particularly, construction materials), prices dropped, further affecting sales in monetary terms. In addition, customers generally preferred more economic or, in other words, more basic products, which also affected sales.

- By channel, the most affected were e-commerce, with a drop of 27.8%, and Store Retail with a decrease of 18.4% on the previous year.

- In the case of margin, the company continued to implement campaigns to generate traffic in stores. Despite their positive effect on sales, this had a direct impact on margin.

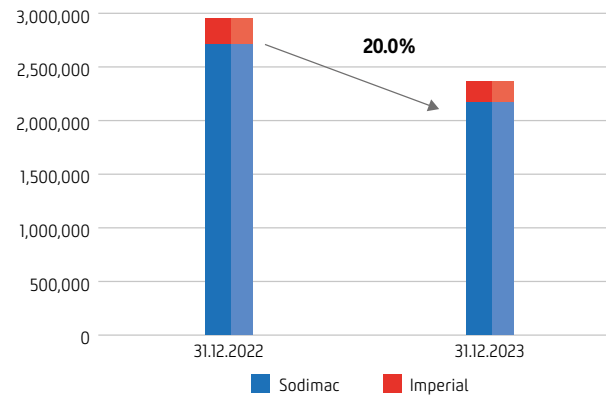
- An aggressively competitive environment was reflected in special offers that included the transversal offer of financing in interest-free installments, exerting downward pressure on margins. This was further accentuated by the liquidation of imported stock that had arrived with higher costs in 2022 (due to global supply chain problems), with a negative impact on margins in a number of categories.

Administrative and sales expenses dropped by 10.6% to 80,399,021,000 Chilean pesos, due principally to a reduction

of 24,106,208,000 pesos in rental costs, 19,371,989,000 pesos in professional fees and third-party services, 17,370,176,000 pesos in logistics costs, 9,684,789,000 pesos in labor costs, 4,958,658,000 pesos in advertising, 3,867,273,000 pesos in materials and inputs, 3,131,598,000 pesos in commissions and 2,508,160,000 pesos in maintenance and repairs. These reductions were offset by 7,536,223,000 pesos in increased expenditure on depreciation and amortizations and 1,266,432,000 pesos on IT services.

The non-operating loss of 6,696,822,000 pesos was 12.7% lower than in the previous year. This was explained principally by a reduction of 4,187,912,000 pesos in interest charges by Falabella S.A., a reduction of 2,563,725,000 pesos associated with derivatives contracts and a reduction of 1,937,960,000 pesos in exchange rate losses, offset by an increase of 1,942,633,000 pesos in leasing interest charges.

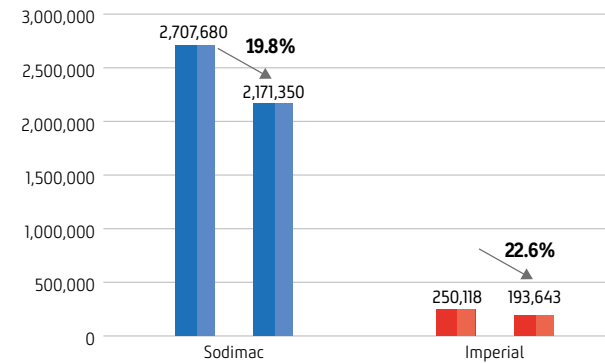
### Consolidated Operating Income



\* Home improvement segment (Sodimac)

\* Construction professionals segment (Imperial)

### Operating Income by Business Segment



## Tax approach

(207-1)

As part of Falabella S.A., Sodimac adheres to its Tax Policy for the materialization of its contribution to society through the taxes to which it is liable under Chilean legislation. A Tax Committee, formed by representatives of the Finance, Compliance and Auditing areas, is responsible for implementing this policy and reports to the General Manager. The following tax principles have been established:

- Compliance with obligations under tax law, applying plausible and good-faith interpretations of tax norms;
- Truthful tax description of all operations and transactions without the use of structures or forms that distort the underlying economic situation, which was the legitimate business reason for these operations or transactions, in order to reduce the applicable tax or take advantage of tax benefits for which the company would not otherwise be eligible;
- Collaborative, truthful and fair relations with the tax authorities through representatives specially appointed for this purpose;
- Due consideration of these tax principles in business decisions with tax implications.

Payments to the state in the form of taxes are shown in the following table:

