

2022



# Sustainability Report





## About this Report

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This is Sodimac Chile's 16th annual Sustainability Report. It provides an account of the company's economic, social and environmental performance between 1 January and 31 December 2022 (previous reports are available at <https://sodimac.falabella.com/sodimac-cl/page/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 2021 version of the Standards of the Global Reporting Initiative (GRI).

We would appreciate your comments and suggestions:

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# Letter from the General Manager of Sodimac Chile

(2-22)



**Eduardo Mizón**  
General Manager  
Sodimac Chile

We are pleased to share with you Sodimac Chile's 16th Sustainability Report. It covers our economic, social, environmental and governance efforts in 2022, the year we celebrated the company's 70th anniversary. With its origins in the rise of cooperativism, it was founded in response to the shortages caused in Chile by World War II. From the beginning, it has been inspired by the principles of the collaborative economy and respect for labor and diversity, with a distinctive culture and values that still characterize it today.

More than 15 years ago, Sodimac became the first Latin American retailer to formally adopt sustainability as one of the pillars of its development. We seek not only to grow and be profitable, but also to create social and environmental value based on good corporate governance practices and the promotion of ethics and integrity. This has become part of our culture: it is not a matter confined to our Sustainability area. Each area of the company has made this challenge its own and applies it in its work.

On this anniversary, we reiterated our firm commitment to sustainability as an integral part of our development

*“On this 70th anniversary, we reiterated our firm commitment to sustainability as an integral part of our development strategy. We seek not only to grow and be profitable, but also to create social and environmental value based on good corporate governance practices and the promotion of ethics and integrity. This has become part of our culture: it is not a matter confined to our Sustainability area. Each area of the company has made this challenge its own and applies it in its work”.*

strategy. We also reaffirmed our adherence to the UN Guiding Principles on Human Rights and the Global Compact, the OECD's Guidelines for Multinational Enterprises and the protocols of the Global Reporting Initiative (GRI) as well as the voluntary undertakings we have entered into in pursuit of the Sustainable Development Goals (SDGs). These are the precepts that guide us in our relations with all our stakeholders and our efforts to respond to them in a timely fashion.

On this path to build an ever better company, one that positively impacts the lives of our customers, employees, suppliers and the communities of which we form part, we have made great progress and attained much, but we have also made mistakes and have gaps that we will continue striving to reduce, working with the same diligence we apply to indicators of our economic performance. Only in this way will we be able to continue building a Sodimac that endures.

Our company is the result of the work of tens of thousands of people who, over the years, laid the foundations of what we are today and to whom we owe the deepest gratitude. I

would also like to recognize our suppliers and the different foundations and partner organizations with which we collaborate in addressing the challenges we face as an organization and as a country.

Chile has a deficit of more than 640,000 homes and we decided to be part of the solution to this shortfall through alliances and the development of innovative construction alternatives such as industrialization. Together with a number of suppliers, we have designed and built industrialized housing, with the idea of helping families to access quality housing at a lower cost.

We will also have the challenge of contributing to reconstruction of areas devastated by fires in various regions of the country. In a first phase, we froze our prices in these regions to help prevent speculative increases and worked in coordination with the Movidos por Chile network of the Community of Solidarity Organizations to support emergency teams and deliver organized aid. Our first priority in this case was to provide concrete help to our own employees who lost their homes or suffered damage.

## Letter from the General Manager of Sodimac Chile

One of the cornerstones of our sustainability strategy is precisely our employees. In 2022, after the stress of the pandemic, we prioritized their mental health through a comprehensive program that includes psychological support and care, psycho-educational activities and training in self-care strategies and tools. The digital transformation poses the challenge of incorporating new skills, so another focus was training. During the year, we provided 504,448 hours of training for the development of 14,067 employees.

Respect for differences, inclusion and the prevention of discrimination of any type are a fundamental part of Sodimac's corporate culture. We formalized this commitment in 2015 in an Inclusion, Diversity and Non-Discrimination Policy for managing diversity within the company. In 2022, we implemented different initiatives to further the inclusion of people with disabilities and young people from vulnerable segments of the population as well as measures related to gender equality, interculturality, sexual diversity and interaction between generations. We actively participated in the #CEOforInclusion commitment to accelerating the workplace participation of people with disabilities as well as working with other organizations, such as Pride Connection, Soymás, Proyecto B and Juntos por la Reinserción, that also promote workplace inclusion. Thanks to these efforts, we ranked fifth among the Best Places to Work for Women in

Chile and eighth among the Best Companies to Work in the Great Place to Work rankings. We also received the *Mujer Construye* (Woman Builds) Prize from the Chilean Chamber of Construction for our work on gender equity and were once again awarded the seal of Best Places to Work for LGBTI+ Talent by the Human Rights Campaign, the Iguales Foundation and Pride Connection.

After the severe pandemic-related restrictions of previous years, the supply chain recovered globally in 2022 and the year brought a normalization of product availability. A large volume of imported items arrived, but months late and at a time when families, tradesmen and construction companies were cutting back their purchases in the face of a deepening deceleration of economic activity and rising inflation. This called for constant efforts by the commercial and logistics teams, in coordination with our suppliers, to adjust the product assortment to these new conditions and keep prices as low as possible.

In a world undergoing rapid digitalization, we continued to invest to improve customers' omnichannel experience. As part of our annual investment plan, which totaled 64,000 million Chilean pesos, we opened a second store in the city of Temuco and incorporated new services for customers and the community in this area, including a Clean Point and the

region's first Car Center. We also opened the new Sodimac Vallenar store, the largest retail store in this city, where it replaced the former Constructor store. The Sodimac store in the city of Arica was expanded and remodeled and work began to remodel and upgrade our stores in Santiago's Cerrillos district and the city of Valdivia. This work will be completed in 2023. Progress was also made on a new store in the Maitencillo beach town, which opened in April 2023. In addition, we invested in strengthening and updating the commercial and operational proposition of stores, where customers go to seek advice and inspiration for their home projects. These investments included the introduction of a furniture and lighting showroom. Logistics investments focused on the ongoing automation of the Lo Espejo distribution center, with a view to improving the quality and speed of its operations to the benefit of customers. Currently, 63% of customer deliveries are completed within 48 hours.

These investments were accompanied by efforts to understand the needs of the vicinity of our operations so that, throughout their life cycle, they are respectful of neighbors and the community and contribute to their development. As part of the Sodimac Community Relations Program (RECSO), we seek to strengthen permanent ties and direct communication channels, particularly in the case of stores with close neighbors. During the year, we

established a new protocol for handling inquiries, concerns or requests from neighbors, formalizing a practice that was already in place in stores with some territorial complexity. In this way, we defined a structure and criteria that help make us more efficient in resolving concerns and providing a concrete solution. We also worked to sensitize store managers and their teams to the new needs of territories and how to manage them.

Our territorial work also includes the implementation of social programs that allow us to tighten our ties with communities, either through workshops or other activities that include our important community investment program, *Construyendo Sueños de Hogar* (Building Home Dreams). This program has been running for more than 15 years and has an established position as one of Chile's leading social impact and corporate volunteering initiatives. In 2022, it benefited almost 50,000 people through different projects and received a record number of applications from social organizations. Our own employees are also a very important focus of this program and, in 2022, it improved the homes and quality of life of 70 members of our team. In addition, in conjunction with the Junto al Barrio Foundation and the municipal government of Santiago's Renca district and the active participation of local residents and Sodimac volunteers, we inaugurated the Angol Square in August



# Letter from the General Manager of Sodimac Chile

2022. With an area of 3,000 m<sup>2</sup>, it is located in the traditional Lo Negrete neighborhood of Renca, the district where we have our head offices.

We continued to innovate, something that is in Sodimac's DNA. We do this in alliance with suppliers and the startup ecosystem, seeking to offer customers the best experience. Initiatives include the Assisted Online Sales (VOA) service, launched in 2021, to provide advice on the online purchase of products and services as well as on decoration and bathroom and kitchen projects. This has proved very popular, achieving a very high level of customer satisfaction.

In the case of our tradesmen customers, we seek to expand their job opportunities by offering them workshops and free courses through our Tradesmen's Circle (CES), which has over 800,000 registered members. In 2022, we once again held the Great Training Fair virtually and more than 190,000 people from Arica in the north of Chile to Punta Arenas in the south connected to it. In 2022, we also launched our Tradesmen's Academy through which CES members can access a wide variety of online training courses.

We are working with our suppliers to modify processes and products in order to move towards the commercialization

of products and services with a low environmental impact. In 2022, we launched two guides for suppliers in a bid to continue reducing the impact of packaging and expand the range of sustainable products we market. The Packaging and Packing Guide establishes the requirements and procedures for the right-sizing of product packaging and its recyclability so as to generate as little waste as possible. The Guide on System of Sustainable Products reinforces the company's criteria for defining products as sustainable and the guidelines for the necessary external accreditation.

We currently market close to 5,800 items with sustainable attributes, including products that reduce or avoid energy or water consumption, are manufactured with care for natural resources, disclose their environmental impact and contribute to a healthy indoor environment free of harmful chemical particles in the home as well as those that are made from recyclable, reusable or compostable materials and are socially responsible.

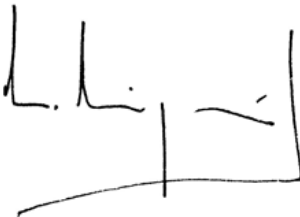
For more than ten years, we have been measuring and managing our carbon footprint to reduce and mitigate the impacts of our operations. Given the urgency of taking action in the face of the global climate crisis, we began to include the carbon footprint of the products we sell in

this measurement in 2021. We neutralize the emissions generated by home deliveries by acquiring carbon credits from internationally registered renewable energy projects in Chile. We have renewable energy supply contracts and photovoltaic panels at stores and other facilities. Currently, 70% of our energy consumption is supplied from clean sources and our target is to reach 100% by 2030. We have also continued to make progress on electromobility and 65% of the base fleet of our main distribution center already operates with electric vehicles.

In 2022, the Santiago Climate Exchange (SCX) and Deloitte recognized Sodimac as one of the five companies in Chile that have achieved the most progress on measuring and reducing their carbon footprint. The report, presented in the Chilean pavilion at COP27 in Egypt, evaluated the country's 100 largest companies. In addition, for the fourth consecutive year, Sodimac received the Seal of Excellence of the Environment Ministry's HuellaChile program as well as its Greenhouse Gas Quantification and Reduction Seals. We are the only retail company to obtain the highest distinction awarded by HuellaChile, a voluntary program that promotes the quantification, reporting and management of greenhouse gases by public and private organizations. These recognitions are a source of satisfaction and encourage us

to keep working towards our target of becoming net zero by 2030 in Scopes 1 and 2 (direct emissions from the use of fossil fuels and indirect emissions generated by electricity consumption at the company's facilities).

We know that 2023 will be a complex year, but we view it with confidence and are thankful for the commitment of the over 14,000 people who work at Sodimac Chile, contributing to the realization of the dreams and home projects of millions of Chileans. The difficulties we will face will not divert us from the path of responsible growth we have set ourselves. We would welcome any comments or suggestions you may have to help us improve, reduce our gaps and learn from other experiences.



**Eduardo Mizón**  
General Manager Sodimac Chile





# Sodimac and its Context





# Retail industry

*After the severe pandemic-related restrictions of previous years, normality gradually returned in 2022. However, this was accompanied by a deepening deceleration of the economy, inflation and a fall in consumption that affected both the retail and construction sectors in which Sodimac operates.*

The supply chain recovered globally and product availability normalized. A large volume of imported products arrived, but after months of delay and at a time when families, tradesmen and construction companies were reducing their purchases. This called for constant efforts on the part of the commercial and logistics teams to reduce the impact of higher inventories. In this, the company worked in close coordination with its suppliers to adapt its product mix to these new conditions.

In-person purchases continued to outnumber online purchases but, in a legacy of the pandemic, a mixed consumer emerged, alternating between e-commerce and shopping in stores depending on convenience. Higher inflation in a country unaccustomed to it also led to changes in buying habits, with consumers increasingly concerned about the price of products and services, but still valuing sustainability as an important attribute.



## Emergence of the mixed consumer

With the worst of the pandemic over, customers returned to in-person shopping. However, e-commerce maintained its dynamism, revealing the emergence of a mixed consumer, who alternates indistinctly between shopping online and in physical stores.

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



## Change in household consumption habits

The home is no longer the place of refuge it became during the pandemic, but remains a multifunctional space, particularly for those who continue to work remotely or under a hybrid system.

Given economic uncertainty, families that were planning to buy their first home or move house postponed their plans and, instead, sought to renovate their current home to adjust it better to their needs. However, inflation and economic uncertainty meant tighter budgets and price became increasingly important, with consumers looking for cheaper alternatives for products and services.

In response to these changes, Sodimac continued to make progress on integrating sustainability into its strategy, seeking to generate value propositions that meet customers' expectations whilst growing the business in an efficient and sustainable manner.

In 2022, the company opened new stores and remodeled and expanded others, taking the brand closer to more families and tradesmen. In addition, it continued to update its commercial proposition and improve the omnichannel experience in stores, incorporating innovations to provide ever more inspiration for customers' dreams and home improvement projects.

The company's initiatives in categories such as flooring, furniture, lighting and bathrooms and kitchens strengthened the value proposition, offering customers greater variety and a better shopping experience. A furniture and lighting showroom was launched as part of the company's efforts to serve as an inspirational model that attracts different types of customers to its stores. The showroom brings together in a single place a competitively-priced and innovative assortment of different styles for furnishing, equipping and decorating the home.

Sodimac also continued to strengthen its Assisted Online Sales (VOA) service. Developed together with Videsk, a startup, it provides customers with expert advice on home projects through video calls from the website, the App or stores by mobile phone.

Logistics investments focused on the ongoing automation of the Lo Espejo distribution center. Progress on the automation of its internal flows means a better quality and faster process for customers. The dispatch and store collection areas reduced delivery times to customers by 11%. In addition, the company continued to implement value-added initiatives in this field, such as automated store pickup, which is already available in eight stores, and the

## Citizen consumer and brands with a purpose

The focus on price does not imply that people are turning away from the civic dimension of consumption. In a country where the effects of climate change are increasingly evident and there are urgent social problems, consumers expect companies to take concrete measures to care for the environment and to have a positive impact on society.

According to different studies, a growing number of customers are willing to change their lifestyle and the products they buy and have incorporated sustainability as one of the main criteria they take into account when making a purchasing decision. The challenge for companies in the current context is, therefore, to offer sustainable products at accessible prices.

same-day delivery and express delivery (within two hours) services available at 27 and six stores, respectively. As of the end of the year, 63% of deliveries were completed within 48 hours.

At the same time, Sodimac continued to expand the range of sustainable products and services it markets, which reached close to 5,800. For more than ten years, the company has been measuring and managing its carbon footprint 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. In 2022, a report by the Santiago Climate Exchange (SCX) and Deloitte identified Sodimac as one of the five companies in Chile that have made the most progress on measuring and reducing their carbon footprint. The report, presented in the Chilean pavilion at COP27 in Egypt, evaluated the country's 100 largest companies.



# Strategic Framework

(2-23)

*We understand the value that the House has for people’s quality of life. This is what gives meaning and transcendence to our work: to improve homes, neighborhoods, communities, cities and society in general. Together, we look after the house of all.*

## Our Purpose

In 2021, we incorporated the common purpose of all Falabella’s business units: “To simplify and enjoy life more”.

## Our 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.

## Our 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.

**Our values and how we put them into practice**



### Respect

We are cheerful, straightforward and respectful with everyone; we value diversity; we trust others and listen without prejudice.

### Integrity

We are honest, transparent and fair and strive for consistency between what we say and do.

### Excellence

We are geared to service and always put the customer at the center. We do things well, we collaborate, we innovate and we seek to be ever better.

### Responsibility

We are responsible in all our relations, taking responsibility for all we do and the impacts we generate in the present and for the future.

# Sodimac in Latin America

(2-1)

Sodimac is the home improvement subsidiary of Falabella, 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 two companies: Inversiones y Prestaciones Venser Seis Limitada (99.9999986%) and Inversiones Parmin SpA (0.0000014%).

In 2022, Sodimac celebrated its 70th anniversary. It 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, tradesmen 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 commercial offices in China. Its investments outside Chile are channeled through subsidiaries of its parent company.

COLOMBIA			
	2020	2021	2022
Stores	40	40	40
Employees	9,121	8,489	8,924
Sales area (m²)	386,256	385,990	385,990

PERU			
	2020	2021	2022
Stores	56	56	56
Employees	9,738	9,413	8,016
Sales area (m²)	385,217	388,151	388,526

ARGENTINA			
	2020	2021	2022
Stores	8	7	7
Employees	807	819	805
Sales area (m²)	84,826	72,207	72,207

BRAZIL			
	2020	2021	2022
Stores	53	52	55
Employees	3,434	3,424	3,412
Sales area (m²)	174,280	178,076	196,965



URUGUAY			
	2020	2021	2022
Stores	3	4	4
Employees	830	564	516
Sales area (m²)	24,849	33,619	33,619

MEXICO			
	2020	2021	2022
Stores	6	9	12
Employees	988	1,414	1,414
Sales area (m²)	65,628	94,522	114,609





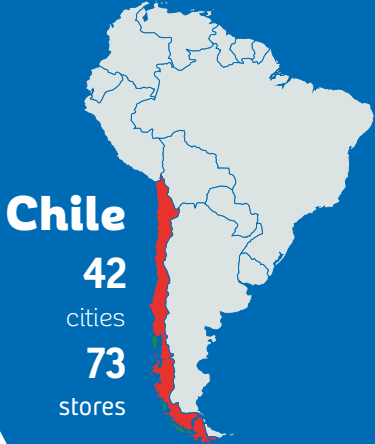
# Operational development of Sodimac Chile

Sodimac has  
**73** stores  
in **42** cities  
around Chile.

	2020	2021	2022
Points of sale	72	72	73
Employees	15,119	15,743	14,328
Sales area (m²)	689,678	683,877	703,231

**Notes:**

- La dotación incluye las empresas: Sodimac S.A, Logística Internacional Limitada y Traineemac S.A.
- Se excluyen las cifras de la filial Imperial, que tiene 13 tiendas y una superficie de ventas de 71.302 m².
- En 2022 se abrieron dos tiendas, pero una de ellas reemplazó a otra de menor superficie en la misma ciudad.



# Value chain

(2-6)

Sodimac integrates sustainability into all its value chain, from supply to customers through to the final life cycle of the products it markets. The different chapters of this Sustainability Report set out the links in this chain and the stakeholders involved.

## SUPPLY CHAIN

- **2,256** suppliers of products and services.
- **74%** are Chilean.
- **1,029** suppliers are micro-firms or small and mid-sized enterprises (SMEs).
- **441** suppliers registered with Sedex.
- **229** social audits of workplace health and safety, human rights, environmental and labor standards.
- **Launch of two guides to share good practices** with suppliers on "Packaging and Packing" and "System of Sustainable Products".

## LOGISTICS

- In Chile: **23** distribution centers and warehouses.
- **714,975 m<sup>2</sup>** of warehousing space.
- Click & collect areas in **100%** of stores, **8** with robotized collection and **44** click & collect points in other Falabella group facilities. Falabella.com returns in **100%** of stores and **539** returns points in other Falabella group facilities and external couriers.
- **63%** of deliveries completed in **less than 48 hours**.
- **100%** of last-mile deliveries to customers of Sodimac Chile are carbon neutral.
- 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 (Environment Ministry) for management of GHGs. **Over 50% of freight** transported in trucks certified as efficient.

## COMERCIAL

- **73** stores.
- **703.231 m<sup>2</sup>** of sales floor.
- **118,000 products and services** in stores and online of which close to **5,800** are sustainable.
- Over **48 million** transactions in **2022**.
- Over **290 million visits** to the Sodimac catalogue on Falabella.com.
- Sodimac App: **over 59.5 million** visits.
- Online advice service: **over 24,000 calls** with **85%** level of satisfaction.
- Markets: Home improvement and tradesmen.
- **5** formats:



- **29** own brands:



## USE AND POST-CONSUMPTION

- **Customers:** Families, contractors and small tradesmen, mid-sized and large construction companies.
- **Over 800,000** members of the Sodimac Tradesmen's Circle (CES)+CMR in Chile; launch of the Tradesmen's Academy platform with a range of online courses for CES members.
- Online Great Training Fair brought together **over 190,000** construction professionals, with over **120 courses**.
- **Over 2.3 million subscribers** to Sodimac's YouTube tutorials channel.
- Sodimac Constructor Chile channel on YouTube obtains Silver Button, with over **107,000** subscribers.
- **NPS** management model in stores and channels of contact to measure customer satisfaction and experience.
- Complaints represent **0.45%** of total transactions.
- **21 Sodimac Clean Points: 2,560,000 kilos** of waste recovered in 2022 and **over 250,000** visits by members of the community
- Circular economy: waste pet food recycled as input for new food: **3,959 kilos** recovered in 2022.
- **40,000 batteries recycled** recycled (around 500 tonnes) since 2018, collected from customers of the Car Center network and through special campaigns in stores. **In 2022, service permanently extended to all Sodimac stores around Chile.**



# Responsible Growth in Chile

*Over the years, Sodimac Chile has implemented numerous measures under a long-term strategic plan, with targets for 2025, that is based on three pillars: growth, profitability and sustainability.*





# Sodimac's strategy through to 2025

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

Through to the beginning of 2020, Sodimac implemented a series of actions under a Five-Year Strategic Plan looking ahead to 2023. Its focus was on providing the best customer experience, advancing on the company's digital transformation and organizational efficiency.

However, the volatility and uncertainty caused by the COVID-19 pandemic led the company to rethink and adjust its model, taking short-term measures to support and guide the business in the midst of an unanticipated and challenging scenario.

As a result of the experience acquired during this process of reflection, the company concluded that it had an opportunity to refresh its long-term strategy and, in October 2020, launched a new plan looking ahead to 2025. As well as taking into account the changes experienced by the business, it complements and has synergies with the corporate ecosystem.

In 2021, within this framework, the company strengthened and deepened its process of transformation based on its three strategic pillars of growth, profitability and sustainability, supported by the physical-digital ecosystem of the Falabella group. In this way, it continued to incorporate new capabilities, services and platforms that significantly boosted the development of e-commerce, strengthening the end value of its proposition for customers. At the same time, it continued to implement community and environmental programs as well as giving priority to the safety of its customers, employees and suppliers.



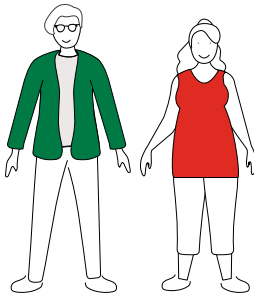
TO SIMPLIFY AND ENJOY LIFE MORE

# 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.

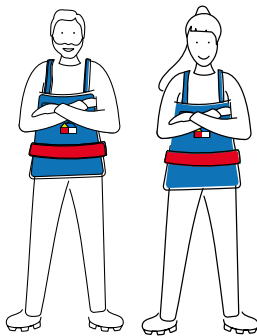


## WE COULD NOT ACHIEVE THIS WITHOUT...

### 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.



## 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 exceed 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 are able to offer them the best experience, with a consistent, differentiated and personalized value proposition.

**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.

Under this framework, the company took a range of measures related to sustainable development in 2022:



## Construyendo Sueños de Hogar

*Construyendo Sueños de Hogar* (Building Dreams of Home) has become one of Chile’s most important volunteer programs, in terms of both the number of participants (over 4,000 employees) as well as its coverage from Arica in the north of Chile to Punta Arenas in the south and the people benefited.

It takes the form of a fund to which community organizations can apply for support for projects to repair, remodel or improve facilities or the surroundings. The projects submitted are evaluated in accordance with their social impact by Sodimac’s Community Relations Technical Executive Committee and representatives of the Community of Solidarity Organizations (COS). Sodimac provides materials and their transport while company volunteers and the communities themselves carry out the work.

Together with organizations such as TECHO, Junto al Barrio and Movidos x Chile, the program also helps to build permanent housing, improve neighborhoods and support communities affected by emergencies, such as the fire in the town of Viña del Mar in December 2022.

In 2022, the program benefited some 50,000 people through 84 projects (out of a record 843 applications, including for the first time initiatives with a social-environmental impact). The projects implemented included a space for the promotion of sports and care for the environment at the Las Palmas Local Health Council in Valparaíso and the implementation of a community room in Santiago’s San Bernardo suburb for use by the Red Alimentos organization to distribute food and basic necessities to low-income senior citizens.

The program also implements projects to improve the homes and quality of life of Sodimac employees. In 2022, these benefited 70 employees.

Since its creation 16 years ago, Building Dreams of Home has undertaken 921 community projects, directly benefiting more than 355,000 people, as well as 727 company employees.



## Sodimac Tradesmen's Circle

The Sodimac Tradesmen's Circle (CES) is the company's flagship inclusive business program. With over 800,000 members, it provides training for tradesmen and contractors, equipping them with tools that help them improve their work and the management of their businesses.

Activities include visits to factories, workshops and regional fairs as well as scholarships for courses at universities and technical training centers. Each year, CES holds a Great Tradesmen's Training Fair, which is free of charge and open to all who wish to attend. In 2022, the online version brought together more than 190,000 people and offered over 120 courses.

In 2022, the company also went on to launch a Tradesmen's Academy, a platform through which CES members can access a wide range of online training courses.

## Guides for suppliers

As part of its move towards marketing products with a low environmental impact, Sodimac works with its suppliers to modify processes and products. In 2022, it launched two guides for suppliers as a means of achieving further progress in reducing the impact of packaging and expanding the range of sustainable products it markets.

The Guide on Packaging and Packing establishes the requirements and procedures for the right-sizing of product packaging and its recyclability in order to generate as little waste as possible.

The Guide on System of Sustainable Products reinforces the company's criteria for defining products as sustainable and the guidelines for the necessary external accreditation. The company currently markets some 5,800 products with sustainable attributes and its target is for them to represent 30% of all products by the end of 2026.



## Emphasis on clean energies

More than 70% of the company's energy supply currently comes from clean sources and its target is to reach 100% by 2030. 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.

## Progress on electromobility

Sodimac is making decisive progress on electromobility, incorporating electric vehicles for last-mile deliveries and the stocking of stores. It also supports transport contractors in their changeover to this technology. This is particularly important because transport is the largest single item in the retail industry's carbon footprint in retail (excluding the products marketed). Today, 65% of the base fleet of the company's main distribution center already has electric vehicles for last-mile deliveries.

The company also promotes electromobility among its customers. In 2022, it continued to install charging points at stores, taking the total to nine in Santiago and the regions. Its target, in alliance with Enel X Way, is to reach 30 charging points at distribution centers, stores and the company's

head offices in 2023. Under an agreement with Copec Voltex, Sodimac also offers a service for the installation of chargers in homes.

In 2022, Sodimac once again participated in the Public-Private Commitment to Electromobility where it is the only home improvement retailer. This initiative, to which different companies and institutions have adhered, seeks to coordinate efforts to move towards more sustainable transport within the framework of Chile's new National Electromobility Strategy. The transport sector currently accounts for around 25% of Chile's greenhouse gas emissions and the development of electromobility is seen as key for the country's goal of carbon neutrality by 2050.



## Carbon-neutral deliveries

Since 2019, all Sodimac's deliveries of online orders have been carbon neutral, a step that is particularly important in light of the rapid growth of e-commerce. The emissions generated are neutralized through the purchase of carbon credits from internationally registered renewable energy projects in Chile. Compliance and traceability are verified by the Santiago Climate Exchange (SCX), which provides CO<sub>2</sub> Neutral certification.

In 2022, home deliveries generated approximately 8,721 tonnes of CO<sub>2</sub>e.

## Carbon footprint

For the fourth consecutive year, Sodimac received the Seal of Excellence awarded by the Environment Ministry's HuellaChile program as well as its Quantification and Reduction Seals in recognition of the measures taken to reduce the impact of its greenhouse gas emissions.

It was the only retailer to receive the highest distinction of HuellaChile, a voluntary program that fosters the measurement, reporting and management of greenhouse gas emissions by public and private organizations.

A report, *Radiografía 2022: Vulnerabilidad Corporativa al Cambio Climático de las 100 Empresas de Mayor Tamaño en Chile* (X-ray 2022: Corporate Vulnerability to Climate Change of Chile's 100 Largest Companies), issued by the Santiago Climate Exchange (SCX) and Deloitte, recognized Sodimac as one of the five most advanced companies on the measurement and reduction of their carbon footprint, thereby contributing to the mitigation of the effects of greenhouse gases. The report, which was presented in the Chilean pavilion at the 27<sup>th</sup> United Nations Climate Change Conference (COP27) in Egypt, evaluated the country's 100 largest companies in four dimensions: measurement of emissions and comprehensive verification, commitment to ambitious mitigation, effective emissions reduction, and acceleration via neutralization.

In the case of Sodimac, the study pointed out that the company has been measuring and managing its carbon footprint in Chile since 2010 and noted its positive emissions trajectory, including Scope 3 emissions (logistics), its neutralization of emissions generated by home deliveries and the renewable energy contracts it has to reduce Scope 2 emissions.

As part of its environmental management program, Sodimac is committed to becoming net zero by 2030 in Scopes 1 and 2.

## Strategic allies for social initiatives

The strategic alliances with different organizations through which the company seeks to support the community continued to deliver positive results in 2022.

### TECHO-Chile

In the context of the country's housing emergency, Sodimac supported the *Un Techo en tu Nombre* (A Roof in your Name) campaign through which TECHO-Chile sought to attract donors in the framework of its 25<sup>th</sup> anniversary. The company also continued to collaborate with TECHO's social real estate branch, which has implemented 99 definitive housing projects for families living in temporary settlements.



### Movidos x Chile

Sodimac's alliance with Movidos x Chile was key in providing effective help for the families affected by different fires and other natural disasters in 2022.

### Junto al Barrio

Together with the Junto al Barrio Foundation, the company designed and built a space of 3,000 m<sup>2</sup>, the Angol Square, in the traditional Lo Negrete neighborhood of Santiago's Renca district. The district's municipal government, local residents and company volunteers also worked on this project, which was inaugurated in August 2022.



### Déficit Cero

The goal of the *Déficit Cero* (Zero Deficit) organization is to overcome Chile's housing shortfall. To this end, it carries out different studies to propose public policy solutions and organizes collaborative actions with different sectors of society. In 2022, it provided training for the leaders of local housing committee and prepared an international meeting on Housing and City, held in January 2023.



## Support in emergencies

Thanks to coordination between Sodimac, Movidos x Chile, TECHO and other partner organizations, it was possible to provide efficient support for the communities affected by fires in 2022.

In January, Sodimac activated an emergency fund to support the 36 families from the Villa Constancia temporary settlement in the Antofagasta Region, whose homes were partially or totally destroyed by two fires in December 2021. The families received a reconstruction grant that enabled them to purchase materials to rebuild or repair their homes from a network of hardware stores in the same municipal district.

In February, after a fire in the city of San Fernando that affected 27 families, the company provided gift cards for the purchase of basic household appliance kits.

Gift cards and special discounts were also provided for the 141 families who lost their homes in a fire in the town of Castro.

At the end of the year, after a fire in Viña del Mar, Sodimac and other Falabella group companies set up collection centers to receive in-kind donations and made their logistics available for the transport of goods. For the first phase of cleaning the affected areas, the company also provided emergency kits and activated its network of volunteers to support the work if necessary. In addition, special support was provided for the Sodimac employee and his family who were affected by this fire.





# 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 its stakeholders. In its relations with them, the company directly addresses the issues that are

most material for each group 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 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, 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, under a relationship model that contributes to shared business success and sustainable development.

## Commitment to the environment

In line with its decided institutional commitment to combating climate change, Sodimac has set itself the target of being 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 promotes the efficient use of natural resources, water and energy and promotes awareness of the importance of caring for the environment among all the stakeholders with whom it interacts.

## Our customers

Sodimac puts the customer at the center of its activities, promoting 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. The company respects customers’ rights and pays attention to their expectations, keep its sales promises, applies fair and transparent commercial policies and provides clear and complete information and the best shopping experience.

## 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 Channels. 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 community

With communities, Sodimac seeks to build a relationship of trust, based on dialogue and the responsible management of its impacts. It encourages its employees’ active participation through corporate volunteer activities and seeks to strengthen its alliances with institutions with which it has common interests and objectives. To this end, the company promotes participatory actions and social investment that, in line with its nature, allow it to effectively improve communities’ quality of life and foster local employability.

## 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 - 2022

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



- Sustainability indicator to measure the integration of this criterion in all areas of the business
- 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 2022, a new update of the human rights due diligence process.





## Sodimac's parent company in DJSI World

In 2022, for the seventh year, the Falabella group, Sodimac's parent company, was selected for inclusion in the Dow Jones Sustainability World Index (DJSI World), alongside other large multinationals, as a leading conglomerate on sustainability. Falabella is the only Chilean retailer in the Index. The group also forms part of three other Dow Jones indexes: Emerging Markets, MILA and Chile.

These recognitions reflect a sustainable growth strategy that seeks to transform the group into Latin America's largest physical-digital ecosystem, with a customer-centered approach, based on constant efforts to progress in accordance with an ESG agenda or, in other words, 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 new sustainability-based growth agenda. Chile has adhered to its own SDGs, defining priorities aligned with this global vision and establishing objectives and targets on which the public and private sectors and civil society must work together.

In this framework, Sodimac has analyzed its business to determine the goals and targets that serve as a reference framework for managing and reducing its negative impacts in relation to the material sustainability issues and their management that are discussed throughout this Report.

Its corporate SDGs have enabled the company to systematize four emblematic programs, which were 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
- ✓ Tradesmen’s Circle (CES)
- ✓ Environmental Management Program
- ✓ Building Dreams of Home Program.





## Sodimac adds value

Sodimac’s work is highlighted each year by Sumando Valor (Adding Value), an initiative created by Chile’s Confederation of Production and Commerce (CPC), the country’s Manufacturers’ Association (SOFOFA), the Global Compact and the Acción Empresas organization to foster transparency and reporting by companies that operate in Chile. The initiative seeks to draw attention to cases of business practices that directly contribute to achievement of the 17 SDGs and, in the case of Sodimac, highlights the following areas of its work: carbon-neutral delivery of orders, inclusive trade, inclusion, workplace reinsertion and the company’s National Network of Clean Points.



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

SDG	OBJECTIVE	HOW SODIMAC CONTRIBUTES
	End poverty in all its forms everywhere	Sodimac supports the work of foundations such as TECHO, Junto al Barrio and Cultiva that help improve the living conditions of vulnerable sectors 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/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. In 2022, in the wake of the COVID-19 pandemic, it placed particular emphasis on mental health for which it has Mhaite, a virtual assistant to provide psychological support. For further details, see the Our Employees chapter.
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<p>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.</p> <p>Sodimac also has its Tradesmen's Circle (CES), an emblematic inclusive business program. It has now been in existence for 17 years and enables the company to tighten its ties with a key group of regular customers, providing training for tradesmen and contractors and equipping them with tools to improve their work and the management of their businesses. In 2022, the company launched the Tradesmen's Academy, a platform of online courses. For further details, see the Our Customers chapter.</p>
	Achieve gender equality and empower all women and girls	<p>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 2022, the company implemented its first internal mentoring program for women leaders. For further details, see the Our Employees chapter.</p> <p>The company is also 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.</p>
	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.
	Ensure access to affordable, reliable, sustainable and modern energy for all	<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>

SDG	OBJECTIVE	HOW SODIMAC CONTRIBUTES
	<p><b>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b></p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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 2022, the company implemented its first internal mentoring program for women leaders. For further details, see the Our Employees chapter.</p> <p>Sodimac has its Tradesmen's Circle (CES), an emblematic inclusive business program. It has now been in existence for 17 years and enables the company to tighten ties with a key group of regular customers, providing training for tradesmen and contractors and equipping them with tools to improve their work and the management of their businesses. In 2022, the company launched the Tradesmen's Academy, a platform of online courses. For further details, see the Our Customers chapter.</p> <p>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.</p>
	<p><b>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</b></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 almost 5,800 sustainable products and services it markets; its National Network of Clean Points; its Hacienda 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>



SDG	OBJECTIVE	HOW SODIMAC CONTRIBUTES
	<b>Make cities and human settlements inclusive, safe, resilient and sustainable</b>	<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 2022, the program implemented 84 projects, benefiting close to 50,000 people. For further details, see the Commitment to the Community chapter.</p> <p>Each year, Sodimac supports the work of foundations such as TECHO, Junto al Barrio and Cultiva 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/crises in the country. For further details, see the Commitment to the Community chapter.</p>
	<b>Ensure sustainable consumption and production patterns</b>	<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 almost 5,800 sustainable products and services it markets; its National Network of Clean Points; its Haciendo ECO (Being ECO) campaigns; special catalogues; the 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>In 2018, Sodimac joined the Circular Economy 100 (CE100) network of the Ellen MacArthur Foundation and participates in the Chilean Plastics Pact of the Fundación Chile technology transfer institute. Together with its suppliers, the company works 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
	<p><b>Take urgent action to combat climate change and its impacts</b></p>	<p>For four years now, all deliveries of customers' online orders have been carbon neutral. For further details, see the Commitment to the Environment chapter.</p> <p>For the fourth consecutive year, Sodimac was 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. In 2022, the company also continued 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 almost 5,800 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; the 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>In 2018, Sodimac joined the Circular Economy 100 (CE100) network of the Ellen MacArthur Foundation and participates in the Chilean Plastics Pact of the Fundación Chile technology transfer institute. Together with its suppliers, the company works 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><b>Promote peaceful and inclusive societies</b></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>



# Stakeholder relations

(2-29)

Sodimac seeks to create value by contributing to the integral development of its employees, customers, suppliers, shareholders, citizens in general, the financial community and the authorities. To this end, the company applies a stakeholder engagement policy that clearly sets out the principles that guide the relations established with each stakeholder 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.

## Stakeholder measurements



In 2022, Sodimac applied the Stakeholders Sustainability Index (SSIndex), a tool created by experts at Yale University. It is based on a survey that measures the impact of Sodimac’s efforts as regards risk management and sustainable monitoring of environmental, social and governance (ESG) aspects as they affect its relations with different stakeholders (employees, customers, suppliers, partner organizations and the community).