## Integrated Consolidated Financial Statements

Integrated financial statements

Integrated financial statements	01.01.2023 31.12.2023 M\$ = '000 CLP	01.01.2022 31.12.2022 M\$ = '000 CLP
<b>(Loss) profit of the period</b>	(44,529,454)	52,079,958
<b>Components of the other integrated results that will not be reclassified in the results of the period before tax</b>		
Actuarial profit (loss) due to defined benefit plans	5,574,984	(11,738,736)
<b>Other integrated results that will not be reclassified in the results of the period</b>	<b>5,574,984</b>	<b>(11,738,736)</b>
<b>Components of the other integrated results that will be reclassified in the results of the period before tax</b>		
<b>Cash flow hedging</b>		
Profit (loss) on cash flow hedging, before tax	627,997	(2,173,561)
<b>Other integrated results, before tax, cash flow hedging</b>	<b>627,997</b>	<b>(2,173,561)</b>
<b>Tax on earnings related to components of other integrated results that will not be reclassified in the results of the period</b>		
Tax on earnings related to employee benefit plans	(1,505,246)	3,169,459
<b>Total tax on earnings related to components of other integrated results that will not be reclassified in the results of the period</b>	<b>(1,505,246)</b>	<b>3,169,459</b>
<b>Tax on earnings related to components of other integrated results that will be reclassified in the results of the period</b>		
Tax on earnings related to cash flow hedging of other integrated results	(169,559)	586,862
<b>Tax on accumulated earnings related to components of other integrated results that will be reclassified in the results of the period</b>	<b>(169,559)</b>	<b>586,862</b>
<b>Total other integrated results</b>	<b>4,528,176</b>	<b>(10,155,976)</b>
<b>Total integrated results</b>	<b>(40,001,278)</b>	<b>41,923,982</b>
<b>Integrated results attributable to</b>		
Controllers	(38,909,940)	37,826,195
Non-controlling interest	(1,091,338)	4,097,787
<b>Total integrated results</b>	<b>(40,001,278)</b>	<b>41,923,982</b>



## Appendix 2

# Sodimac Chile Workforce

(2-7)

### Workforce by geographical area, working day and type of contract

As of end-2023, Sodimac had 12,668 employees of whom 56% were men and 44% were women.

Employees by geographical area						
	2021		2022		2023	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Northern Zone	1,485	734	1,407	583	1,293	464
Central Zone	1,754	885	1,683	720	1,647	639
Southern Zone	2,352	1,136	2,305	981	2,229	832
Santiago Metropolitan Region	5,570	1,827	5,166	1,483	4,377	1,187
<b>Total</b>	<b>15,743</b>		<b>14,328</b>		<b>12,668</b>	

Source: Sodimac.

Employees by type of working day						
	2021		2022		2023	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
	11,161	4,582	10,561	3,767	9,546	3,122
<b>Total</b>	<b>15,743</b>		<b>14,328</b>		<b>12,668</b>	

Full-time: 45 hours; part-time: less than 45 hours.

Source: Sodimac.

	Employees by type of contract					
	2021		2022		2023	
	Men	Women	Men	Women	Men	Women
Indefinite contract	8,061	5,883	8,069	6,094	6,962	5,404
Fixed-term contract	1,050	749	111	54	166	136
<b>Subtotal</b>	<b>9,111</b>	<b>6,632</b>	<b>8,180</b>	<b>6,148</b>	<b>7,128</b>	<b>5,540</b>
<b>Total</b>	<b>15,743</b>		<b>14,328</b>		<b>12,668</b>	

Source: Sodimac.

### Workforce by type of post and gender

(2-7; 405-1)

As of December 2023, 44% of Sodimac Chile's workforce were women. They accounted for 35% of positions as manager and assistant manager, which represented a significant increase from 29% in the previous year.

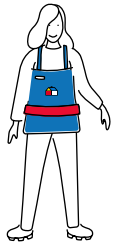
Sodimac's wage policy is based only on variables related to professional value and does not distinguish by gender, seeking to avoid wage gaps between women and men.



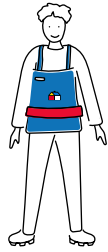


## Diversity in the Board of Directors

### By gender



**3** women



**6** men

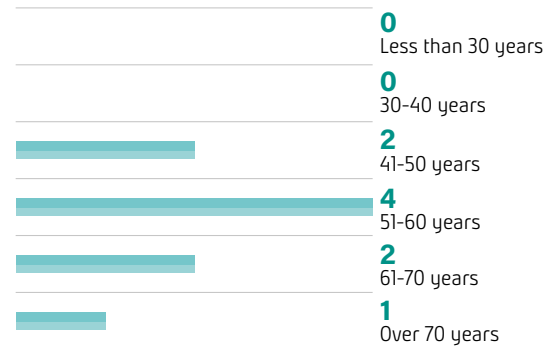
### By nationality

**9**  
Chileans

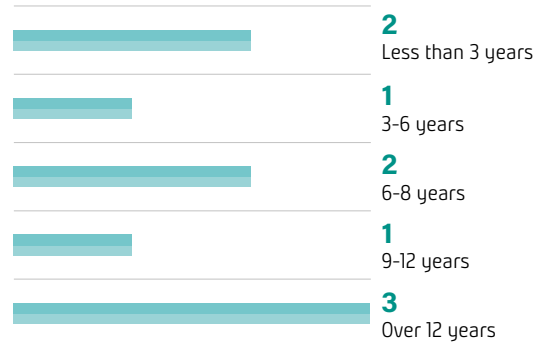


**0**  
other nationalities

### By age range



### By length of service



Sodimac has no directors with disabilities.