## Vehicles for 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	All employees at stores, logistics centers and support offices and our unions	- Open door policy	D	<ul style="list-style-type: none"> <li>- Foster a good work climate</li> <li>- Provide opportunities for training and integral development</li> <li>- Strengthen the culture of responsibility and sustainability and ethical conduct</li> <li>- Work together with unions</li> </ul>	<ul style="list-style-type: none"> <li>- Dignified and fair treatment</li> <li>- Integral development</li> <li>- Respect for human and labor rights</li> <li>- Diversity and inclusion</li> <li>- Workplace health and safety</li> </ul>
		- Internal channels of communication (TV channel, intranet, Workplace)	D		
		- Weekly "walks"	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			
Customers	Existing and potential customers who acquire the company's products and services	- Physical stores and online channels	D	<ul style="list-style-type: none"> <li>- Continuous improvement in customer satisfaction (measured through NPS)</li> </ul>	<ul style="list-style-type: none"> <li>- Offer safe products with high quality standards</li> <li>- Listen constantly and provide the best quality of service</li> <li>- Responsible marketing</li> <li>- Protection of security and privacy of personal data</li> </ul>
		- 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		

Stakeholder		Vehicle		Objectives	Principal Undertakings
Suppliers	The company's strategic partners throughout the value chain, who provide it with goods and services	- Annual Suppliers' Meeting	A	<ul style="list-style-type: none"> <li>- Promote responsible production practices throughout the value chain</li> <li>- Develop capabilities and collaborative work to the benefit of customers</li> </ul>	<ul style="list-style-type: none"> <li>- Fair treatment in accordance with norms of TCS code of self-regulation</li> <li>- Ensure compliance with labor and human rights norms and sustainable production environments</li> </ul>
		- 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		
Communities	The communities in the vicinity of stores and other facilities	- Direct dialogue through meetings, letters, e-mail and telephone	D	<ul style="list-style-type: none"> <li>- Increase the reach and impact of the programs implemented</li> <li>- Boost the positive impacts of the operation and assume responsibility for negative impacts</li> </ul>	<ul style="list-style-type: none"> <li>- 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</li> </ul>
		- 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	<ul style="list-style-type: none"> <li>- Work together to address problems of the country</li> <li>- Contribute experience for the improvement of regulation and standards</li> </ul>	<ul style="list-style-type: none"> <li>- Regulatory and ethical compliance</li> <li>- Efficient use of resources and respect for the environment</li> </ul>
		- 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		



Stakeholder		Vehicle		Objectives	Principal Undertakings
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 free 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 (CIP)	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		
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	- Feedback through measurements of corporate reputation (Merco and others)	A	- 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
		- Direct communication through letters, e-mail, meetings and telephone	D		
		- Alliances and joint activities	M		
		- Multi-stakeholder initiatives	M		
		- Annual Report	A		
		- Feedback process with stakeholders	A		
Investors	Holders of Sodimac bonds and shareholders in the parent company which trades on the stock market	- Sustainability Report	A	- 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
		- Feedback through measurements of corporate reputation (Merco and others)	A		
		- Reports on results and filings to CMF	Q		
		- Investor relations activities organized by parent company	Q		
		- Annual Report	A		
		- Feedback process with stakeholders	A		

Stakeholder		Vehicle		Objectives	Principal Undertakings
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. In 2022, the company contributed over 92 million Chilean pesos to different organizations in the form of membership fees, mostly to business associations and organizations that promote sustainability, sound labor relations, protection of the environment and business ethics.

### Sphere of action: business associations

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 local and global 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 Change, 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 por Chile ([www.movidosxchile.cl](http://www.movidosxchile.cl)).



# Management of Sustainability

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

## Strategic Issues

Sodimac uses a formal materiality process to identify the issues that are most important for the company and its stakeholders as regards the different aspects of sustainability. This process also serves as an opportunity to analyze the impacts – positive and negative, real and potential - of the business throughout its value chain and to identify the risks and opportunities that need to be managed.

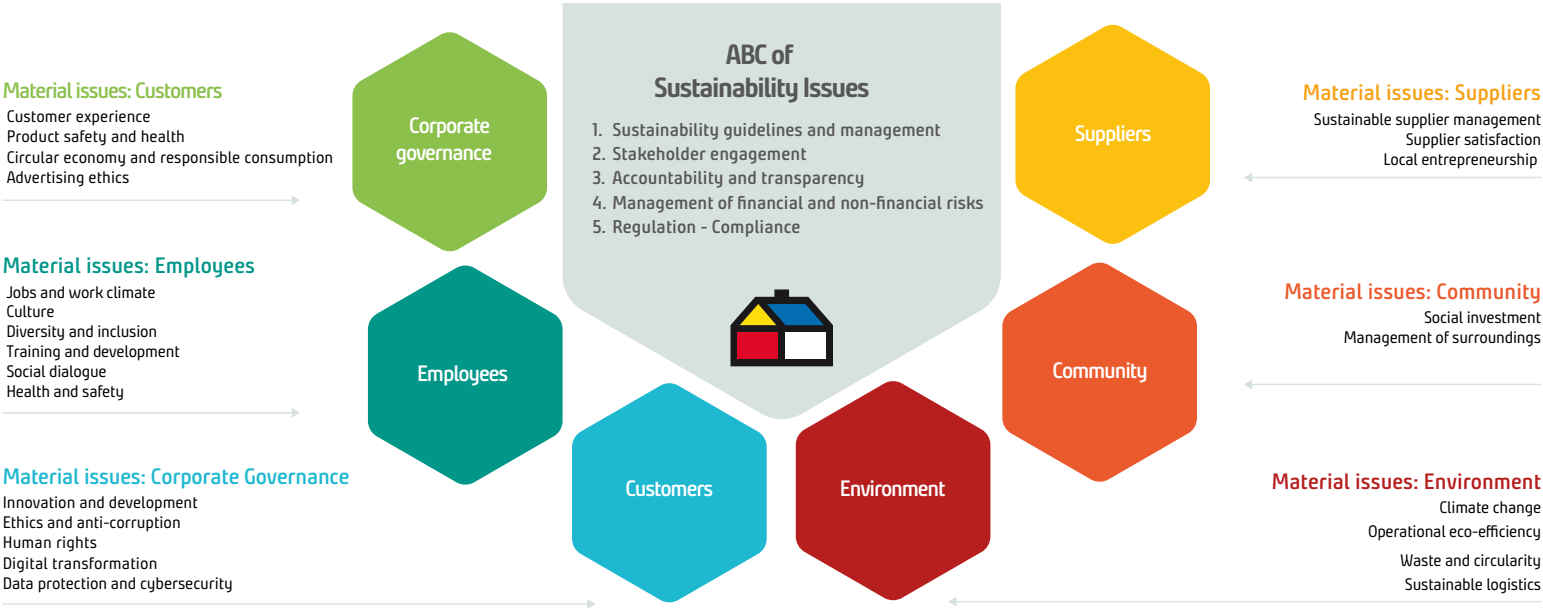
The company last updated its materiality process and Sustainability Policy in 2020, a process in which it was supported by the Vincular Center of the Catholic University of Valparaíso (PUCV). For each material issue, the process

identified the positive and/or negative impacts of the business on its different stakeholders, using the methodological framework recommended by the Organisation for Economic Co-operation and Development (OECD). Interviews and workshops were held to learn about the different points of view. The process also included benchmarking against the world’s principal retailers, the results of ESG measurements with the company’s main stakeholders (employees, customers, suppliers, the community and expert bodies) and the analysis of secondary information about the business.

This work was standardized with the business units in Colombia, Peru, Argentina, Uruguay, Brazil and Mexico, ensuring that they are all working on the same issues and that, through the results obtained, there is a clear picture of those that need to be managed by each operation.

The materiality of issues was compared with that defined for the Falabella group as a whole, which was updated in 2022.

### Materiality Falabella S.A.



N°	Material Issue	Priority
1	Employee health and safety	High
2	Climate change	High
3	Working conditions, external 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
0	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

- Manages the Sustainability Policy and participates in Chilean and international organizations that serve to guide and promote sustainability;
- 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 operation;
- Participates in programs defined as strategic by the company.

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

### Assistant Sustainability Manager

- Prepares and designs the sustainability strategy of the company in Chile and coordinates its implementation;
- Monitors and controls the social and environmental dimensions of the company's compliance matrix and strategic programs;
- Designs and coordinates institutional relations with the

media, authorities, business associations, industry bodies and civil society organizations;

- Defines, monitors and controls the company's donations policy;
- Prepares and coordinates the content of the company's Sustainability Report, including the Global Reporting Initiative (GRI) indicators, as well as the different processes of rankings and recognitions and studies of the company's social and/or environmental impacts and corporate reputation;
- Participates in the Falabella group's Sustainability Committee, organizations that promote sustainability (including Global Compact, Acción Empresas and the PROhumana Foundation) and the committees of business associations and organizations with which the company has alliances.

Sodimac Chile's overall score in the Sustainability Index in 2022, at 82%, indicates that the company mostly applies world-class practices, inspired by the procedures set out by the main international instruments on sustainability. In addition, the integration of material or strategic sustainability issues into the company's management reached 83%, reflecting maturity in the incorporation of actual and potential impacts arising from the decision-making process and operational activities.

### Sustainability Coordinator

- 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 environmental guidelines transversally across the company;
- 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 monitoring and identifies controls and action plans with respect to different areas of the company (including Free Competition, Consumer Rights and the Criminal Responsibility of Legal Entities);



- Coordinates and manages the system that enables the company to fulfill compliance programs and policies 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)

To integrate sustainability strategically and manage it transversally under a 360° approach, Sodimac applies a specific tool (an Index), designed by the Vincular Center of the Catholic University of Valparaíso (PUCV). Its results are part of the system of incentives for each operation's first-line managers and executives, who have annual

targets associated with this indicator. Each of the company's areas contributes to the final result, creating a concrete mobilizing effect.

With this tool, the company evaluates its internal performance, taking the following parameters into account:

- ✓ the 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.
- ✓ an 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.



## Prizes and recognitions

In 2022, Sodimac received the following recognitions:

- **1<sup>st</sup> place in Retail and 11<sup>th</sup> overall** in the Merco ESG Responsibility Ranking, which recognizes the most responsible companies
- **1<sup>st</sup> place in Home Improvement and 13<sup>th</sup> overall** in the Merco Ranking of Companies with the Best Reputation
- **1<sup>st</sup> place in Home Improvement** in the Chile 3D study of brands and lifestyle by GfK
- **1<sup>st</sup> place in Home Improvement** in the Citizen Brands study by Cadem
- **1<sup>st</sup> place in Home Improvement** in the ICREO study by Almagrandes of the brands most trusted by Chileans
- **2<sup>nd</sup> place overall and 1<sup>st</sup> in Retail** in the Total Brands 2022 study by Criteria and the BBK Group, which analyzed brands' current positioning (value proposition, experience, identity and purpose)
- **1<sup>st</sup> place in Home Improvement** in the Ranking of Most Innovative Companies by the ESE Business School, Universidad de los Andes
- **3<sup>rd</sup> place in Home Improvement** in the **Omnichannel Index Chile**
- **5<sup>th</sup> place in the Ranking of Best Places to Work for Women and 8<sup>th</sup> in the Best Places to Work ranking**, Great Place to Work (GPTW)
- **15<sup>th</sup> place in the Ranking of Best Companies** for Interns in Chile, FirstJob
- **20<sup>th</sup> place in the Merco Talent Ranking** of companies that best attract and retain personal talent
- **Mujer Construye (Woman Builds) prize** of the Chilean Chamber of Construction (CChC) and the ChileMujeres Foundation in the large construction company category
- **Best-loved brand** in Cyberday 2022 in the home improvement category, Santiago Chamber of Commerce (CCS)
- **Best company on paying SMEs** in the retail sector in the **Payers Ranking** of the Chilean Association of Entrepreneurs (ASECH) and the Chilean Product Exchange in the second, third and last quarters of 2022.







# Corporate Governance and Business Ethics



# Corporate Governance and Business Ethics

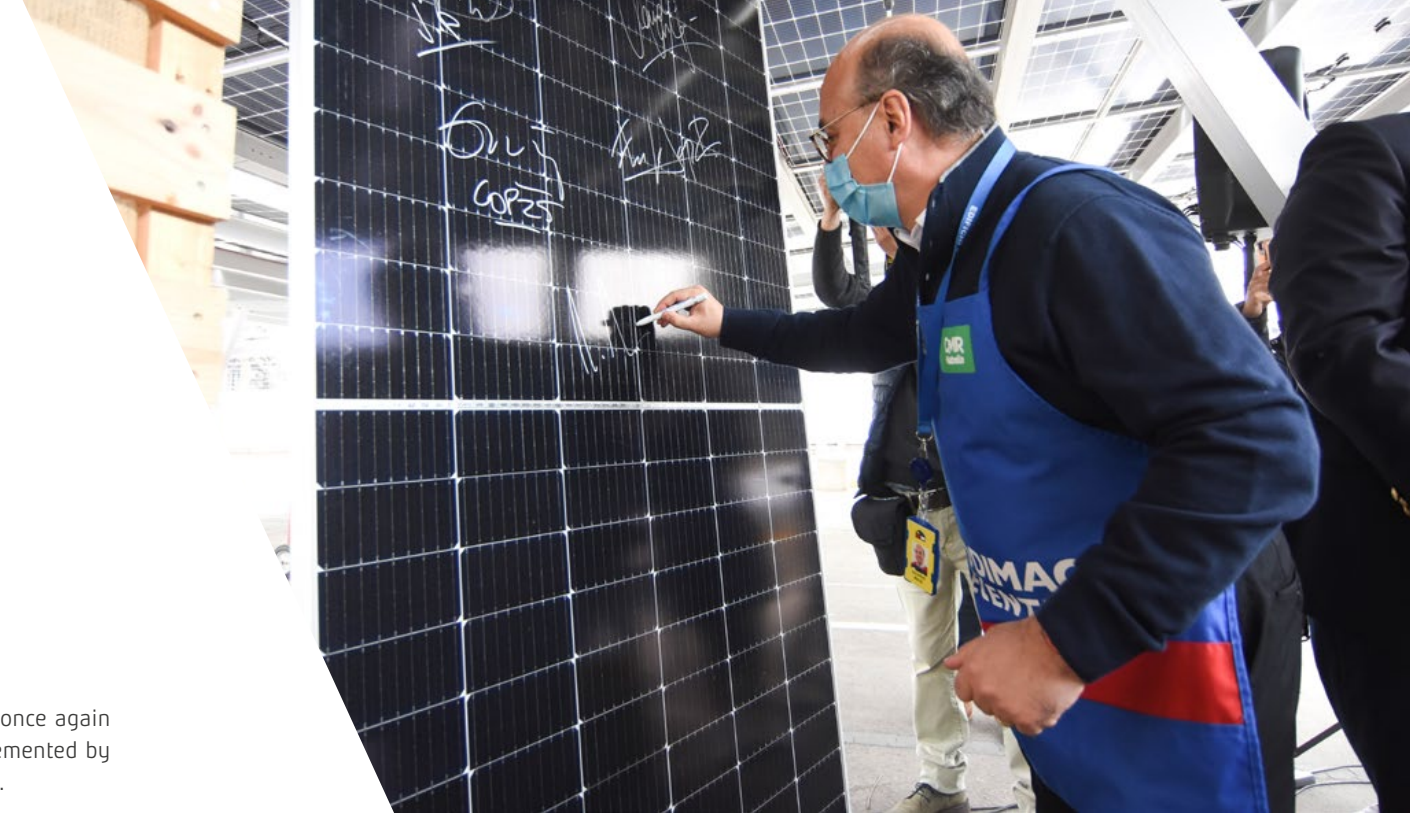
Sodimac has a Corporate Integrity System to prevent, identify and address situations that may affect safety, the company’s image, its sustainability and the trust placed in it by stakeholders. Its objective is to comply fully with legal provisions and people’s civil and labor rights.

## Strategic issues

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

## Milestones

- The BH Compliance consultancy company once again certified the Crime Prevention Model implemented by the company in accordance with Law 20.393.
- The company updated its risk matrix in accordance with modifications to Law 20.393. In light of the studies that identify Chile as one of the countries most vulnerable to climate change, this risk was incorporated into the company’s risk matrix.
- As part of the Falabella group’s corporate program, the company updated its human rights risks and controls through a new due diligence process to identify the impacts of its activities on stakeholders.
- Online and in-person courses reinforced teams’ training on free competition and Law 20.393 and included the Mi Cliente (My Customer) and Datos Personales (Personal Data) courses.
- At end-2022, continuous audit indicators showed a threefold increase on end-2021, permitting the generation of timely continuous alerts of operational risks and facilitating auditing and correction of these processes.



## SUSTAINABLE DEVELOPMENT GOALS





# Leadership at Sodimac

## 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 (four women and five men), 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.

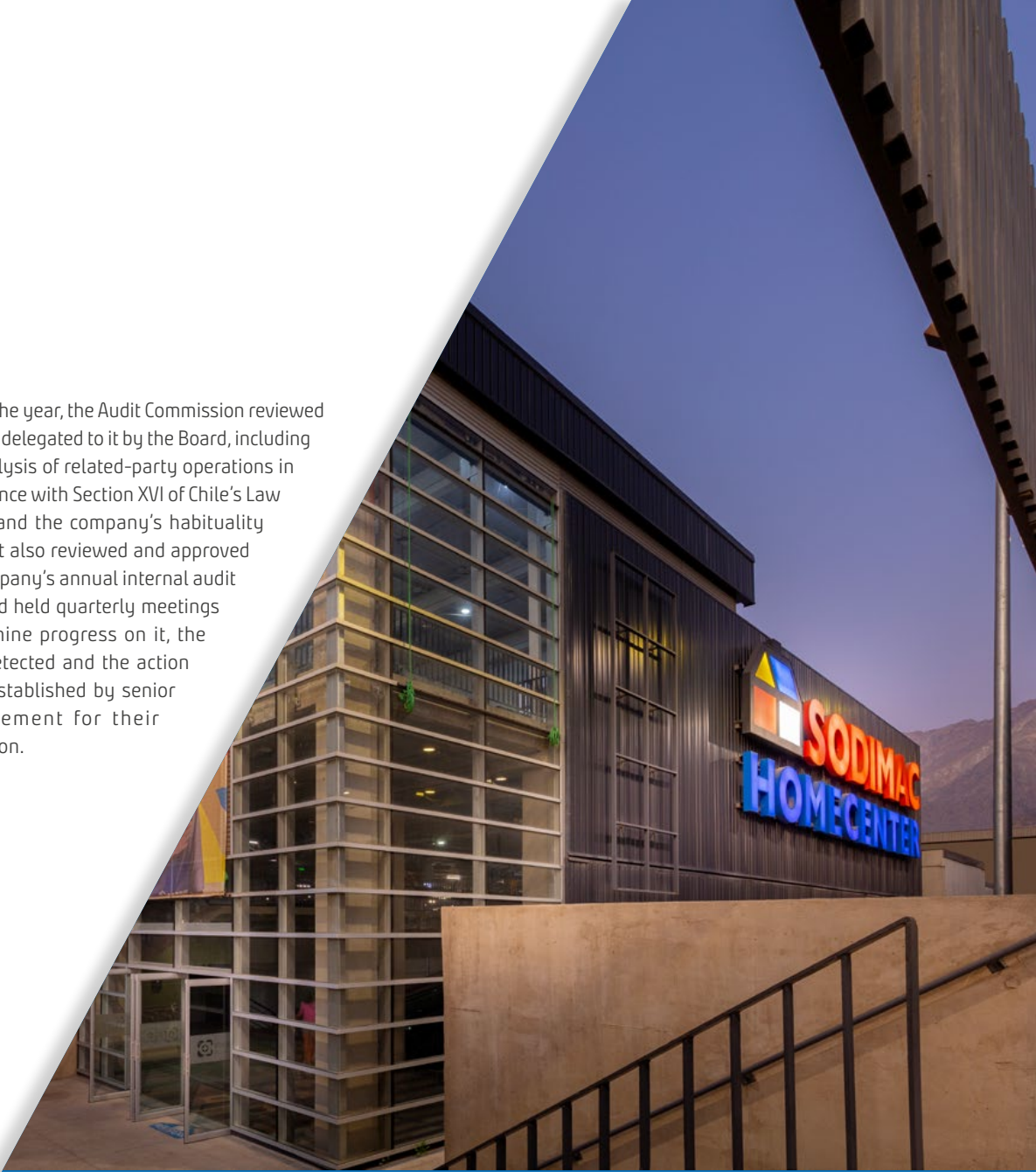
At the Ordinary Shareholders' Meeting held on 14 April 2022, it was agreed that the members of the Board would receive a net monthly fee of 50 UF<sup>1</sup> and, in the case of the chairman, 300 UF. In compliance with the legal requirements established by the CMF, this remuneration is disclosed in the company's Annual Report.