## Workforce diversity by type of post

Type of post	Total employees					
	2021		2022		2023	
	Men	Women	Men	Women	Men	Women
Managers and assistant managers	297	110	299	120	268	146
Professional and technical personnel	1,861	1,513	1,834	1,505	1,520	1,317
Other employees	6,953	5,009	6,047	4,523	5,340	4,077
<b>Total men/women</b>	<b>9,111</b>	<b>6,632</b>	<b>8,180</b>	<b>6,148</b>	<b>7,128</b>	<b>5,540</b>
<b>Total</b>	<b>15,743</b>		<b>14,328</b>		<b>12,668</b>	

Age range	Managers and assistant managers					
	2021		2022		2023	
	Men	Women	Men	Women	Men	Women
Less than 30	1	1	1	0	-	-
30-49	175	78	169	87	147	107
50 and over	121	31	129	33	121	39
<b>Total</b>	<b>297</b>	<b>110</b>	<b>299</b>	<b>120</b>	<b>268</b>	<b>146</b>
<b>% of total</b>	<b>73%</b>	<b>27%</b>	<b>71%</b>	<b>29%</b>	<b>65%</b>	<b>35%</b>

Source: Sodimac.



Professional and technical personnel						
Age range	2021		2022		2023	
	Men	Women	Men	Women	Men	Women
Less than 30	271	172	280	161	182	117
30-49	1,298	1,131	1,241	1,097	1,051	956
50 and over	292	210	313	247	287	244
<b>Total</b>	<b>1,861</b>	<b>1,513</b>	<b>1,834</b>	<b>1,505</b>	<b>1,520</b>	<b>1,317</b>
<b>% of total</b>	<b>55%</b>	<b>45%</b>	<b>55%</b>	<b>45%</b>	<b>54%</b>	<b>46%</b>

Source: Sodimac.

Other employees						
Age range	2021		2022		2023	
	Men	Women	Men	Women	Men	Women
Less than 30	2,652	1,516	1,091	1,125	1,412	856
30-49	3,029	2,563	2,841	2,420	2,633	2,221
50 and over	1,272	930	1,305	978	1,295	1,000
<b>Total</b>	<b>6,953</b>	<b>5,009</b>	<b>6,047</b>	<b>4,523</b>	<b>5,340</b>	<b>4,077</b>
<b>% of total</b>	<b>58%</b>	<b>42%</b>	<b>57%</b>	<b>43%</b>	<b>57%</b>	<b>43%</b>

Source: Sodimac.

## New hires by type of post and geographical area

(401-1)

Type of post	New hires					
	2021		2022		2023	
	Men	Women	Men	Women	Men	Women
Managers and assistant managers	11	4	9	7	2	5
Professional and technical personnel	161	148	602	741	54	50
Other employees	1,877	1,260	132	185	410	258
<b>Total men/women</b>	<b>2,049</b>	<b>1,412</b>	<b>743</b>	<b>933</b>	<b>466</b>	<b>313</b>
<b>Total</b>	<b>3,461</b>		<b>1,676</b>		<b>779</b>	

Geographical area	New hires by geographical area (stores)					
	2021		2022		2023	
	Men	Women	Men	Women	Men	Women
Santiago Metropolitan Region	542	434	415	303	144	82
Central Zone	356	235	64	47	124	79
Northern Zone	395	319	259	208	90	69
Southern Zone	418	256	195	185	108	83
<b>Rate of new hires</b>	<b>9.5%</b>	<b>6.9%</b>	<b>5.2%</b>	<b>4.1%</b>	<b>3.7%</b>	<b>2.5%</b>

## Turnover by geographical area and age range

(401-1)

Employee turnover by geographical area						
Geographical area	2021		2022		2023	
	Men	Women	Men	Women	Men	Women
Santiago Metropolitan Region	850	446	842	564	768	466
Central Zone	288	156	130	77	205	117
Northern Zone	336	231	444	314	210	165
Southern Zone	362	176	367	202	272	152
<b>Total annual exits</b>	<b>1,836</b>	<b>1,009</b>	<b>1,786</b>	<b>1,157</b>	<b>1,455</b>	<b>900</b>
Annual turnover by geographical area	11.7%	6.4%	11.3%	7.3%	11.5%	7.1%
<b>Average annual turnover</b>	<b>9.03%</b>		<b>9.34%</b>		<b>9.30%</b>	

Employee turnover by age range						
Age range	2021		2022		2023	
	Men	Women	Men	Women	Men	Women
Less than 30	978	468	1,020	609	573	280
30-49	723	435	642	462	674	489
50 and over	135	106	124	86	208	131
<b>Total annual exits</b>	<b>1,836</b>	<b>1,009</b>	<b>1,786</b>	<b>1,157</b>	<b>1,455</b>	<b>900</b>
Annual turnover by gender	11.7%	6.4%	11.3%	7.3%	11.5%	7.1%
<b>Average annual turnover</b>	<b>9.03%</b>		<b>9.34%</b>		<b>9.30%</b>	

Turnover = Annual exits/workforce as of December.

Includes all causes of dismissal.

Source: Sodimac.