## Audit Commission

An important role in the company's corporate governance is played by the Audit Commission. It is formed by three members of the Board who, in 2022, were Sandro Solari Donaggio, Jaime García Rioseco and Gonzalo Rojas Vildósola.

<sup>1</sup> An inflation-indexed currency unit that, as of 31 December 2022, was equivalent to approximately US\$41.

During the year, the Audit Commission reviewed matters delegated to it by the Board, including the analysis of related-party operations in accordance with Section XVI of Chile's Law 18.046 and the company's habituality policy. It also reviewed and approved the company's annual internal audit plan and held quarterly meetings to examine progress on it, the risks detected and the action plans established by senior management for their mitigation.





# Board of Directors

(As of 31 December 2022)

(2-9; 2-11)



**Juan Pablo del Río Goudie**

CHAIRMAN  
Architect  
RUT: 5.898.685-2  
Date of appointment:  
14 April 2022



**Jaime García Rioseco**

Economist  
Rut: 5.894.661-3  
Date of appointment:  
14 April 2022



**Elizabeth Lehmann Cosoi**

Economist and business  
administrator  
RUT: 11.625.647-9  
Date of appointment:  
14 April 2022



**Paola Cúneo Queirolo**

Business administrator  
RUT: 8.506.868-7  
Date of appointment:  
14 April 2022



**Manuel Cristóbal Hurtado  
Rourke**

Economist and business  
administrator  
RUT: 13.038.050-6  
Date of appointment:  
14 April 2022



**Gonzalo Rojas Vildósola**

Economist and business  
administrator  
RUT: 6.179.689-4  
Date of appointment:  
14 April 2022



**Catalina del Río Silva**

Economist and business  
administrator  
RUT: 8.317.939-2  
Date of appointment:  
14 April 2022



**María Cecilia Karlezi  
Solari**

Businesswoman  
RUT: 7.005.097-8  
Date of appointment:  
14 April 2022



**Sandro Solari Donaggio**

Industrial civil engineer  
RUT: 9.585.729-9  
Date of appointment:  
14 April 2022

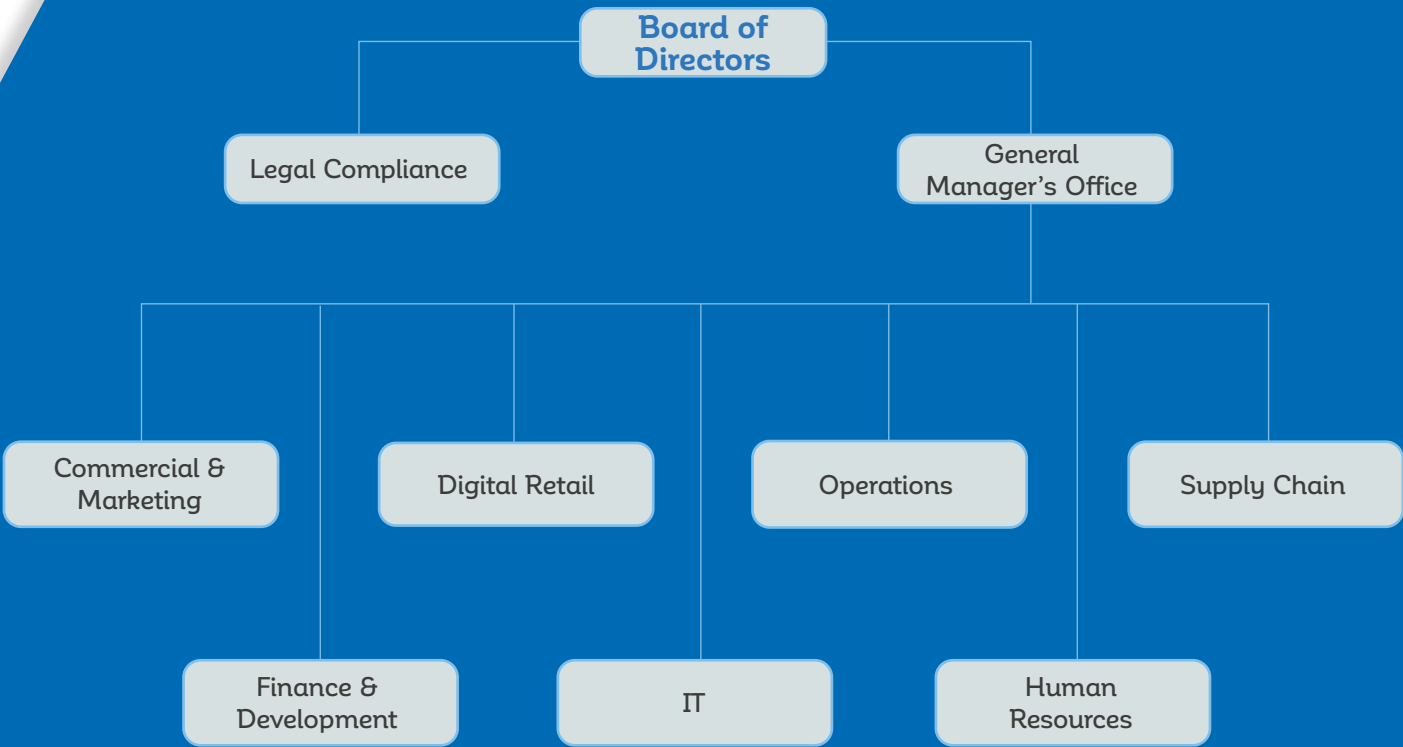
# Senior management

(2-9; 2-13)

The company’s senior management 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.

The management team seeks to achieve 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.

Sodimac Chile and its Imperial subsidiary each also has an Executive Committee to control and manage their economic, social and environmental development and ensure transparent and ethical conduct.



# Corporate Executive Committee

(As of 31 December 2022)

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



**Fernando Valenzuela del Río**  
Corporate Legal Compliance Manager  
Economist and business administrator  
RUT: 9.571.294-0  
Date of appointment: 1 March 2020



**Francisco Torres Larraín**  
Corporate Commercial and Marketing Manager  
Industrial Civil Engineer  
RUT: 7.006.016-7  
Date of appointment: 1 August 2006



**Juan Manuel Borgoño García**  
Corporate Digital Retail Manager (acting)  
Industrial civil engineer  
RUT: 15.097.462-3  
Date of appointment: 1 September 2022



**Mariasol Soto Becerra**  
Corporate Operations Manager  
Business administrator  
ID: 40705743  
Date of appointment: 1 March 2021



**Sandro Norberto Do Nascimento**  
Corporate Supply Chain Manager  
Economist  
RUT (Temporary): 48.221.232-8  
Date of appointment: 1 September 2022



**Fabio De Petris Duarte**  
Corporate Finance and Development Manager  
Industrial civil engineer  
RUT: 15.325.237-8  
Date of appointment: 1 September 2018



**Ershad Assefi**  
Corporate IT Manager  
IT and software development engineer  
ID: 18831392  
Date of appointment: 1 December 2021



**Andrea Carvallo Montes**  
Corporate Human Resources Manager  
Economist and business administrator  
RUT: 10.321.899-3  
Date of appointment: 1 March 2021



# Sodimac Chile Executive Committee

(As of 31 December 2022)

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

The Sodimac Chile Executive Committee is responsible for supervising the company's economic, social and environmental performance in this country. 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 permanent channels of dialogue with the company's employees through their representatives, passing on their concerns and 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

# 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 in these fields, are used as 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 30,949,852,000 Chilean pesos in 2022 compared to 30,868,995,000 pesos in 2021. Years of service payments to executives leaving the company reached 602,651,000 pesos in 2022 and 784,500,000 pesos in 2021.

*For further details, see the company’s Annual Report ([sodimac.falabella.com/sodimac-cl/page/memoria](https://sodimac.falabella.com/sodimac-cl/page/memoria)).*





# Ethics and Human Rights

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

## Sodimac Integrity Program

### Ethical framework

Valuation of and consideration for the human person, their dignity and fundamental rights underpin the actions of Sodimac. The company seeks to establish and strengthen mechanisms that safeguard respect for human rights in all their dimensions, developing the business in accordance with values and ethical principles and a total rejection of corrupt practices.

In response to the potential impact of its decisions on the human rights of its main stakeholders, the company has established mechanisms of mitigation, prevention and remediation 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

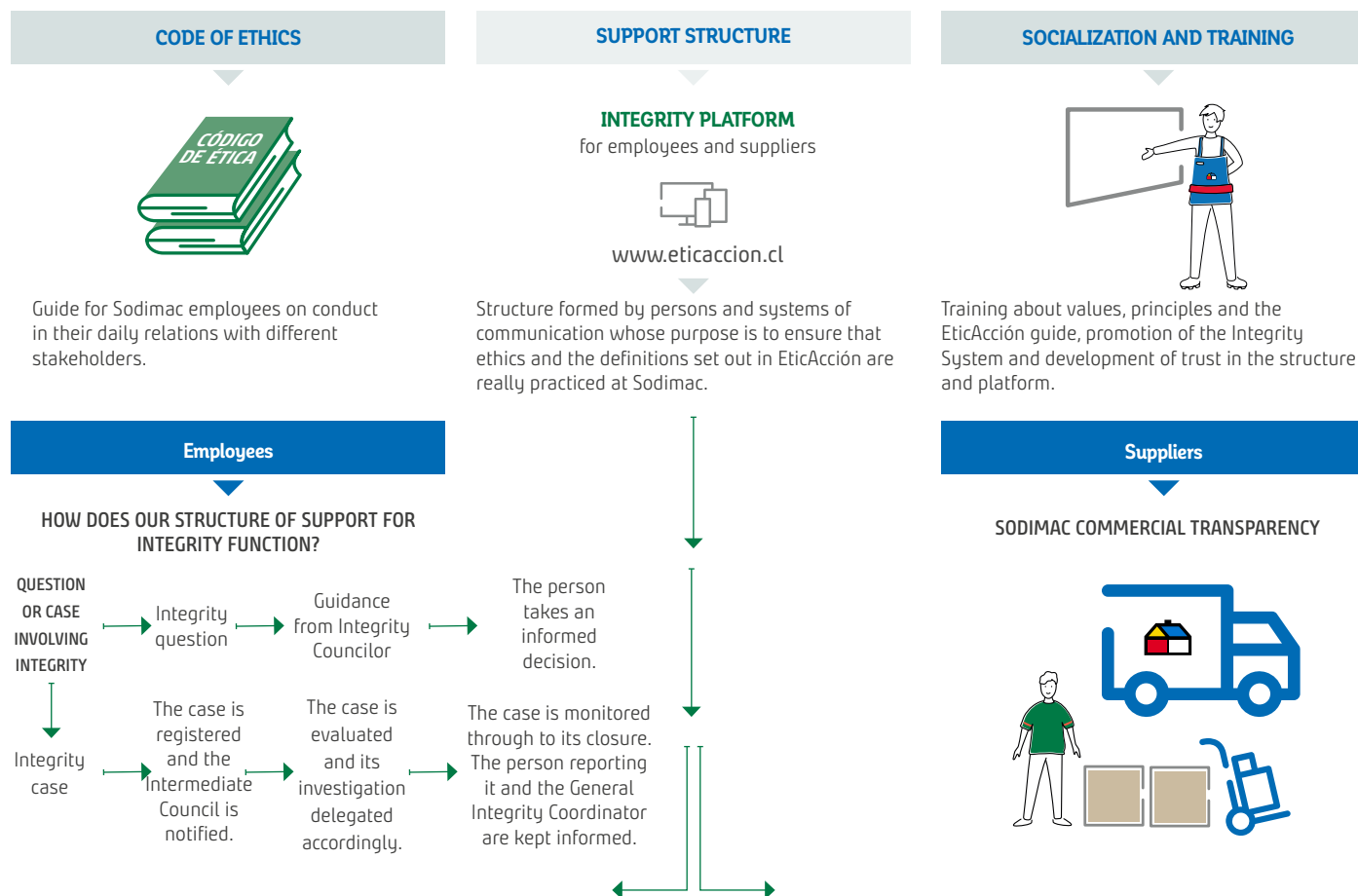
(2-25)

Sodimac has established a Corporate Integrity System 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 the crimes of national or international bribery, money laundering and the financing of terrorism and its receiving.

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 its proper investigation, registration and communication of the outcome. The system has representation and a formal structure at the different levels of the company, including the Board of Directors.







## Integrity Channel

(406-1)

Employees or any other stakeholder can use the company's Integrity Channel, which operates 24 hours a day, to report incidents or inquire about matters related to probity. The Integrity Channel is managed externally in order to reinforce the necessary impartiality, objectivity and confidentiality.

In 2022, this online platform registered 410 contacts (inquiries or complaints). They corresponded to situations that included workplace harassment, sexual harassment, inappropriate conduct, conflicts of interest, infringement of internal norms on gifts and invitations, and discrimination.

Contacts with the Integrity Channel are classified as "ethical" or "non-ethical". In 2022, 272 contacts corresponded to the former of which 61 were closed as "not proven" and 45 were accredited.

As a result of investigations into the different ethical cases, three employees were dismissed.

N° of Contacts Integrity Channel	2020	2021	2022
Total	495	453	410

2022	N° of cases	Open	Closed	With measures adopted
Inquiries	23	0	23	N/A
Complaints	272	87	185	45
Total	295	295		45

Source: Sodimac.

### Measures adopted on integrity issues (205-3)

Cases reported 2022	Dismissal	Feedback	Written reprimand	Verbal reprimand	Work plan	Training	Transfer	Declaration of conflict	Management of conflict
Workplace harassment	0	4	2	0	4	0	0	0	0
Inappropriate conduct	0	9	7	0	3	0	3	0	0
Inappropriate conduct with sexual connotations	0	0	1	0	0	0	0	0	0
Conflict of interest	0	0	0	0	0	0	0	0	0
Discrimination	0	0	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	0	0	1	0	0	0	0	0	0
Respect for private life and protection of personal data	0	0	0	0	0	0	0	0	0
Workplace issues with ethical connotations	0	0	1	0	1	0	1	0	0
Incorrect use of company's goods	0	0	0	0	0	0	0	0	0
Sexual harassment	3	0	3	0	0	0	4	0	0
Violation of confidentiality	0	1	0	0	1	0	0	0	0
<b>Total</b>	<b>3</b>	<b>14</b>	<b>15</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>0</b>

Source: Sodimac.

The company has a team of social assistants who are equipped to act as Integrity Councilors and are available to advise and channel the concerns of any employee who reports an ethical matter to them. The system guarantees proper investigation of each case and its solution and protects the confidentiality of the person reporting it.

Every other year, the company carries out a survey of employees' perceptions of the culture of integrity within the organization and the effectiveness of the efforts made in this field. It measures elements such as participation in ethics training and employees' knowledge of the company's values and instruments such as the Integrity Channel. The results serve as an input for the company's process of continuous improvement.

### Human Rights Due Diligence (2-12; 412-1)

In 2022, Sodimac continued to reinforce its commitment to human rights, managing its risks and impacts in line with the Falabella group's corporate human rights program.

This included an update of risks and controls through a due diligence process to re-assess the risks and impacts that the company's activities may have for its stakeholders.

In this process, 46 interviews were conducted. They included managers and employees and representatives of employees, external companies and transport companies.

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, of which its sustainability and compliance manager is a director. The promotion of respect for human rights was also part of the company's agenda in 2022 when it took advantage of International Human Rights Day to implement a number of internal communications and awareness campaigns. In June, it also marked Human Rights Week by organizing a roundtable on Human Rights and Responsible Business Conduct and issuing communications on topics such as the Guiding Principles.

# 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 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, incorporating 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 areas: operational, compliance, physical safety and IT risks. For each of these areas, 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
Risks related to operational processes	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
IT risks	IT governance
	Business continuity
	Information security
	IT development and changes
	IT operations and monitoring

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

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

## Climate change risk

In 2022, Sodimac updated its risk matrix in line with modifications to Law 20.393. This was achieved thanks to interdisciplinary work with the different areas involved.

In addition, in light of different studies that have identified Chile as among the countries most vulnerable to the effects of climate change, Sodimac opted to incorporate the associated risks in its matrix. This is, moreover, in line with the company's efforts to develop a sustainable operation.

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 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.





## Compliance training

(206-1)

Sodimac continued to strengthen internal training on free competition, corporate integrity, consumer rights and Law 20.393, providing online and in-person courses for the target audience identified by the company. Key courses included the Mi Cliente (My Customer) and Datos Personales (Personal Data) programs on consumer rights and data protection, respectively. Mandatory courses on free competition were also provided for employees who participate in business associations and other exposed employees and on the environment for different exposed positions.

In line with this, no legal cases related to unfair competition, anti-trust practices and free competition were presented against Sodimac in 2022.

## 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, 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.

## Compliance measures

In 2022, the BH Compliance consultancy company, a body with authorization from the CMF, again certified Sodimac's implementation, administration and supervision of a prevention model to guard against the crimes indicated in Chilean Law 20.393. The company has incorporated protocols to guard against the new crimes envisaged by the law, which include arms control, people trafficking, cybercrimes and the theft of wood.

During the year, the company provided special training for employees in areas exposed to a greater risk of corruption. This included guidelines, procedures and ethical norms for the exercise of their functions, which were drawn up together with the Falabella group's governance team. In 2022, 460 people received this probity training.

## Loss prevention and internal auditing

The Legal Compliance Area implements a plan of internal audits that addresses all the risks of the business, giving priority to the most vulnerable processes. It applies a continuous audit model, using the IT system known as Remote Control Panel, which permits early detection of any deviation from pre-established accounting, financial and operating procedures. The mechanism also operates with other areas of the company such as Sales to Companies, Finance, Treasury, Loss Prevention and Operations.

The company uses a system known as Audistock that generates early warnings in daily inventory control. In 2022, there was an increase in the processes audited, raising the number of indicators as compared to end-2020.

This permits the generation of timely continuous alerts on the business's operational risks and facilitates the auditing and correction of these processes. After reviews, a report is submitted to senior management with conclusions and recommendations for each case and regular follow-up takes place until it is resolved. The Internal Audit area reports situations of interest to the Audit Commission (formerly Directors' Committee) at least quarterly and meets more frequently with the Commission's chair.

Sodimac has a model of active participation in the Falabella ecosystem and, therefore, carried out preventive audits of the different associated processes, such as digital, logistics and regulatory-financial processes.

The company also reviews and audits the preventive models of Law 20.393, verifying their effectiveness and the implementation of due training and operational controls.

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

In 2022, 254 planned and unplanned audits took place as well as 2,555 remote audits, based on an audit control panel in stores, warehouses, subsidiaries and head offices.

N° Auditable Units	2020	2021	2022
Stores	72	78	74
Warehouses	30	28	30
Subsidiaries (*)	3	3	3
Support Office	173	173	173
<b>Total</b>	<b>278</b>	<b>282</b>	<b>280</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 and work climate
- Culture
- Diversity and inclusion
- Training and professional development
- Social dialogue
- Health and safety

## Milestones

- Mental health was a priority and was addressed through initiatives that included the Mejorando (Improving) program to provide psychological care for employees, psycho-educational activities, the Mhaite virtual assistant to provide psychological support and talks and workshops on self-care strategies and tools.
- The company implemented a new Applicant Tracking System (ATS) (AIRA) for talent attraction.
- In 2022, the company provided 504,448 hours of training, impacting 14,067 employees.
- GPTW ranked Sodimac fifth among the Best Places to Work in Chile for Women.
- The first internal mentoring program Vamos por más: mujeres líderes (Let's go for more: women leaders) was implemented.



## SUSTAINABLE DEVELOPMENT GOALS





# Talent management and integral development

For talent attraction, the company implemented a new Applicant Tracking System (ATS) (AIRA). This improved the management of search processes, communication among participants and the visibility (internal and external) of opportunities at Sodimac and in the Falabella group. In turn, this contributed to employees’ career development.

Sodimac also launched the *Crece* (Grow) and *Jóvenes Profesionales* (Young Professionals) regional initiatives to select and develop professionals and young talent.

## Recruitment: Emphasis on local labor

(202-2)

To contribute to employees’ quality of life and provide opportunities for communities in the vicinity of its stores and distribution centers, Sodimac gives priority to hiring people from these areas. Given their functions and the experience required, management posts are usually filled internally.

The company has alliances with different organizations related to communities near its stores (municipal governments, social organizations, universities, professional training institutes and technical training centers). In this way, it seeks to provide employment and development opportunities in these communities and have a positive impact for low-income young people.

## New hires

(401-1)

Type of post	New hires					
	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Managers and assistant managers	6	5	11	4	9	7
Professional and technical personnel	75	48	161	148	602	741
Other employees	679	560	1,877	1,260	132	185
Total by gender	760	613	2,049	1,412	743	933
Total	1,373		3,461		1,676	



# Training

(404-1)

The company designs training and promotion programs in line with employees’ interests, knowledge and skills. It has different training mechanisms that foster a culture of continuous learning, self-learning and the use of the digital tools currently available.

In 2022, emphasis was placed on the implementation of a new Mental Health program for the company’s employees. Designed with a multi-systemic approach, it involved 26,740 hours of training, reaching 1,642 employees. Another priority was to promote diversity and inclusion through videos and an e-learning course that reached a target audience of 2,893 employees and represented 22,079 hours of training.

In total, 576,659 hours were devoted to training in 2022, including both the in-person and e-learning formats, impacting 15,741 employees.

## Hours of training: company

	N° of employees	Hours used
2020	6,547	108,334
2021	13,531	379,105
2022	15,741	576,659

Source: Sodimac.

Hours of training by type of post	2020			2021			2022		
	Hours used	Hours women	Hours men	Hours used	Hours women	Hours men	Hours used	Hours women	Hours men
Managers and assistant managers	6,036	1,881	4,155	13,009	3,633	9,376	15,702	5,338	10,364
Professional and technical personnel	33,573	17,737	15,835	99,139	47,498	51,641	140,301	64,459	75,842
Other employees	68,725	30,963	37,762	266,957	102,988	163,969	420,656	177,719	242,937
<b>Total</b>	<b>108,334</b>	<b>50,581</b>	<b>57,752</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>

Source: Sodimac.

Capacitación por género y cargo	2020			2021			2022		
	N° of employees	Women	Men	N° of employees	Women	Men	N° of employees	Women	Men
Managers and assistant managers	480	115	365	408	111	297	388	116	272
Professional and technical personnel	2,600	1,216	1,384	2,785	1,338	1,447	3,827	1,740	2,087
Other employees	3,467	1,452	2,015	10,338	4,252	6,086	11,526	4,765	6,761
<b>Total</b>	<b>6,547</b>	<b>2,783</b>	<b>3,764</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>

Source: Sodimac.

## Traineemac, one of the OTECs that trains most people 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 with the highest annual number of people trained and even leads the ranking.

## Sodimac School of Excellence

The Sodimac School of Excellence, which is administered by the Human Resources area, focuses on the integral training of retail professionals, offering a structure of courses geared to participants’ long-term development and workplace advancement. 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 Udemý online platform, providing specific content in line with 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

After a forced pause because of the pandemic, Sodimac reactivated its Succession Plan and the Seed Program in 2022. They seek to reinforce employees' career by identifying, measuring and developing the workplace skills of people with the potential to assume positions of greater responsibility in stores when a key post becomes vacant.

Special diploma courses to strengthen leadership and retail management skills also serve as a further tool for fostering promotion.

As a result of the Succession Plan and the Seed Program, there were a total of 38 promotions in 2022 (22 men and 16 women): eight heads of area to assistant manager, two assistant managers to manager, and 28 trainee heads of sales from the Seed Program to head of sales department in stores. In addition, nine employees began their training as trainee head of sales trainee 2022.

## Internal promotion processes

The company offers employees the opportunity to progress within the organization through internal promotion processes as well as by applying for a position in another store or facility. Employees can apply for any vacancy that does not fall within the Succession Plan or Seed Program. In 2022,

901 internal processes were opened around the country and resulted in 328 promotions.

External hiring processes also take place when required and, in 2022 1,181 processes of this type took place.

Internal promotion processes	
2020	296
2021	1,568
2022	901

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. Since 2020, a standard procedure in the form of a single platform that measures the same skills has been used by Sodimac around Latin America. This puts the company in a position to foster internal mobility between businesses and countries in an equitable manner.

In 2022, 99.99% of the workforce was evaluated, equivalent

to 12,002 people (59.49% men and 40.51% women).

The company also implements a 360° Evaluation Process at the management level. In 2022, 163 executives (122 men and 41 women) were evaluated through this process.

Performance evaluation Employees evaluated			
	Women	Men	Total
2020	6,106	9,251	15,357
2021	4,225	6,752	10,977*
2022	4,862	7,140	12,002

(\*) The total number of employees whose performance in 2020 was evaluated in 2021 was affected by the reduction of the workforce in 2020.

Source: Sodimac.

## 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 hires under-30s, without training or higher education, most of whom have recently completed their secondary education and for whom this is their first job.

	Chilean minimum wage (CLP)	Sodimac entry-level wage (CLP)	Ratio Sodimac vs. country
2020	301,000	450,246	1.50
2021	337,000	504,096	1.50
2022	400,000	598,333	1.50

Source: Sodimac.





# Culture, work climate and quality of life

In 2022, Sodimac took different steps to reinforce the corporate Integrity System and its platform as a listening channel. In addition, it sought to promote values and ethical principles within the company.

Management of the work climate is the shared responsibility of the Climate and Culture team, managers, the Human Resources teams and all employees. Based on the results of the Great Place to Work (GPTW) climate and culture surveys and the group's own survey, particular "focuses" were chosen in 2022 for specific support in improving the work climate.

As a result, 82 in-depth conversations were held with a total of 565 employees. Support was provided for teams from the three worlds of Sodimac: stores, distribution centers and the support offices. The conversations were led by company psychologists and served to gather qualitative information about the particular situation of each team. This provided sufficient material for the preparation of specific action plans for each area and the improvement of its work climate



## Best home improvement retailer for which to work

Each year, Sodimac applies the Great Place to Work (GPTW) work climate measurement tool. The challenge is to achieve a high rate of employee participation, providing concrete indicators that help identify the situation of work teams in different dimensions. In the latest measurement, participation reached 82%. Once the results have been presented and each area's situation analyzed, measures are taken to provide detailed advice and support to heads of area and achieve improvements in the internal climate.

In 2022, the company took eighth position in the ranking of Best Places to Work in Chile in the category of organizations with over 1,000 employees and, once again, took top place in the retail home improvement sector. It also came fifth in the ranking of Best Places to Work for Women, corroborating the corporate commitment to equitable work environments.

## Sodimac Corporate Volunteer Program

Over 4,000 employees are enrolled in Sodimac's volunteer program. In 2022, they provided support for the implementation of 84 projects in vulnerable communities, benefiting the quality of life of almost 50,000 people. Through the *Nuestra Casa Contigo* (Our House with You) program, they also supported the home projects of 70 company employees. During the year, 1,323 employees participated in a total of 4,512 hours of volunteering.

Their contribution was also key in the implementation of corporate initiatives to help families affected by fires and other disasters during the year.

Since its launch 16 years ago, the *Constructores de Sueños* (Builders of Dreams) program has become one of Chile's most important social and corporate volunteering



initiatives. It is the country's largest community of volunteers, who meet once a year in a *Volunteers Meeting* where they share experiences.

# 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, health, insurance coverage, special assistance, bonuses and recognition.

A key tool for the success of these initiatives is Workplace, the company's main channel of internal communication. This virtual space enables all its teams to stay informed, contact other people in the company and generate community.

## Communicating the shared purpose

The corporate purpose for all the Falabella group companies can be summarized as "Simplify and enjoy life more". It seeks to generate more agile and flexible work structures and processes. To reinforce this, Sodimac implemented the Route of the Purpose communications campaign in 2022. Led by the Communications, Culture and Climate team, it involved 108 meetings in 26 workplaces in stores and distribution centers, reaching a total of 1,301 employees. Thanks to this campaign, measurements of the level of awareness of the purpose among employees showed a jump from 13% in April to 56% in October.

## Listening to employees

In addition to the Workplace platform, the company holds *Aquí Estoy* (Here I am) virtual conversations in which the general manager and the Operations and Supply Chain managers meet with different groups of employees. These conversations provide an environment of trust in which to share experiences, clarify doubts and/or suggest improvements. In 2022, this channel of dialogue was applied in the supply chain, with monthly conversations and the participation of 145 employees.

In a further tool for listening to employees, the company launched a Culture Survey in 2022. It measures perceptions in dimensions that include employee commitment and well-being and identification with the company. The results are reviewed directly by each head of team with the corresponding team in order to evaluate action plans where there are the greatest opportunities for improvement.



## Focus 2022: mental health

(403-6)

Given the pandemic's adverse effects, employees' mental health was a key company concern in 2022. The measures adopted included implementation of the *Mejorando* (Improving) program of psychological care, psycho-educational activities and initiatives for prevention and the care of mental health.

Employees could also use the Mhaite virtual assistant, a tool offering support and direct contact through a chatbot.

Over the course of the year, the company offered talks and workshops for employees and their families to equip them with practical self-care tools. Workshops were also held for leaders while SOS support monitors were trained to increase awareness of mechanisms for creating mentally healthy spaces and help contain critical situations in the workplace.

Finally, taking advantage of the complementary health insurance provided by the company, free online psychological care was available and the company signed agreements with universities under which they offer preferential rates for psychological care.

## 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 2022, 73 employees received support in the form of contributions from the company's Welfare Fund and a total of 20,990,970 Chilean pesos was devoted to the alleviation of social cases.

### 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 2022, provided loans for 29 employees.

Under the company's Nuestra Casa Contigo (Our House with You) program, vulnerable employees can obtain support to improve their homes. The company contributes economic resources while tradesmen and employees who participate in the company's volunteer programs help with the work. In 2022, this program benefited 70 employees, who met the requirements, and a total of 96 projects were implemented.

### Health Program

(403-6)

Through the advice provided by the company's social assistants, the Health Program helps employees to make correct use of their healthcare plans and related benefits. The company 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, dental and catastrophic insurance through the Chilena Consolidada insurance company. Financed jointly by the company and the employee, this insurance also includes dependents. At the date of completing this Report, 13,554 employees and 9,579 dependents were covered by this insurance.

In 2022, 75 actions related to care for mental health were implemented in the company's stores, distribution centers and support offices.

In addition, 30 preventive health initiatives were implemented in different workplaces around the country. They included preventive nutritional counseling and preventive screening for adults. In its annual influenza vaccination campaign, the company offered 100% coverage of the vaccine's costs for employees and families in the insurance plan.

## Life insurance

Sodimac provides employees with insurance against death, accidental death, total disablement and accidental disablement. It is financed jointly by the company and the employee.

### Sports program

The company promotes activities that benefit people's physical and mental health as well as healthy coexistence at work, the internal climate and emotional stability. In 2022, it organized five-a-side football, table tennis and padel championships, trekking outings and yoga sessions.

Online sports activities	2021	2022
Active break videos and training routines	128	58
Online classes	413	121

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 a 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)	2020	2021	2022
Holiday bonus	4,705,966	4,520,790	5,743,870
Seniority and length of service	1,081,460	981,068	1,391,664
Special assistance	3,213,124	3,145,643	3,792,033
Christmas and Independence Day bonuses	1,813,278	1,815,636	2,104,840
Nursery	712,924	489,445	595,128
Transport benefits	3,626,411	4,734,093	4,593,309
Benefits for uniform and work clothes	1,069,434	877,239	1,017,702
Corporate events	991,117	1,272,837	1,173,122
Canteen and meals	10,020,807	9,892,430	13,470,094

Source: Sodimac.

## Recognitions and other activities

Sodimac continued to implement the instances of recognition of employees and celebratory activities that are an important part of the company's culture. They include:

- The 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;

- Volunteers' Meeting of all volunteer captains, social assistants and all those who mobilize the volunteer community and support the Building Dreams of Home Program;
- Celebration of the company's 70th 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, for the first time in 2022, 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;
- Monthly and quarterly Recognition Program ceremonies to highlight and reward those who create added value in their tasks.



# 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, above all, to ensure that, in the company's workplaces, no one is excluded on grounds other than their professional contribution.

In line with this, the company implements a series of initiatives to foster the workplace inclusion and professional development of people with disabilities. In addition, it implements initiatives related to gender equity, interculturality, sexual diversity and social inclusion and reintegration. It also promotes interaction between different generations within the organization, valuing the contribution of employees aged 60 and over.

In the case of people with disabilities, the process begins with recruitment and selection. Sodimac has an inclusive selection process, generates inclusive job openings and adjusts its recruitment processes so that any person can participate on equal conditions.

The induction process for those joining the company includes a module on diversity and inclusion so that everyone is aligned from the beginning with corporate principles and takes diversity into account in their work.

The Sodimac School of Excellence offers courses that promote diversity and respect as well as supporting and training teams.

## Our programs

### Gender equity

(401-3; 405-2)

Our aim, at Sodimac, is to consolidate a culture that actively promotes equal opportunities for men and women. In 2022, we approved a Gender Equity Policy whose fundamental principles are equality of opportunity, the absence of arbitrary discrimination and a balance between work and family life.

In 2022, 12 women employees participated in two cycles of the Falabella group's mentoring program, either as mentors or mentees.

In parallel, Sodimac implemented its first own mentoring program, Vamos por más: mujeres líderes (Let's go for more: women leaders) in which ten mentors (mainly managers) were trained and ten mentees from stores, the supply chain and the support offices were invited to participate. Between March and August, both groups worked with professors from the Universidad Adolfo Ibáñez to develop their leadership skills and acquire new tools.

As of the end of 2022, 43% of Sodimac Chile's total workforce were women. They accounted for 29% of managers and assistant managers, an important increase from 27% in 2021. In addition, 15 of the 23 executives hired by the company (including internal promotions and external recruitment) were women. At 65%, this was a very significant increase from 31% in 2021.

In one of its permanent measures, the company continued to promote its protocol against gender violence, a concrete tool through which to provide support to those women employees who require it.

### Postnatal/Parental Leave

	2020	2021	2022
Women	256	202	573
Men	2	3	2

Source: Sodimac.

Rate of Return to Work	2020	2021	2022
Women	82%	13%	71%
Men	100%	100%	100%

Source: Sodimac.

## Mujer Construye Prize and GPTW for Women

In 2022, the Chilean Chamber of Construction (CChC) awarded Sodimac its Mujer Construye (Woman Builds) prize in the large construction company category for its work on gender equity. The company was also recognized as one of the best places to work for women, taking fifth place in the Great Place to Work (GPTW) ranking for women.





Gender wage gap  
(405-2)

Post, responsibility or function	Average gross wage of women executives and other women employees as a percentage of that of men in equivalent positions
Managers and senior executives	88%
Professional and technical personnel	100%
Other employees	99%

People with disabilities

Sodimac has an Inclusion Program for People with Disabilities that provides the conditions in which people with any type of disability can work on equal terms with others. The company ensures they feel comfortable in their role and have the same possibilities for development as any other employee. In addition, the company’s facilities comply with universal accessibility criteria.

The focus in 2022 was on training the teams that are key to a good inclusion process: the Recruitment and Selection team and the company’s social assistants and heads of human resources. During the year, the labor inclusion manager (a position required as from November under Law 21.275) gave a series of talks in different workplaces to raise awareness among the teams of heads of stores and distribution centers and gather information about the reasonable adjustments required for employees with disabilities.

At the beginning of the year, the Trainers for Inclusion process was completed. This brought together a group of employees from stores and distribution centers

who were equipped with the tools to become agents of change in their facilities, making for more inclusive work spaces.

Thanks to joint work with the Recruitment and Productivity areas, Sodimac has maintained its compliance with the requirement of Law 21.015 under which people with disabilities must account for at least 1% of the company’s workforce. As of end-2022, the company was employing 154 people with disabilities, equivalent to 1.07% of the workforce. It will continue to seek new ways to increase this percentage, either through new accreditations of employees as having a disability, internal referral campaigns or alliances with different labor intermediation institutions.

In 2022, the company also actively participated in inclusive job fairs and workshops organized by different foundations and/or companies, where it presented its inclusion model.

Sexual diversity

On sexual diversity, Sodimac once again received certification from the Human Rights Campaign, the Iguales Foundation and Pride Connection as one of the best places to work for LGBT+ talent.

For the second consecutive year, it served as a mentor company in Pride Connection’s mentoring program, which seeks to shorten the learning curve by sharing good LGBTI+ practices among organizations.

In January, the *LGBT+ y Aliados* (LGBT+ and Allies) community in Workplace was relaunched. This resulted in an increase in its members from 23 to 316 at the end of the year.

CEOs for Inclusion

In 2022, Sodimac participated 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 invited to participate in the initiative’s annual meeting as a benchmark of good practices.

The company was one of the 41 signatory companies when this alliance was launched in December 2021, based on 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.