## Voluntary turnover by geographical area and age range

Voluntary turnover by geographical area						
Geographical area	2021		2022		2023	
	Men	Women	Men	Women	Men	Women
Santiago Metropolitan Region	419	252	327	232	198	156
Central Zone	120	64	51	32	72	37
Northern Zone	176	139	224	161	96	73
Southern Zone	147	84	175	86	91	54
<b>Total annual exits</b>	<b>862</b>	<b>539</b>	<b>777</b>	<b>511</b>	<b>457</b>	<b>320</b>
Annual turnover by geographical area	5.5%	3.4%	4.9%	3.2%	3.6%	2.5%
<b>Average annual turnover</b>	<b>4.45%</b>		<b>4.09%</b>		<b>3.07%</b>	

Voluntary turnover by age range						
Age range	2021		2022		2023	
	Men	Women	Men	Women	Men	Women
Less than 30	506	287	513	300	271	157
30-49	319	220	227	183	149	132
50 and over	37	32	37	28	37	31
<b>Total annual exits</b>	<b>862</b>	<b>539</b>	<b>777</b>	<b>511</b>	<b>457</b>	<b>320</b>
Annual turnover by gender	5.5%	3.4%	4.9%	3.2%	3.6%	2.5%
<b>Average annual turnover</b>	<b>4.45%</b>		<b>4.09%</b>		<b>3.07%</b>	

Source: Sodimac.





# Appendix 3

## Inventory of Greenhouse Gas (GHG) Emissions

(305-1; 305-2; 305-3)

Aspect	Unit	2021	2022	2023	Distribution
<b>Carbon footprint (market-based method)</b>	k tCO <sub>2</sub> e	3,547	2,562	1,769	100%
<b>Carbon footprint (location-based method)</b>	k tCO <sub>2</sub> e	3,576	2,585	1,785	-
<b>Scope 1</b>	k tCO <sub>2</sub> e	10.7	11.3	10.0	0,6%
1.1 Combustion in fixed sources	k tCO <sub>2</sub> e	0.6	0.7	0.5	0,0%
1.2 Combustion in mobile sources	k tCO <sub>2</sub> e	6.6	7.1	6.4	0,4%
1.4 Fugitive emissions	k tCO <sub>2</sub> e	3.5	3.5	3.1	0,2%
<b>Scope 2 (market)</b>	k tCO <sub>2</sub> e	9.8	7.7	7.6	0,4%
2.1 Electricity consumption (market-based method)	k tCO <sub>2</sub> e	9.8	7.7	7.6	0,4%
2.1 Electricity consumption (location-based method)	k tCO <sub>2</sub> e	38.7	30.9	23.3	-
<b>Scope 3</b>	k tCO <sub>2</sub> e	3,526	2,543	1,752	99%
3.1 Inputs and services	k tCO <sub>2</sub> e	0.8	0.8	0.6	0,0%
3.1 Manufacture of products marketed *	k tCO <sub>2</sub> e	1,700	1,288	1,020	58%
3.3 Production of Scope 1 fuels	k tCO <sub>2</sub> e	1.0	1.1	1.0	0,1%
3.4 Imports of products to distribution centers	k tCO <sub>2</sub> e	127	86	45	2,6%
3.4 Transport from distribution centers to stores (van/flatbed truck)	k tCO <sub>2</sub> e	36	39	24	1,4%
3.4 Local transport by third parties	k tCO <sub>2</sub> e	105	98	52	2,9%
3.4 Last-mile delivery	k tCO <sub>2</sub> e	9.9	8.7	4.4	0,2%
3.5 Waste and recycling	k tCO <sub>2</sub> e	16	15	12	0,7%
3.6 Business travel	k tCO <sub>2</sub> e	0.9	0.8	0.9	0,0%
3.7 Employee commuting	k tCO <sub>2</sub> e	12	12	10	0,6%
3.7 Electricity for remote work	k tCO <sub>2</sub> e	0.2	0.2	0.1	0,0%
3.9 Customers' transport to stores	k tCO <sub>2</sub> e	220	207	96	5,4%
3.9 Electricity used by e-commerce customers	k tCO <sub>2</sub> e	1.9	1.7	0.7	0,0%
3.11 Use of products marketed *	k tCO <sub>2</sub> e	1,085	624	395	22%
3.12 Disposal of products marketed *	k tCO <sub>2</sub> e	210	161	90	5,1%

Source: Proyectae.

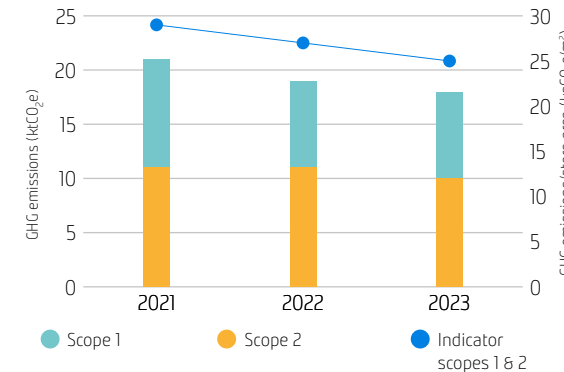
Note: ktCO<sub>2</sub>e indicates a thousand tonnes of carbon dioxide equivalent.

According to the materiality process, the following Scope 3 emissions sources do not apply or are not considered relevant: Capital goods (3.1); Upstream leased assets (3.8); Processing of sold products (3.10); Downstream leased assets (3.13); Franchises (3.14); Investments (3.15). The sources with an asterisk (\*) correspond to the impact of the products marketed, an emissions category that the company began to report in 2021.

### Indicators of Intensity of GHG Emissions

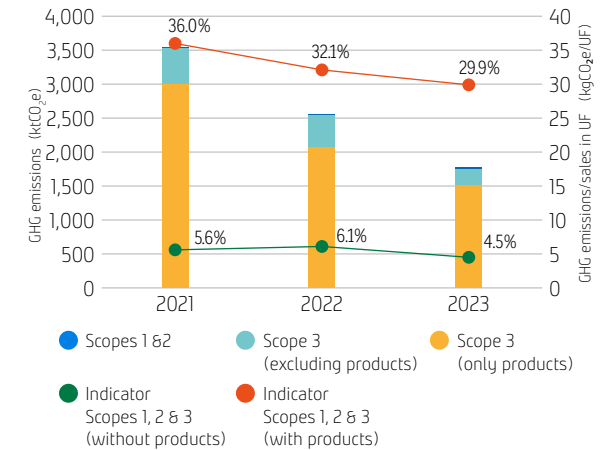
(305-4)

#### Scopes 1 and 2 emissions and intensity



Source: Proyectae.

#### Scopes 1, 2 and 3 emissions and intensity by sales



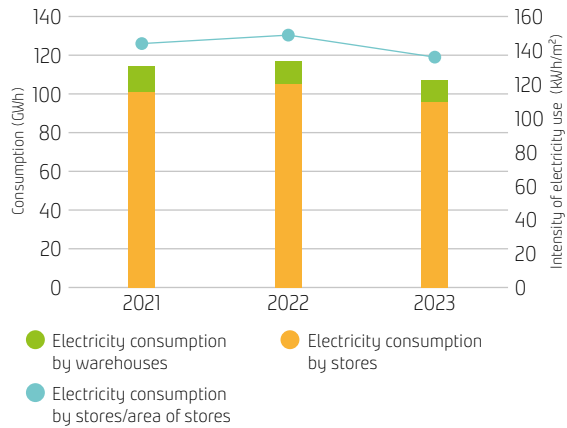
Source: Proyectae.

For the sake of the consistency of the time series, the indicator is reported over the company's carbon footprint as measured historically (without products). The expanded indicator (with products) is also included.

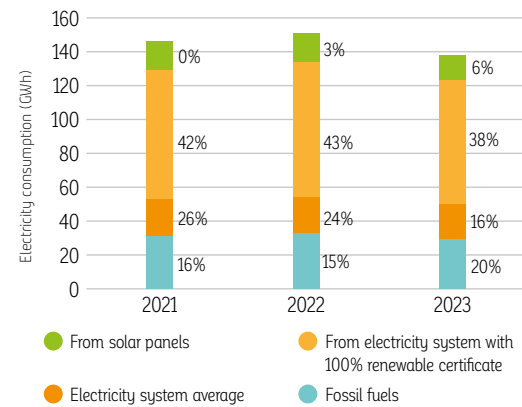
## Intensity of Electricity Use (kWh/m<sup>2</sup>)

(302-3)

### Intensity of Electricity Use (kWh/m<sup>2</sup>)



### Distribution of Electricity Consumption by Source



Source: Proyectae.

In line with the undertaking of the Falabella group, Sodimac has updated its Scopes 1 and 2 emissions reduction target in a bid to:

- Reduce Scopes 1 and 2 emissions by 65% by 2030 compared to 2021
- Reduce Scopes 1 and 2 emissions by 90% by 2035 compared to 2021 (net-zero).

Aspect	k tCO <sub>2</sub> e	%
Baseline carbon footprint 2021	21	base
Carbon footprint target 2030	13	-65%
Carbon footprint target 2034	2	-90%
Carbon footprint progress 2023	18	-14%

Sodimac has reduced its emissions by 14% compared to the 2021 baseline, remaining on track for its target.



# GRI Content Index

<b>Statement of use</b>	Sodimac S.A. has reported in accordance with the GRI Standards for the period between 1 January and 31 December 2023.
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standards</b>	-

GRI STANDARDS				
General Disclosures				OMISSION
GRI STANDARD	Standard Number	Disclosure	Page	EXPLANATION
GRI 2: General Disclosures 2021	2-1	Organizational details	3, 12	
	2-2	Entities included in the organization's sustainability reporting	2	
	2-3	Reporting period, frequency and contact point	2	
	2-4	Restatements of information	-	There were no restatements of information during the period.
GRI 2: General Disclosures 2021 2. Activities and workers	2-6	Activities, value chain and other business relationships	14, 68	
	2-7	Employees	109	
	2-8	Workers who are not employees	65	