## Alliance with Soymás Foundation

Since 2019, Sodimac has had an alliance with Soymás, a foundation that supports pregnant young women and teenage mothers. 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. This program is one of the initiatives of the Sodimac School of Excellence, which provides integral training for the company's employees.

In 2022, the company created a new program with Soymás and the Inacap training institute for the training and integration of 17 young women from the Renca municipal district in Santiago. They were able to attend practical and theoretical classes on subjects that included customer service, effective communications, the sale of projects, logistics operation and service at checkouts as well as a workshop on attitudes. This was complemented by visits to stores and distribution centers to learn at closer hand about the operation and its way of working.



The team of ambassadors in stores, the supply chain and the support offices played a fundamental role in this work. The content they generated and published on a regular basis was key in keeping the group alive and the community cohesive.

Along with other units of the Falabella group, Sodimac participated in Pride March in June and celebrated the entire month with activities around the country.

As in previous years, the company continued to promote its gender transition protocol so that all those who require it know that, in Sodimac, they will find the necessary support for the smoothest and safest possible transition.

## Interculturality

At end-2022, migrants of 16 different nationalities accounted for 5% of Sodimac's workforce. The company addresses this issue from a standpoint of respect and equality. To inculcate these values, it has a Manual on Recruitment of Migrants and Intercultural Communication. Through the Chile Valor organization, it also offers skill certification workshops for migrant employees as well as Spanish courses, especially for Haitian employees.

## Seniors

Sodimac values the contribution of different age groups and promotes that of over-60 employees who, with their experience of work and life in general, contribute to the work climate and help to raise the company's service standards.

At end-2022, the company employed some 770 seniors, who were distributed in a way similar to the rest of its workforce, carrying out 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 projects and social reinsertion

In alliance with Chile's Confederation of Production and Commerce (CPC) and the Inacap training institute, Sodimac forms part of a Technical-Professional Secondary Education (EMTP) project to help young people graduating from these schools achieve their full potential and have equal opportunities, thereby contributing to the country's productivity and social cohesion.

The company has also formed an alliance with the Proyecto B Foundation and the Juntos por la Reinserción organization to work together to promote the workplace inclusion of young people who have been serving a sentence in one of the homes of the National Service for Minors (SENAME).

# 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 in line with 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 safety standards, giving risk prevention, productivity and sales equal importance in the company's internal processes.

The company implements activities to reinforce a culture of prevention and leadership on prevention. In this, it is supported by the Joint Worker-Management Health and Safety Committees that are active at all its facilities. Each year, they implement numerous activities related to safety, occupational health and self-care. In 2022, the company obtained initial level certification in these fields, thanks to the support of the Asociación Chilena de Seguridad (ACHS), a workplace safety and health insurer, and the Joint Worker-Management Committees at its facilities in Talca and Linares.

The company's risk prevention experts and part of the central prevention team use the Woken-Reactivate platform to assess conditions at all the company's facilities. The platform is supplied with information, accompanied by images as evidence, helping to generate an immediate warning that is transmitted directly to the manager of the corresponding area, triggering measures to avoid future accidents in stores, the supply chain and the support offices.

## ACHS-Sodimac strategic alliance

Sodimac has a strategic alliance with the Asociación Chilena de Seguridad (ACHS) to foster a culture of prevention throughout the company. Together with ACHS, it establishes annual work plans to minimize accidents and occupational illnesses and maintain healthy working conditions. The alliance also gives the company access to permanent advice and support for compliance with legal requirement in these fields.

The alliance also envisages implementation of the DEKRA Organizational Culture Diagnostic Instrument (OCDI) to assess Sodimac's culture of prevention and draw up an action plan for 2021. In 2022, 10,822 employees answered this survey, equivalent to 71.3% of the workforce.

In 2022, Sodimac and ACHS signed an important collaboration agreement. In addition, the scope and vision of the infrastructure were expanded, permitting the detection of new critical risks.

The company achieved an 80% advance on the Program for Strengthening Preventive Issues designed for store and supply chain leaders.

As in previous years, a Leadership on Preventive Management Prize was awarded to employees who stood out on making Sodimac a safer place to work. The company also implemented the campaign on August: Prevention Month at Sodimac.

In 2022, 60% of the company's risk prevention experts obtained certification under the Sodimac-ACHS Standardization Plan.

During the year, the company launched its new Sodimac Electrical Risk Management Plan. In this framework, a technical condition indicator (KRI) was created to show the notions of the risk status of each workplace.

A total of 2,766 employees received training on occupational safety and health issues, representing an increase to 80%, up from 50% in 2021.

The 6,397 findings of the Risk Monitoring Team served to mitigate electrical, fire, physical safety, hazardous work and personal safety risks.

Thanks to the Monitoring Team's alerts, 2,991 interventions were carried out in situations involving storage, crane work, use of personal protective equipment, the manual handling of loads and hazardous work.

To reduce fire hazards and potential electrical risks, 1,050 deviations in projects were corrected together with the Store Planning area.



## Pandemic-related preventive measures and support activities

As the health situation and the progress of vaccination permitted, the company operated more normally in 2022, but without neglecting preventive and self-care measures in line with health authority recommendations.

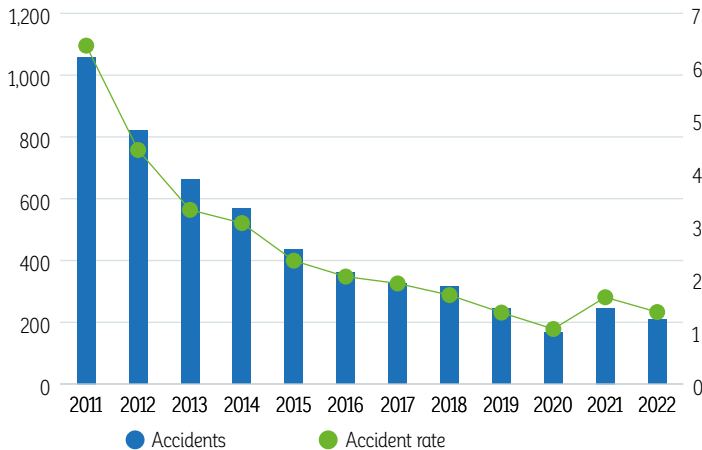
The company continued to provide hygiene and protection elements (such as masks and hand sanitizer), accompanied by communications campaigns, training on protection measures and the update of the health protocols as required by the Health Ministry.

### Lost time and accident rates (403-2)

Sodimac has achieved a sustained reduction in workplace accidents, thanks to 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.

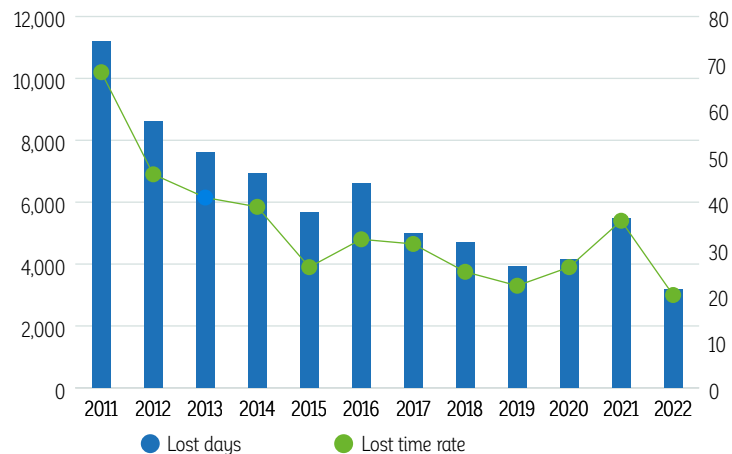
- In 2022, the company reported 208 workplace accidents, 66 occupational illnesses and 3,173 lost days, including those related to accidents in the previous year.
- The accident rate, at 1.36, was down by 16% on 2021, implying 11 fewer accidents.
- The lost time rate, at 20.7, was 42.5% down on 2021, implying 812 fewer lost days.

### Accidents and Accident Rate



Calculated as n° of accidents/average n° of employees x 100.  
Source: ACHS.

### Lost Days and Lost Time Rate



Calculated as n° of lost days/average n° of employees x 100..  
Source: ACHS.

	2020				2021				2022			
Zone or Region	Lost days due to accidents	Accidents	Occupational illnesses	Fatalities	Lost days due to accidents	Accidents	Occupational illnesses	Fatalities	Lost days due to accidents	Accidents	Occupational illnesses	Fatalities
Northern Zone	115	16	0	0	541	40	1	0	380	29	14	0
Central Zone	276	16	0	0	158	21	1	0	254	19	3	0
Southern Zone	1,060	69	13	0	1,300	85	6	0	1,207	83	15	0
Santiago Metropolitan Region	894	68	7	0	1,371	98	3	0	1,332	77	30	0
Men	1,563	116	14	0	2,048	159	5	0	2,420	144	37	0
Women	782	53	6	0	1,322	85	6	0	753	64	25	0
Total (including from accidents in previous years)	3,147	169	20	0	3,891	244	11	0	3,891	244	62	0

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

Unionization		
	N° of employees	Percentage
2020	12,205	81%
2021	11,803	75%
2022	12,055	84%

Source: Sodimac.

At end-2022, Sodimac Chile had five company unions, two inter-company unions and three unions for a single establishment, all registered under a single tax number (RUT). Together, they had 12,055 members, representing a unionization rate of 84%.

## Judicialization of labor cases

In 2022, 162 complaints of a labor nature were filed against the company. By the end of the year, 123 cases had been resolved and 39 were still under investigation.

Labor Cases	
N° of complaints	
2020	242
2021	216
2022	162

Source: Sodimac.

### Collective bargaining processes

In 2022, one collective bargaining process took place with the Homecenter union, which has 6,273 members, equivalent to 41% of the workforce.

### Union training

Sodimac offers a training program to foster the development of the skills of union representatives and leaders. In 2022, three training courses took place:

- The Homecenter Union received training on Law 16.744 on workplace accidents and occupational illnesses.
- The Nocesur Union received training on work breaks.
- The Valdivia Union received training on the use of Excel.

### Permanent dialogue

As pandemic-related restrictions were gradually lifted, in-person meetings with union representatives resumed. Between March and December of each year, company executives meet every month or every other month with the leaders of the Sodimac, Homecenter, Sintrabos, Nocesur and Autónomo Unions. At these meetings, the union representatives raise different concerns and the company, in turn, informs them about relevant matters.

Store and distribution center unions (inter-company) contact store managers, the business partner (regional head of people) 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.



# 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 seek to 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 2022, 145 lawsuits related to outsourcing were filed of which 75 were settled during the year while 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 recently updated its system for controlling the access of external personnel to all its facilities (stores, warehouses and distribution centers).

This 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 that have previously submitted the required information to the system.

The Subcontracting 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	2020	2021	2022
Contractors (*)	117	117	106
N° of employees (**)	4,913	7,202	6,283
N° of inspections	-	-	3
N° of fines	-	-	3

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

(\*\*) Out of the average of 6,283 contractors' employees in 2022, 3,811 were men and 2,472 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

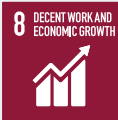
## Milestones 2022

- Two meetings with suppliers took place in Chile. They were very well attended and it was agreed to continue innovating to improve customer experience and boost digitalization and sustainability measures. The company also organized a series of webinars to help suppliers in their compliance with the REP Law.
- Sodimac launched two guides for suppliers in a bid to continue reducing product packaging materials and expanding the range of sustainable products it markets.
- The implementation of a geo-marketing initiative through the Sodimac App and its integration with beacons in stores increased the personalization of customers' phygital

experience. The initiative gives the company a better understanding of customers' behavior and stay in stores, provides advice through video calls in more complex aisles, communicates the value proposition and relevant content using push messaging and integrates different geo-location initiatives at checkouts, project centers and paint counters.



## SUSTAINABLE DEVELOPMENT GOALS



# Sustainable supply chain management

(2-6; 204-1)

In 2022, Sodimac’s value chain comprised 2,256 suppliers of products and services of which 1,029 were micro-firms or 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. They are, moreover, framed by the five strategic priorities the company has established for 2025: the acceleration of digital sales, logistics management, the store of the future, the omnichannel value proposition, and efficiency.

Each year, the company selects the best products available locally and globally from trusted manufacturers that are subject to strict quality controls. The company’s procurement strategy considers price, supplier continuity, the quality and safety of products and services, continuous improvement policies, good labor practices, adequate work environments, the use of safety elements and respect for national and international labor regulation.

In 2022, local suppliers accounted for 74% of the company’s procurement while the other 26% was imported from companies in Asia, South America, North America and Europe.

Share of sales by origin of products			
Origin	2020	2021	2022
Imported	19%	21%	26%
Local	81%	79%	74%

Source: Sodimac.

## A challenging context

In 2022, the company worked closely with suppliers to adjust the assortment in stores to a situation characterized by a normalization of supply, after over two years of pandemic-related stress in the global logistics chain, as well as an increase in inflation and a drop in consumption.

During the year, Sodimac strengthened its relations with suppliers, holding a total of five virtual fairs with these stakeholders, mainly from Asia. During these meetings, which covered different categories, innovative items were exhibited in an interactive format. Online meetings of this type were introduced in 2020 in light of the travel restrictions imposed by the pandemic and have produced very good results.

## Annual meetings with suppliers

In addition, the company continued to hold its annual meetings with suppliers. The first took place in April and included an evaluation of the previous year, with the company thanking suppliers for their support in a very difficult context from the standpoint of procurement, due to production and logistics complexities in Chile and globally. Looking ahead to 2022, emphasis was placed on the importance of agility and flexibility in this new scenario and of innovation and digital transformation as imperative for the business’s sustainable

## Guides for suppliers

During the year, the company launched two guides for suppliers. Prepared in collaboration with the Ecoestrategia consulting firm, they seek to further reduce the impact of packaging and broaden the range of sustainable products marketed by Sodimac. The Guide on Packaging and Packing establishes the requirements and procedures for the right-sizing of product packaging and its recyclability in order to generate as little waste as possible.

The Guide on System of Sustainable Products sets out the characteristics that an article must have to be considered sustainable and provides guidelines for the

necessary external accreditation. Products must comply with at least one of the following criteria: reduce or avoid energy or water consumption; be manufactured with care for natural resources and be transparent about their environmental impact; contribute to a healthy indoor environment free of harmful chemical particles in the home; be made from recyclable, reusable or compostable materials; and correspond to inclusive or socially responsible trade.

Sodimac currently markets close to 5,800 products and its target is for them to account for 30% of all products by the end of 2026.

development. Another important topic addressed was the need to work together to reduce the carbon footprint and help customers increase the sustainability of their homes, reducing water and energy consumption. Inflation was identified as a major challenge for 2022.

At the second meeting in October, the results of the first half of the year were discussed and, in particular, the need for joint efforts to seek opportunities for improvement and adapt to a changing environment so as to continue offering customers the best value proposition for their home

improvement projects. During the activity, it was agreed to continue innovating to offer home and professional customers the best experience, enhance digital development, emphasize measures to increase communities’ sustainability and broaden the company’s range of products and services with social and environmental attributes whilst, at the same time, acting with flexibility in a dynamic scenario.

The company also organized a series of webinars to help suppliers in their compliance with Chile’s Extended Producer Responsibility (REP) Law.



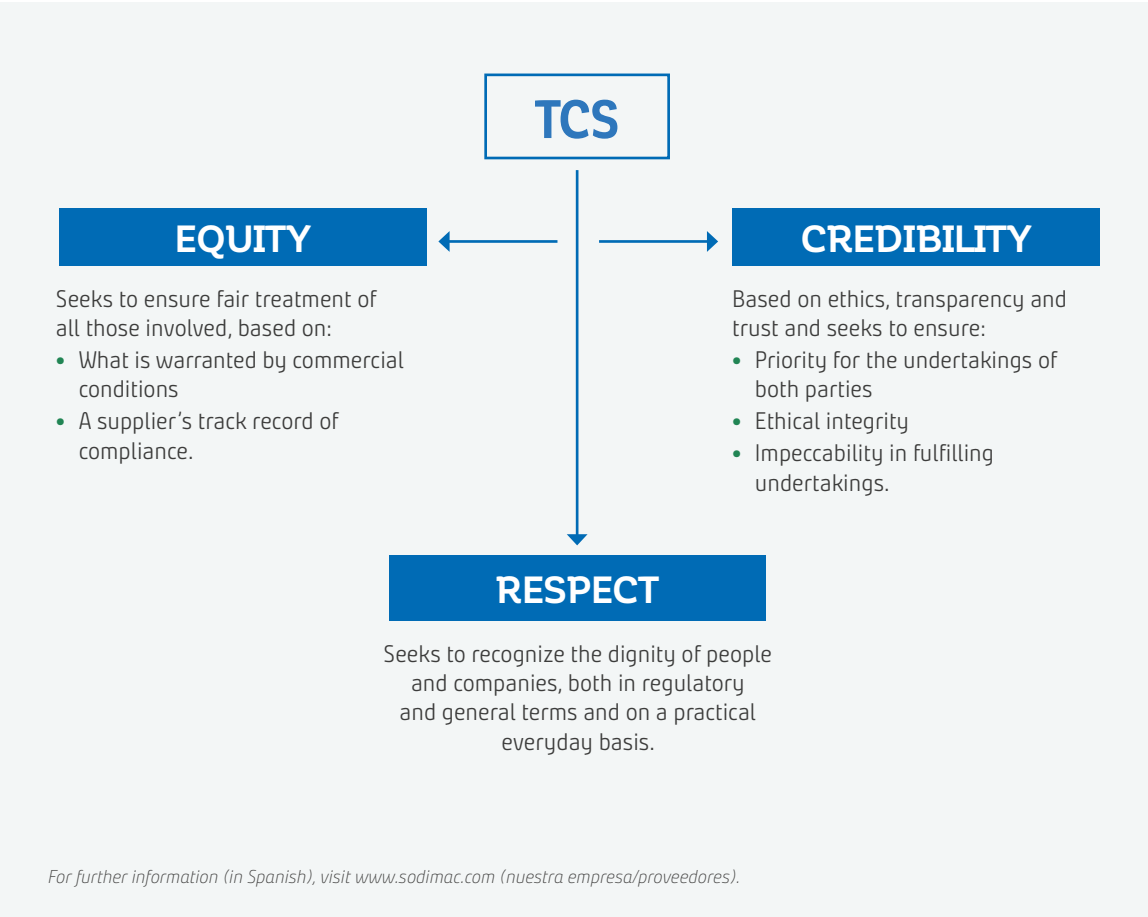
# Sodimac Commercial Transparency

Collaboration with suppliers is fundamental for the company's ability to respond to 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 self-regulation framework, known as Sodimac Commercial Transparency (TCS), through which the company provides precise 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.



## Payments to SMEs

In the second, third and last quarters of 2022, Sodimac ranked as the retail sector's best company on paying SMEs, according to a study by the Chilean Association of Entrepreneurs (ASECH) and the Chilean Product Exchange.

Under these protocols – enforced by Sodimac's Legal Compliance area – and in line with its corporate commitment to human rights, Sodimac rejects child labor and does not use suppliers that employ children. In 2022, no cases of child labor were reported or detected in the supply chain. To contribute to the commercial development of its suppliers, their stability and a relationship of trust, the company's policy is to pay them within 30 days, particularly in the case of small and mid-sized enterprises (SMEs).