GRI STANDARDS				
General Disclosures				OMISSION
GRI STANDARD	Standard Number	Disclosure	Page	EXPLANATION
GRI 2: General Disclosures 2021 3. Governance	2-9	Governance structure and composition	32, 37-41	
	2-10	Nomination and selection of the highest governance body	37	
	2-11	Chair of the highest governance body	37-38	
	2-12	Role of the highest governance body in overseeing the management of impacts	16, 22, 32, 33, 37, 41, 46,47	
	2-13	Delegation of responsibility for managing impacts	32, 37, 39, 41	
	2-14	Role of the highest governance body in sustainability reporting	32	
	2-15	Conflicts of interest	46	
	2-16	Communication of critical concerns	-	None were raised during the period.
	2-17	Collective knowledge of the highest governance body	-	Confidentiality restrictions.
	2-18	Evaluation of the performance of the highest governance body	33	
	2-19	Remuneration policies	37, 42	
	2-20	Process to determine remuneration	-	Confidentiality restrictions.
	2-21	Annual total compensation ratio	-	Confidentiality restrictions.





GRI STANDARDS				
General Disclosures				OMISSION
GRI STANDARD	Standard Number	Disclosure	Page	EXPLANATION
GRI 2: General Disclosures 2021 4. Strategy, policies and practices	2-22	Statement on sustainable development strategy	5	
	2-23	Policy commitments	11, 16, 18, 22, 24, 30, 31, 33, 43, 46	
	2-24	Embedding policy commitments	18-24	
	2-25	Processes to remediate negative impacts	43	
	2-26	Mechanisms for seeking advice and raising concerns	43	
	2-27	Compliance with laws and regulations	82	
	2-28	Membership associations	30, 103	
	GRI 2: General Disclosures 2021 5. Stakeholder engagement	2-29	Approach to stakeholder engagement	28-29, 31, 79
2-30		Collective bargaining agreements	64	

GRI STANDARDS				
GRI CONTENT INDEX				
STANDARD	Standard Number	Disclosure	Page	
GRI 3: Material Topics 2021	3-1	Process to determine material topics	31	
	3-2	List of material topics	31	
	3-3	Management of material topics	16, 18-23, 33, 44	
List of material topics		Description of impacts, policies and measures	31	

Economic Category			
STANDARD	Standard Number	Disclosure	Page
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	106
	202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	54
GRI 202: Market presence	202-2	Proportion of senior management hired from the local community	101
	203-1	Infrastructure investments and services supported	100
GRI 204: Procurement practices	204-1	Proportion of spending on local suppliers	68
	205-1	Operations assessed for risks related to corruption	46
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	43
	205-3	Confirmed incidents of corruption and actions taken	45
	206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	47
GRI 206: Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	47
GRI 207: Tax	207-1	Approach to tax	108



Environmental Category			
STANDARD	Standard Number	Disclosure	Page
GRI 302: Energy	302-1	Energy consumption within the organization	87
	302-3	Energy intensity	114
	302-4	Reduction of energy consumption	87-88
GRI 303: Water and effluents	303-5	Water consumption	90
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	87, 113
	305-2	Energy indirect (Scope 2) GHG emissions	87, 113
	305-3	Other indirect (Scope 3) GHG emissions	87, 113
	305-4	GHG emissions intensity	87, 113
	305-5	Reduction of GHG emissions	87, 113
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	92-93
	306-2	Waste by type and disposal method	92-93
	306-3	Waste generated	92-93
	306-4	Waste diverted from disposal	92-93
	306-5	Waste directed to disposal	92-93
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	92
GRI 308: Supplier environmental assessment	308-2	Negative environmental impacts in the supply chain and actions taken	70

Social Performance Category				
STANDARD	Standard Number	Disclosure	Page	
GRI 401: Employment	401-1	New employee hires and employee turnover	111-112	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	57-58	
	401-3	Parental leave	59	
GRI 403: Occupational health and safety	403-1	Occupational health and safety management system	62	
	403-2	Hazard identification, risk assessment and incident investigation	63	
	403-4	Worker participation, consultation and communication on occupational health and safety	63	
	403-5	Worker training on occupational health and safety	63	
	403-6	Promotion of worker health	57	
	403-8	Workers covered by an occupational health and safety management system	63	
	403-9	Work-related injuries	62-63	
	403-10	Work-related ill health	62-63	
	GRI 404: Training and education	404-1	Average hours of training per year per employee	52
		404-2	Programs for upgrading employee skills and transition assistance programs	54
404-3		Percentage of employees receiving regular performance and career development reviews	54, 37, 62, 109	



Social Performance Category			
STANDARD	Standard Number	Disclosure	Page
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	37, 59, 60, 109
	405-2	Ratio of basic salary and remuneration of women to men	59
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	45, 70
GRI 407: Freedom of association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	45
GRI 412: Human rights assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	47, 100-104
GRI 413: Local communities	413-1	Operations with local community engagement, impact assessments and development programs	100-102
	413-2	Operations with significant actual and potential negative impacts on local communities	100
GRI 414: Supplier social assessment	414-2	Negative social impacts in the supply chain and actions taken	70

Social Performance Category			
STANDARD	Standard Number	Disclosure	Page
GRI 415: Public policy	415-1	Political contributions	Sodimac does not make political contributions.
GRI 416: Customer health and safety	416-1	Assessment of the health and safety impacts of product and service categories	71-72
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	82
GRI 417: Marketing and labeling	417-1	Requirements for product and service information and labeling	71
	417-2	Incidents of non-compliance concerning product and service information and labeling	82
	417-3	Incidents of non-compliance concerning marketing communications	82
GRI 418: Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	82





# Feedback Questionnaire

We would like to know your opinion. Please send a scanned copy of the questionnaire or a digital photograph to:

**Juan Carlos Corvalán R.**

Sustainability and Compliance Manager  
E-mail: jcorvalan@sodimac.cl

**Marcela Erazo**

Sustainability Coordinator  
E-mail: merazo@sodimac.cl

**1. To which of the following groups of Sodimac stakeholders do you belong?**

(Please tick an alternative)

- Shareholders
- Employees
- Customers
- Suppliers
- Community
- NGO
- Media

**2. Which of the following chapters of the Report did you find most interesting?**

Please score from 1 to 5 where 1 is the least interesting and 5 is the most interesting.

- Corporate governance
- Our employees
- Our suppliers
- Our customers
- Environment
- Community

**3. In your view, which topic should have been addressed in greater depth?**

Please score from 1 to 5 where 1 is the least important and 5 is the most important.

- Economic performance
- Relations with government
- Relations with employees
- Relations with suppliers
- Relations with customers
- Environmental impact
- Community relations



# Glossary

## Assurance

Review of an organization's processes and systems by an independent third party in order to assure compliance with certain standards or norms. In the case of sustainability reports, for example, it consists in their review by independent third parties who assure that the information it contains is accurate and reflects the company's situation.

## Auditing

Process to verify compliance with a certain norm or standard which may refer to quality or environmental, social or other matters. The process may culminate in certification under a particular standard such as ISO 9001 or ISO 14000. Audits of social responsibility tend to include quality aspects and environmental and social standards.

## Benchmarking

Comparison of a company's systems, processes, results or best practices with those of other companies in the same sector or other sectors. Permits identification of trends and/or opportunities for improvement.

## Biodiversity

A wide variety of ecosystems and their natural patterns that have arisen as a result of numerous evolutionary processes, genetic differences in each species and interactions with the environment as the basis of life on the planet.

## Carbon footprint

A measure of the impact of human activities on the global climate, expressed in terms of the amount of greenhouse gases (GHGs) generated during the life cycle of a product or service. To simplify the presentation of information and permit comparisons, emissions of the different GHGs (water vapor, carbon dioxide, methane, nitrous oxides, ozone and chlorofluorocarbons) are expressed in equivalent tonnes of CO<sub>2</sub> (tCO<sub>2</sub>e).

## Circular economy

The economic and production model in which the value of products, materials and resources remains in the economy for as long as possible and waste is minimized (Source: European Commission). It is based on the management of waste through the 3Rs (reduction, recycling and reuse). The underlying idea is that the current linear flow of materials (resources-products-waste) needs to be transformed into a circular flow (resource-product-recycled resource).

## Climate change

The increase in the average temperature of the planet attributed directly to human activity which, by changing the composition of the atmosphere, raises temperatures, augmenting the natural variations in climate seen over comparable periods of time.

## Code of conduct

Formal declaration of a company's ethical principles and norms of behavior towards stakeholders that must be applied in all its operations. Unlike legal

obligations, codes of conduct are voluntary and are adopted as part of the company's commitment to social responsibility and as a means of guiding its leaders and employees in how to address the day-to-day dilemmas that arise when moral decisions have economic implications. Many companies have begun to expand application of their codes of conduct to their supply chain.

## Corporate governance

The manner in which a company or organization is led and managed from the strategic standpoint and that of its organizational culture, based on ethical principles and incorporating the culture of sustainability in its decision-making.

## Dialogue with stakeholders

Also referred to as "stakeholder engagement"; the process through which a company consults its stakeholders about their expectations and incorporates these into its sustainability strategies and plans.

## Electromobility

Use of systems that employ electricity for different means of transport. A more sustainable alternative that replaces internal combustion engines.

## Energy efficiency

All those practices or activities that reduce the amount of energy used to produce a unit of a product or service or to reach the energy requirements related to a certain level of comfort. (Source: World Energy Council)



## Global Reporting Initiative (GRI)

Founded in 1997, a joint initiative of the Coalition for Environmentally Responsible Economies (CERES), an NGO, and the United Nations Environment Programme (UNEP) which seeks to ensure the quality, rigor and usefulness of companies' sustainability reports. To this end, it drew up the GRI Sustainability Reporting Guidelines, setting out the principles and indicators to be reported. It also has a complementation agreement with the International Organization for Standardization (ISO) so as to assure the new ISO 26000 standard on social responsibility. The fourth version of the GRI guidelines, known as G4, came into force in May 2013 and its use has been obligatory since 1 January 2016. Until 31 December 2015, companies could use the G3 version in the transition period.