In 2022, the company's channels for communication and complaints received two complaints about possible breaches of TCS norms. No inquiries were received by these channels. The investigation of both complaints was concluded during the year. No investigations were underway at the end of the year.



# Evaluating our suppliers

(308-2; 414-2)

Sodimac has a responsible procurement program designed 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.

Currently, 441 Sodimac suppliers are registered with Sedex and, in 2022, 229 social evaluations of workplace health and safety, human rights and environmental and labor standards were carried out.

In 2022, 69 follow-up evaluations were conducted of suppliers in the process of overcoming non-conformities detected in previous years. Out of these, 48 had a positive result and 21 had at least one critical non-conformity to be resolved by presenting a corrective action plan.

Total Suppliers Evaluated through Sedex			
Origin	2020*	2021	2022
Chilean	-	32	11
Overseas	12	188	218
Total	12	220	229

\*Evaluations had to be suspended in 2020.

Source: Sodimac.

## Supplier Sustainability Questionnaire

Sodimac requires that its suppliers 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 2022, 186 overseas suppliers and 172 Chilean suppliers signed this undertaking.

Supplier Questionnaire (*)	2020	2021	2022
Total overseas suppliers	562	574	564
Suppliers who signed the Sodimac questionnaire	144	180	186

(\*) Considers suppliers active for several years.

Source: Sodimac.



# Product quality and safety

(416-1)

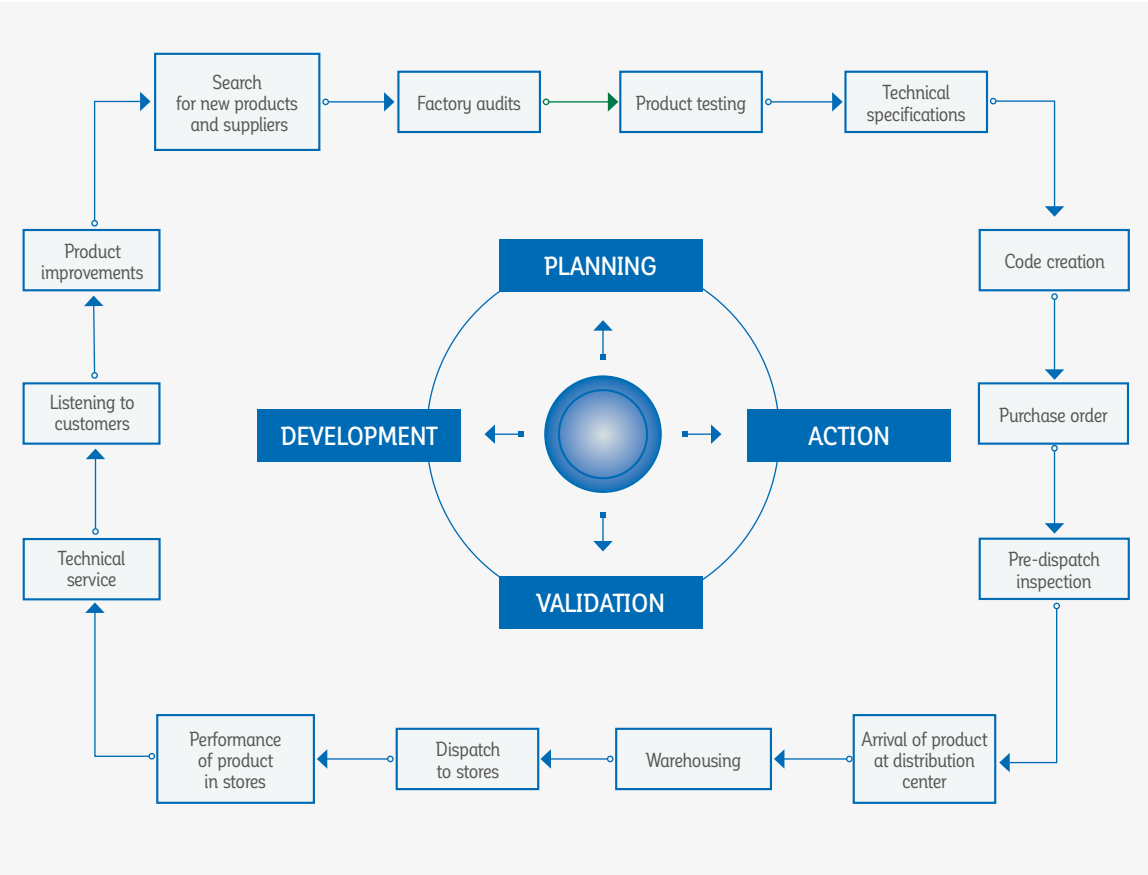
Sodimac is committed to responsible trade and seeks to ensure that all the products it markets are safe and of guaranteed quality. It works with suppliers to ensure that products meet the highest national and international standards. In addition, it works with the authorities not only to comply with regulation, but also to collaborate in developing ever better standards.

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. This enables it to achieve adequate inventory in warehouses and stores, protect the safety and trust of customers and achieve high national and international service standards.

## Local and international inspections

(417-1)

The selection of products and the establishment of contact with potential overseas and local suppliers envisages visits to their facilities to verify their capacity and solvency. The products are then subjected to strict quality controls by specialized companies. They examine the production process as a whole, verifying that the product fully complies with the requested specifications as regards materials, manuals, labeling, barcode, packing and palleting. They also take into



account the product's technical specifications, components and functional characteristics, analyzing each point required by Sodimac's Quality Control area.

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	2020	2021	2022
Asia	4,289	1,467	4,618
Americas	133	128	300

Source: Sodimac..

Suppliers inspected	2020	2021	2022
Asia	139	175	173

Source: Sodimac..

Inspections in Chile			
Result of inspection	2020	2021	2022
Approved	202	228	259
Rejected	10	14	16
Total	212	242	275


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 to examine them from the factory of origin through to 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	2020	2021	2022
Product tests in Chile	960 units	2,418 units	2,401 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.

The company currently has an authorized technical service, Tejocenter, for 603 own brands. This is provided through the 12 branches of Tejocenter around Chile.

For own brand tapware and products using electricity or some fuel, Sodimac has a technical service exclusively for their repair, the provision of spares and response to customers’ requirements. In 2022, the technical service controlled by the company reviewed a total of 17,817 products of different types.

In addition, customers can use a network of technical support modules located in 67 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.

Customers attended by store technical support modules	
2020	438,493
2021	408,547
2022	301,530

Source: Sodimac.

Recalls

Sodimac applies strict protocols for a preventive recall if an own brand product’s use or manipulation could represent a risk to customers’ safety. In 2022, no procedures of this type were necessary.

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 laboratory for testing products’ safety and functionality. This Corporate Quality Control Laboratory is certified under the LEAN 5S philosophy and has mechanical, electrical, chemical and materials testing facilities for own brand products as well as areas for the installation, assembly and application of products.

In 2022, the laboratory evaluated 494 products.



# Supporting the entrepreneur ecosystem

Sodimac has continued to make progress on innovation and sustainability, seeking to generate value propositions to meet customers' expectations and, at the same time, grow efficiently and sustainably. To this end, it works to establish commercial alliances with suppliers and startups, sharing knowledge and experience and providing access to stores and other facilities for the co-creation and testing of new developments.

## *Geo-marketing at the service of the customer*

Together with the MOCA company, Sodimac began implementing a geo-marketing initiative to increase the personalization of customers' phygital experience (integration of the physical and digital environment). 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 and, based on this information, design initiatives to deliver a better in-store shopping experience. Through Assisted Online Sales (VOA) in more complex aisles and the communication of special offers, one-off opportunities or other relevant content, the system provides integration with different geo-location initiatives through push messaging at checkouts, specialty aisles, project centers or paint counters.

## *Inclusive trade*

Since 2020, Sodimac has been using a solution developed together with Lazarillo, a startup, through which people with total or partial visual impairment can interact by video call, without previously needing to make an appointment, with a specially trained company salesperson, who provides guidance on products and services and navigation, supporting them through to the completion of a secure transaction.

This is the first solution of its type to be offered by a Chilean retailer and marks a precedent in the country in terms of inclusion. It can help to make online shopping easier for a universe of over 800,000 people.

## *Assisted Online Sales (VOA)*

Sodimac is continuing to develop its Assisted Online Sales (VOA) service. Since 2021, it has been working with the Videsk startup to provide customers with expert advice on home projects through a free video call service over the Internet, a mobile phone (via the App) or from stores. Since its launch, it has received over 37,000 requests for advice on products and services and decoration, bathroom and kitchen projects.

In 2022, communications campaigns in stores around Chile were used to publicize this free service and it received over 24,000 calls, achieving an 85% level of satisfaction among users.



## *Remote decoration and design advice*

Sodimac offers a service of online advice on decoration (ADO), including the design of bathrooms and kitchens. This service, developed with the MotionDisplays startup, functions through scheduled video calls with an expert decorator or designer who, using a mobile device, can see the spaces the customer is interested in redesigning or reconfiguring. Based on the images captured, the expert then sends the customer a digital proposal showing how the space would look once renovated.

## *AI to boost the shopping experience*

As part of its efforts to manage routine operational tasks and enhance the customer experience, Sodimac has continued to strengthen use of the artificial intelligence (AI) solution developed with the Zippedi startup in all Homecenter and Constructor stores around Chile. This robot – which the company's employees named "Tito" – began as a pilot

plan to automate processes and detect errors in the prices displayed and check possible out-of-stocks in aisles 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 on the basis of which to organize their daily work.

## *Analytics for better store operation*

In a bid to improve store operation, Sodimac and the SumatoID startup are developing a project that takes advantage of the existing capabilities of the cameras located at Homecenter and Constructor entrances and on the sales floor to obtain data about customer behavior inside the store through computer vision and AI. This can then be used for measures to increase operational and commercial efficiency on the sales floor as well as for loss prevention and business intelligence initiatives at the corporate level.



# Our customers

 **SODIMAC®**



# 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 obtain ever higher levels of customer satisfaction.

## Strategic issues

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

## Milestones 2022

- The Sodimac brand celebrated its 70th anniversary with a major campaign through the Sodimac App, which achieved 220,591 downloads, with 4,730,709 visits and over 5,000 prizes for customers.
- The Sodimac Tradesmen's Circle (CES) reached over 800,000 members and more than 190,000 people attended the Great Online Training Fair, which offered 120 courses.
- A new furniture and lighting showroom was incorporated into stores to help customers visualize their projects with examples of furnishings, equipment and decoration.

- The Net Promoter Score (NPS) indicator rose by more than 26%, thanks to different training programs for customer service personnel, the efficient use of technology and the continuous improvement of processes.
- Through an agreement with SERNAC on a voluntary collective procedure, the company compensated over 75,000 customers affected by delivery problems during the peak of the COVID-19 pandemic.



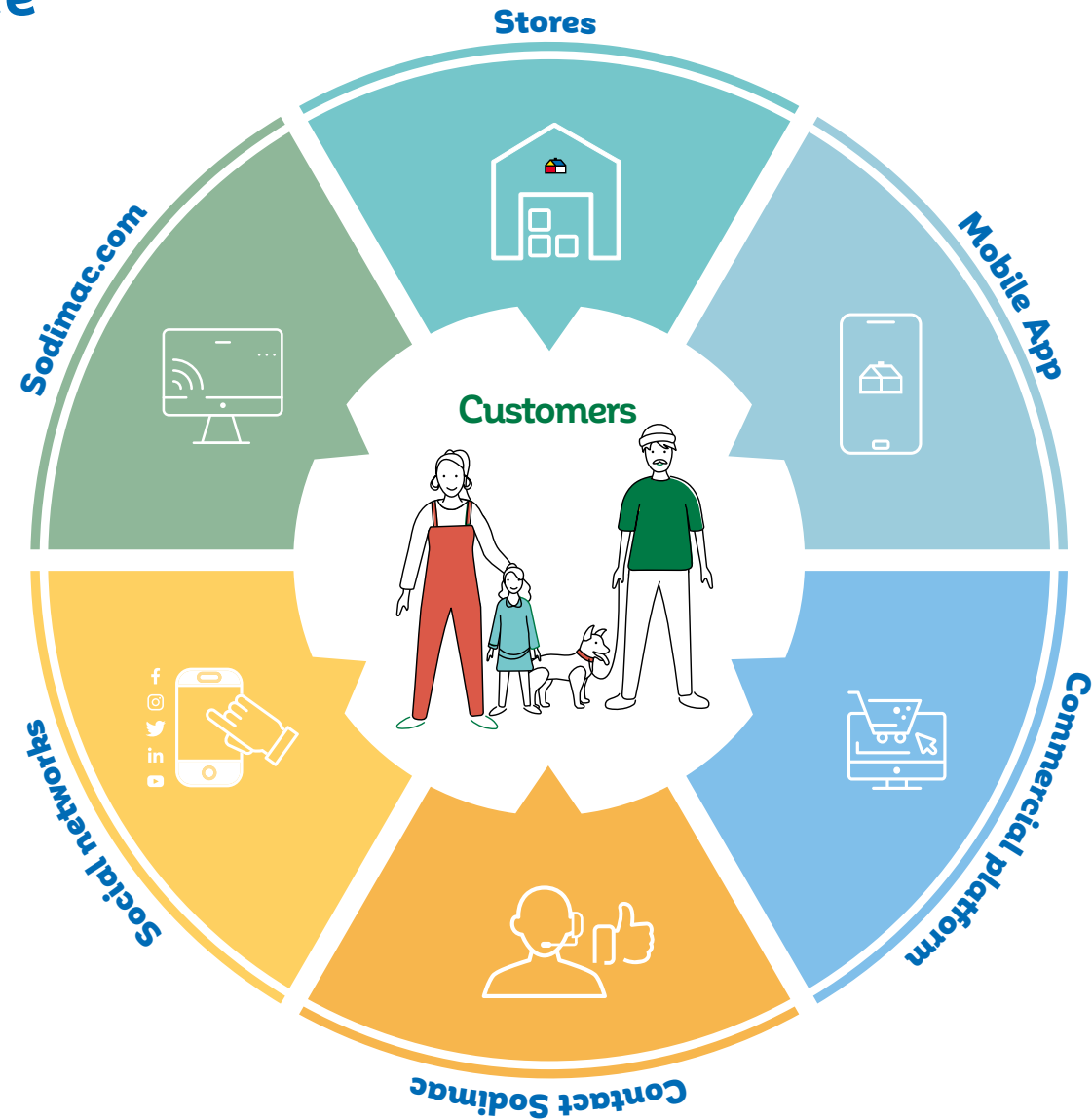
## SUSTAINABLE DEVELOPMENT GOALS:





# Shopping Experience

Sodimac seeks to offer customers the best omnichannel experience in line with the changes in consumption habits being generated by the digital transformation and the mass use of e-commerce.



## E-commerce and the omnichannel strategy

2022 was a challenging year as regards e-commerce. This was not only because of a complex macroeconomic environment and a high base of comparison with e-commerce use in 2021 when, during the pandemic, e-commerce grew exponentially. It also reflected fundamental steps taken in the strategy and vision of the ecosystem at the Falabella group level. One of the year's key milestones in this field was the migration of all traffic from Sodimac.com to the Falabella platform. This positioned Sodimac as a key part of the development of Chile's principal marketplace.

To continue contributing to the transformation of the group's digital platform into the most popular among customers and sellers, Sodimac transferred all its power and differentiation in products, services, advice and inspiration for home and professional customers. In 2022, there were over 290 million visits to the Sodimac catalogue on Falabella.com and e-commerce accounted for 12% of total sales.

## Improvements in customer delivery times

E-commerce delivery times continued to improve and 63% of deliveries were completed within 48 hours.

The dispatch and store collection areas were able to reduce delivery times to customers by 11%. The company also continued to implement value-added initiatives, such as automated store collection, which is already available at eight stores, and same-day delivery and express delivery (within two hours) services, which are available at 27 and six stores, respectively.

## Progress on digital transformation

Throughout 2022, Sodimac invested in technology to strengthen and update the commercial and operational proposition of stores where customers seek advice and inspiration for their home projects. The stores' Wi-Fi service was optimized and progress was made on the implementation of self-checkouts, which improve the payment experience, and video walls in the Kennedy, Las Condes and Cerrillos stores to enhance the display of seasonal products. The Sales to Companies area developed a platform through which clients can create architectural projects with Sodimac stock.

In addition, projects in categories such as flooring, furniture, lighting and bathrooms and kitchens strengthened the value

proposition for customers, offering them greater variety and a better shopping experience, as well as making for more efficient use of space in stores.

Logistics investments focused on the ongoing automation of the Lo Espejo distribution center. Progress on automation of its internal flows was reflected in a faster and better quality process for customers. Importantly, after over two years of supply problems due to the pandemic and the global logistics crisis, product availability returned to historical levels.





## Innovations in customer experience

In 2022, the company implemented a range of projects to improve different aspects of the customer experience.

### New showroom

The company has incorporated a new furniture and lighting showroom into its stores. This initiative seeks to help the customer visualize their projects through furniture, equipment and decoration displayed in volumes that consider different types of needs and styles.

### Innovation for a better physical and digital experience

In a quest to further personalize customers' phygital experience (integration of the physical and digital environments), the company designed and implemented a geo-marketing initiative that operates through the Sodimac App and its integration with beacons in stores that detect and emit signals to mobile devices. This will provide a better understanding of customers' behavior and stay in stores, offer advice through the Assisted Online Sales (VOA) service in more complex aisles, communicate the value proposition and relevant content through push messaging and integrate geo-location initiatives at checkouts, project centers and paint counters.

For additional information about this and other innovations to enhance customer experience, see the Our Suppliers chapter of this Report.





# 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, including customers.

## Customer satisfaction (2-29)

The company uses the Net Promoter Score (NPS) system to measure customers’ satisfaction and perception of the quality of their shopping 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.

In 2022, the NPS showed consecutive increases as from March and, over the whole year, averaged an increase of more than 26% over the previous year. This reflected the application of different training programs for customer service personnel, the use of technology (for example, to boost the Sodimac App and self-service channels) and the continuous improvement of processes.

In 2022, 221,861 responses to the NPS survey were received from customers to whom it was e-mailed. On the question of whether they would recommend shopping at Sodimac to a family member or friend, 64% responded with a score of 9 or 10 (on a scale of 0 to 10). These customers are considered brand promoters. The company maintained its position in the top quartile of the retail industry on this indicator.

Satisfaction Survey	2020	2021	2022 (*)
Customers surveyed	295,058	368,441	221,268
Score of 9-10	60%	59%	64%
Score of 7-8	16%	16%	14%
Score of 0-6	23%	25%	22%

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 are now handled by Falabella.com.



## Handling of requests and complaints

Through 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 2022, this indicator showed an improvement of over 50% compared to the previous year. This was explained principally by different action plans implemented in stores and the supply chain that produced an increase of over four percentage points in delivery service. In a further factor, the company achieved a 28% acceleration of the time taken to pay a refund in the case of returns.

Customer communications (*)	
2020	642,638
2021	1,144,048
2022	955,753

Source: Sodimac.

(\*) Excludes communications resolved in the first telephone contact with the customer through the call center

Type of communication	2020	2021	2022
Complaint	69%	34.2%	20.4%
Request	27%	19.4%	20.7%
Inquiry	3%	46.1%	58.4%
Congratulations	1%	0.3%	0.5%
Suggestion	0.1%	N/A	N/A

Source: Sodimac.