## Greenhouse gases (GHGs)

A phenomenon under which certain gases in the earth's atmosphere retain part of the energy the land emits when warmed by solar radiation. This process is accentuated by their emission and the high concentration, principally of CO<sub>2</sub>, in the atmosphere as a result of the burning or evaporation of fossil fuels such as oil, coal and natural gas. This causes overheating and contamination of the earth's surface.

## Innovation

The transformation of an idea into a new or improved product, service or operating process. If an understanding of the context is one of the bases of innovation, knowledge about stakeholders' expectations can be an important input for the process of business innovation.

## ISO 26000

A standard developed by the International Organization for Standardization (ISO), also known as the Social Responsibility Standard. In order to respect the culture and legislation of each country, its guidelines are general and non-specific. It is not, therefore, a management system standard. Similarly, it was not drawn up for third-party certification or auditing but can be assured. It can be used by any type of organization, whether public or private, large or small, for-profit or non-profit, in either developing or industrialized countries.

## Material topics

Those topics that reflect an organization's significant economic, environmental and social impacts or that substantively influence the assessments and decisions of stakeholders. To determine if an aspect is material, qualitative analysis, quantitative assessment and discussion are recommended (Source: GRI-G4 Standards Glossary).

## Responsible procurement

The incorporation by an organization of procurement policies, best supply practices and fair treatment of suppliers. This is achieved by establishing systems for selecting and evaluating suppliers which include environmental and social criteria that ensure proper payment conditions and foster alliances of mutual interest.

## Responsible supply chain management

The practice that identifies and controls the economic, social and environmental impacts of an organization's procurement practices. To this end, it acts on two fronts: a) ensuring that practices towards suppliers are ethical through the creation of and adherence to an internal Code of Conduct which prevents abusive contractual conditions; and b) ensuring selection of those suppliers who control and manage their social and environmental impacts, scrutinizing them according to evaluation and selection criteria based on compliance with social and environmental requirements.

## Retail

The economic sector that comprises companies specializing in the mass marketing of products or services, including stores and, particularly, large chains of stores such as supermarkets, department stores, home improvement stores, hardware stores, pharmacies and bookstores.

## Social responsibility (ISO 26000 definition)

The responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that:

- contributes to sustainable development, including health and the welfare of society;
- takes into account the expectations of stakeholders;
- is in compliance with applicable law and consistent with international norms of behavior; and
- is integrated throughout the organization and practiced in its relations.





## Stakeholder engagement

Any activity or activities implemented in a bid to create opportunities for dialogue between an organization and one or more of its stakeholders in order to allow the organization to make informed decisions.

## Stakeholders

Entities or individuals that can reasonably be expected to be significantly affected by the organization's activities, products, and services; and whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives. Stakeholders include entities or individuals whose rights under law or international conventions provide them with legitimate claims vis-à-vis the organization. Stakeholders can include those who are invested in the organization (such as employees, shareholders and suppliers) as well as those who have other relationships to the organization (such as vulnerable groups in local communities or civil society organizations). (Source: GRI-G4 Standards Glossary.)

## Standard operating procedures

Documents that standardize procedures at Sodimac Chile's stores, distribution centers and support offices, simplifying training and maximizing time and resources.

## Sustainability

The rational and responsible use of natural resources and energy; that is, permitting and fostering their renewal and avoiding the extinction of natural

resources and flora and fauna. It is also understood as the growth of an organization taking into account social responsibility towards its surroundings and the human groups where it operates.

## Sustainability Report

Report prepared by a company to give account of the results of its economic, social and environmental management. It includes information about its activities and impacts in these three spheres during the reporting period. It is a vehicle for transparent disclosure through which to report to and communicate with the company's stakeholders about its impacts on employees, customers, suppliers, the community and the environment and through which to foster dialogue between the parties. It generally covers the following key areas: ethical principles, product and capital markets, working conditions, human rights, the environment and the community. In the case of sustainability reporting, the Global Reporting Initiative (GRI) is an internationally accepted standard for companies of all sizes and sectors.

## Sustainable development

Development that satisfies the needs of the present without compromising the ability of future generations to satisfy their needs. It involves taking economic, social and environmental factors and their interdependence into account in an organization's decisions and activities.

## Sustainable Development Goals (SDGs)

A universal call to adopt measures to end poverty, protect the planet and ensure peace and prosperity for all. The 17 goals defined for the 2030 Agenda for Sustainable Development - approved by world leaders in September 2015 at a historic UN summit - officially came into force on 1 January 2016. Over the following 15 years, under these new universally applicable goals, countries will intensify their efforts to eradicate poverty in all its forms, reduce inequality and combat climate change while ensuring that no one is left behind. For further information, see <https://sustainabledevelopment.un.org/>.

## Transparency

Openness about an organization's actions and impacts and willingness to communicate them clearly, accurately and fully.

## UN Global Compact

An international initiative of voluntary commitment to ethical conduct whose aim is for all companies or organizations in any country to incorporate its Ten Principles on human rights, labor, the environment and anti-corruption into their strategies and operations ([www.unglobalpact.org](http://www.unglobalpact.org)).



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# Sustainability Report



**SODIMAC.**

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