Area of complaint	2020		2021		2022	
	N°	%	N°	%	N°	%
Delivery service	235,580	60.15	235,580	60.15	136,999	70.28
After-sales service	89,410	22.83	89,410	22.83	19,676	10.09
Internet	26,628	6.80	26,628	6.80	15,289	7.84
Installation service/tool rental	26,081	6.66	26,081	6.66	8,760	4.49
Checkouts	5,979	1.53	5,979	1.53	8,404	4.31
Other store services	6,037	1.54	6,037	1.54	5,092	2.61
Products	1,086	0.28	1,089	0.28	615	0.32
Sales area	352	0.09	352	0.09	94	0.05
Others	504	0.13	504	0.13	-	-
Total	391,657	100%	391,657	100%	194,929	100%

Note: There is a difference between the areas of complaints in 2021 and previous years. Since April 2021, requests/complaints enter through a new platform known as Salesforce.

Source: Sodimac



### Step 1

The customer decides to contact the company, generating a requirement



### Step 2

Registration of information



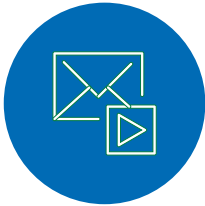
### Step 3

Processing and classification of information



### Step 4

Forwarding of information to a specialized unit



### Step 5

Unit acknowledges receipt within 72 hours



### Step 6

Provision of solution



### Step 7

End of cycle: Satisfied customer



## Voluntary agreement with SERNAC to compensate consumers

After reaching a voluntary agreement with SERNAC, Sodimac undertook to compensate 75,087 customers affected by non-compliances that occurred between 1 March 2020 and 23 May 2021 (the peak of the COVID-19 pandemic).

Consumers faced problems with product delivery times or the non-delivery of products, the cancellation of orders and delays in refunds. In response, Sodimac agreed to distribute a total of 413.6 million Chilean pesos in compensation. In addition, it decided to adopt a series of internal measures to ensure that situations such as those described above do not occur again in future purchases through the company's remote channels.

As a result of this voluntary collective procedure, the company increased the personnel and trucks available for home deliveries in addition to the improvements carried out at distribution centers to ensure the availability of the assortment marketed by 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 efficiently, with the undertaking to respond within seven working days.

In 2022, Sodimac received 7,762 complaints through this channel (down from 28,255 in 2021) of which 3,105 (35.58%) corresponded to after-sales service, 3,724 (42.67%) to deliveries and 783 (8.97%) 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 is able to offer customers an adequate assortment in terms of the availability, quality and safety of goods and services.

## Brand building

The growing use of digital platforms as communication channels serves to establish and tighten contact with different audiences, providing an opportunity to build deeper and more binding ties between the brand and different communities. Different measurements provide constant feedback on the results of the company's work in this field.

In 2022, Sodimac ranked second overall and first in the home improvement category of the Total Brands Chile 2022 survey of consumers' brand perceptions. It also took top place in the home improvement category of the ICREO study of the brands most trusted by Chileans as well as in Cadem's Citizen Brands ranking and the Chile 3D brands and lifestyle study published by the La Tercera newspaper and GfK.

The Sodimac Constructor Chile channel on YouTube reached over 107,000 subscribers, earning it a YouTube Silver Button. This is in addition to the Gold Button obtained in 2018 by the Hágalo Usted Mismo (Do It Yourself) tutorial channel, which has over 2.3 million subscribers.

Another milestone of the year as regards marketing communications were the initiatives associated with the strategy for offering customers content and advice. In 2022, more than 90,000 products were published and over 129,000 new photographs were added. In addition, the company's online advice service received some 24,000 calls, with a satisfaction level of 85%.

## 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 and is certified under the Code of Self-Regulation of the Chilean Direct Marketing Association (AMD), which addresses general matters of responsibility and ethics in activities related to direct marketing.

## 70 years: a name with history

In July 2022, the brand celebrated its 70th anniversary, which it marked with a major campaign. This featured some of the figures who were part of the history of communication of Sodimac as well as present-day figures. The campaign also included an action through the App that achieved over 220,000 downloads, with 4.7 million visits and over 5,000 prizes for customers.



## 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 2022, 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. This policy includes coordination with suppliers so they take the corresponding corrective measures in line with the regulation in force. Special emphasis is placed on these procedures in the case of own brand products. In 2022, there were no cases that called for the application of this protocol.

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

## Legal regulation and lawsuits

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

In 2022, 100 cases related to consumer demands were filed against the company. This compared with 158 cases in 2021. During the year, 54 cases filed in 2022 and previous years were resolved.

To minimize conflicts of this type, Sodimac provides training for all the company's different areas to reinforce employees' understanding of the corporate compliance program and the regulation in force.

Legal cases - Lawsuits	2020			2021			2022		
	Cases	Cases resolved	Amount sentenced to pay	Cases	Cases resolved	Amount sentenced to pay	Cases	Cases resolved	Amount sentenced to pay
Delivery non-compliance	19	11	\$2,041,780	57	65	\$13,370,255	41	29	\$19,689,259
Health and safety	6	38	\$23,757,730	20	16	\$43,500,110	34	11	\$29,314,954
Others	15	20	\$100,000	42	42	\$43,815,897	14	8	\$3,246,720
Product, information and labeling	2	21	\$1,130,644	38	25	\$312,864,309	11	4	\$1,181,195
Advertising and marketing	6	5	\$350,206	1	3	-	0	2	\$680,000
<b>Total</b>	<b>48</b>	<b>95</b>	<b>\$27,380,360</b>	<b>158</b>	<b>151</b>	<b>\$413,550,571</b>	<b>100</b>	<b>54</b>	<b>\$54,112,128</b>

Note: The amounts indicated (in Chilean pesos) are those paid at the end of the lawsuit.

Source: Sodimac.



# Education and responsible consumption

Sodimac's commitment to sustainable development includes a circular economy strategy that takes into account the design, packaging, recycling and reuse of products.

Similarly, the company participates in different campaigns that seek to generate awareness of the environment and contribute to its protection and the fight against climate change. They include Earth Hour, the Plastics Pact and the 6D initiative for the reforestation of Santiago's Renca Hill.

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

Sodimac markets almost 5,800 products of different types that are made in line with sustainability criteria. Its target is for products with this attribute to represent 30% of all products by the end of 2026.

## Caring for the House of All

*Cuidemos La Casa de Todos* (Let's Look after the House of All) is an iconic company program that, through different initiatives, seeks to encourage citizens to implement ideas that make their homes more sustainable, thanks to a reduction in water or energy consumption and the reuse of waste and materials.

## Recycling car batteries

In 2022, Sodimac permanently extended the car battery recovery and recycling service, which it first introduced in 2018, to all the community and all its stores. Since its launch, the initiative has recycled some 40,000 batteries, a figure that, with the help of specific countrywide recovery campaigns in Sodimac Homecenter stores, the company soon hopes to double.



At the end of 2022, the *Hágalo Usted Mismo* YouTube channel had over 2.3 million subscribers.

## Hágalo Usted Mismo

Under the *Hágalo Usted Mismo* (Do It Yourself) program, Sodimac uses its YouTube channel, workshops in stores, special material in its catalogues and other channels to provide tutorials for the general public on matters such as building, repairing and maintaining a home.

In 2022, it implemented a range of campaigns that included the Bathroom and Kitchen campaign on how to reduce water consumption; the Preparing for Winter campaign on home insulation and the Ventilation and Air Conditioning campaign on how to save electricity. All these campaigns sought to foster energy efficiency and sustainable building. The program also provided information on how to implement a community vegetable garden.

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



## Sodimac Tradesmen’s Circle

The Sodimac Constructor Tradesmen’s Circle (CES+CMR Points) showed important growth in 2022, with its membership rising from almost 600,000 in 2021 to over 800,000.

These results show that the company has consolidated an active relationship with its professional customers, understanding their needs and responding with differentiated solutions and experiences. One example of this was the launch of the Tradesmen’s Academy, which offers a wide range of online training courses for CES members.

In another important advance, savings under the CES loyalty program were incorporated into Sodimac’s digital platforms whereas previously they had only been part of the proposition in physical channels.

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

CES Activities	2020	2021	2022
N° of members	253,897	350,915	796,128
N° of members with SEC certification (*)	Suspended	Suspended	Suspended
N° of people trained (**)	2,593	2,593	22,196
N° of scholarships	6,723	3,330	4,037

(\*) In 2020, 2021 and 2022, certifications could not be awarded because this requires an in-person test that could not be conducted due to the pandemic.

(\*\*) 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.

## Great Training Fair

In March 2022, the tenth Great Training Fair that Sodimac organizes for tradespeople took place. As has been the case since the pandemic, the 2022 version was held 100% online.

The four-day event attracted over 190,000 visits by professionals from all over Chile and even other Latin American countries. It offered totally free access to 120 courses as well as six virtual training rooms through which participants could opt for certification in electricity and plumbing from the technical training center (CFT) of the Universidad Santo Tomás. In this way, they were able to acquire tools to help improve their job opportunities.

Participants could also visit virtual stands, obtain information directly from the sector’s leading suppliers, learn about the latest developments in the industry and attend talks on accident prevention and workshops on how to take advantage of social networks to grow their businesses. Information was also provided about women’s role in the construction sector, among other topics.

At the end of the fair, the company announced that, in 2023, thanks to the improvement in health conditions, it will return to being an in-person event.





# Commitment to the environment





# Commitment to the environment

Sodimac implements numerous initiatives to contribute to climate action, including measuring, reducing and mitigating its operations' environmental impacts and striving 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 2022

- In a report presented in the Chilean pavilion at COP27 in Egypt, the Santiago Climate Exchange (SCX) and Deloitte identified Sodimac as one of the five companies in Chile that have made the most progress on measuring and reducing their carbon footprint.
- For the fourth consecutive year, Sodimac was awarded the HuellaChile program's Seal of Excellence. It is the only retail company to obtain this distinction.
- La Crianza and Transaco (part of the Owens Corning group) became the latest companies to join the National Clean Points Network, which has 13 partner brands, including Henkel, Imel, Kleine, Kölor, Topex, Melón, Schneider, Soprole, Sorepa, Papa Johns and WOM.

- Sodimac participated in the #Refriclaje public-private plan to replace old refrigerators in homes in the framework of the "Accelerating the energy transition: towards a market of efficient refrigerators and freezers in Chile" initiative.
- Sodimac launched two guides for suppliers as a means of achieving further progress on reducing the impact of packaging and boosting the range of sustainable products it markets.



## SUSTAINABLE DEVELOPMENT GOALS:





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

- **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.



When compared on a unit basis, there was a 9% increase in the indicator of GHG emissions Scopes 1+2+3/total sales, which rose from 5.6 kgCO<sub>2</sub>e/UF<sup>2</sup> of sales in 2021 to 6.2 in 2022.

<sup>1</sup> An inflation-indexed currency unit that, as of 31 December 2022, was equivalent to approximately US\$41.

In 2022, Sodimac carried out a second measurement of the impact of the products it markets (including their manufacturing, use and end of life). This gave a total of 2,073 ktCO<sub>2</sub>e or, in other words, four times the impact of the rest of the operation (for further information, see the Appendix: Inventory of GHG Emissions). During the year, the company worked on refining the model for quantifying the impact of the use of the products sold and on a Roadmap to manage the impact of this new source of emissions, which requires collaborative actions with the supply chain.



## HuellaChile Seal of Excellence

For the fourth consecutive year, Sodimac received the Seal of Excellence awarded by the Environment Ministry's HuellaChile program as well as its Quantification and Reduction Seals in recognition of the measures taken to reduce the impact of its emissions.

It was the only retailer to receive the highest distinction of HuellaChile, a voluntary program that fosters the measurement, reporting and management of GHG emissions by public and private organizations.

## Among the five most advanced companies on carbon footprint measurement and reduction

A report, *Radiografía 2022: Vulnerabilidad Corporativa al Cambio Climático de las 100 Empresas de Mayor Tamaño en Chile* (X-ray 2022: Corporate Vulnerability to Climate Change of Chile's 100 Largest Companies), by the Santiago Climate Exchange (SCX) and Deloitte recognized Sodimac as one of the five most advanced companies on the measurement and reduction of their carbon footprint, thereby contributing to the mitigation of the effects of GHG emissions. The report, which was presented in the Chilean pavilion at the 27<sup>th</sup> UN Climate Change Conference (COP27) in Egypt, evaluated the country's 100 largest companies in four dimensions: measurement of emissions and comprehensive verification, commitment to ambitious mitigation, effective emissions reduction, and acceleration via neutralization.

In the case of Sodimac, the study pointed out the company has been measuring and managing its carbon footprint in Chile since 2010 and noted its positive emissions trajectory, including Scope 3 emissions (logistics), its neutralization of the emissions generated by home deliveries and the renewable energy contracts it has to reduce Scope 2 emissions.

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 around the country and provide a more coordinated response to the climate emergency. The company also participates in other climate action initiatives such as Earth Hour, the Plastics Pact and the 6D initiative for the reforestation of Santiago's Renca Hill.



## Public-private Commitment to Electromobility

In 2022, as part of its actions to combat climate change, Sodimac once again participated in the Public-Private Commitment to Electromobility. It is the only home improvement retailer to do so. This initiative, to which different companies and institutions have adhered, seeks to coordinate efforts to move towards more sustainable transport in the framework of Chile's new National Electromobility Strategy. The transport sector currently accounts for around 25% of Chile's GHG emissions and the adoption of electromobility is seen as essential for the country's goal of carbon neutrality by 2050.

## Carbon-neutral e-commerce

Since 2019, all Sodimac's deliveries of customers' online orders have been carbon neutral. It was the first company in Chile to implement this commitment on a permanent basis, adopting a model that offsets the corresponding emissions by acquiring carbon credits from local and international renewable energy projects.

The system is registered with the Santiago Climate Exchange (SCX), which issues CO2 Neutral certification for the delivery process, guaranteeing the compliance and traceability of the previous stages. In 2022, the company offset 181,119 journeys for home deliveries (183,733 in 2021), transporting 3,517,662 orders (4,331,421 in 2021) and neutralizing 8,721 tCO<sub>2</sub>e. In addition, electric vehicles are now used for 2.4% of the kilometers traveled for deliveries, up from 0.8% in 2021.

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

## Committed to electromobility

Sodimac is making decisive progress on electromobility, incorporating electric vehicles for last-mile deliveries and the stocking of stores. It also supports transport contractors in their changeover to this technology. This is particularly important because transport is the largest single item in the retail industry's carbon footprint (excluding the products marketed). Today, 65% of the base fleet of the company's main distribution center already has electric vehicles for last-mile deliveries.

The company also promotes electromobility among its customers. In 2022, it continued to install charging points at stores, taking the total to nine in Santiago and regions. Its target, in alliance with Enel X Way, is to reach 30 charging points at distribution centers, stores and the head office in 2023.





# Operational eco-efficiency

Under the company's internal protocols, the design of all new stores and other buildings related to its operations takes into account international sustainable development standards based on the guidelines of the US Green Building Council. As a result, they are aligned with architectural and infrastructure standards that are conducive to the efficient use of resources.

## Sustainable infrastructure

In line with its bid to become Chile's first net-zero retailer by 2030, Sodimac has, over the past few years, carried out major renovations at its facilities, applying sustainability standards in the construction of new stores as well as the expansion and remodeling of existing structures.

In 2022, this was reflected in the two new stores the company inaugurated and in the expansions and remodeling work carried out.

The new Los Pablos Homecenter, inaugurated in the city of Temuco in 2022, has solar panels on its roof and its 769 photovoltaic modules generate the equivalent of the annual lighting consumption of over 170 homes. In addition, the store uses non-conventional renewable energy (NCRE) under a countrywide supply contract and will, therefore, use only clean energies.

The new store also has a Clean Point recycling facility that is open to the community and is expected to receive over 10,000 visits and more than 110 tonnes of waste annually. This is Sodimac's second Clean Point in Temuco and takes the total in Chile to 21.

The design of the new store makes intensive use of LED technology and, among other energy-saving measures, has a low-consumption air conditioning system. It also has equipment and fixtures that reduce water consumption while the ornamental plants used require little watering.

The new Homecenter in the city of Vallenar, which opened in April 2022, uses NCRE under the same national supply contract as the Temuco store and will also use only clean energy. The installation of a photovoltaic plant at this store is also being evaluated.



# Water footprint

(303-5)

Sodimac does not consume 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.

The water consumed at the company's facilities 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 specific recycling or reuse projects. However, in 2022, work continued on gathering information about the company's internal water consumption. This gave a total consumption of 1.1 million m3, 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 and promote products that help households to save water.

## Progress on NCRE

In recent years, Sodimac has been successfully implementing a plan to shift to non-conventional renewable energy (NCRE). More than 70% of the company's energy supply currently comes from clean energy sources and its target is to reach 100% by 2030. The plan envisages the installation of photovoltaic panels at all facilities where this is technically feasible.

In 2022, this process continued with the installation of photovoltaic systems at two more stores, taking the total with these systems in the country to 49. They can generate around 17 GWh, avoiding the emission of 5 ktCO<sub>2</sub>e.

Under the Falabella group's agreement with the Enel power producer for the supply of NCRE, Sodimac used some 71 GWh in 2022, enabling it to avoid the emission of 21 ktCO<sub>2</sub>e.

The company has also adopted a series of eco-efficiency measures. They include its plan for the gradual incorporation of electromobility for deliveries to customers and the operation of its distribution centers and stores.

## Environmental expenditure and investment

In 2022, Sodimac implemented a number of important environmental investments. Further information about these investments can be found in the environmental note to the company's financial statements.

Project ('000 CLP)	2020	2021	2022
Changes in lighting	918,568	360,970	833,315
Clean Points	691,817	786,629	925,842
Waste treatment	22,328	73,689	146,809
Carbon footprint measurement	46,340	9,926	73,720
REP inventory	21,789	13,837	21,167
Environmental declarations	30,332	43,082	52,215
Environmental platform	23,843	23,992	110,942
Consultancy on eco-products	-	20,111	-
Consultancy on solar panels	-	6,000	10,501
<b>Total</b>	<b>1,755,017</b>	<b>1,338,236</b>	<b>2,174,511</b>

Source: Sodimac.





# 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 for 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.



### Compliance plan for noise nuisance from a store (307-1)

In 2022, the company faced a formal complaint to the environmental authority about noise nuisance from one of its stores. In response, it drew up a Compliance Plan for the store, which has already been approved by the Superintendency for the Environment and is being implemented. 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.

### Waste management (306-1; 306-2; 306-3; 306-4; 306-5)

Sodimac has a policy 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 2022, 7,406 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 yet have a recovery plan is sent to duly authorized landfills for its disposal. In 2022, this amounted to 31,586 tonnes.

### Circular economy

One of Sodimac’s key circular economy projects to reduce waste and contribute to lower GHG emissions involves the recycling of wood from operational waste (pallets). Applying reverse logistics, this is taken to the plant of Armony, a company that transforms it into mulch and compost, which Sodimac markets in its stores. In 2022, 1,966,010 kilos of wood were reused, avoiding its disposal in landfills and transforming it into products that have a positive impact on the environment.

In addition, pet food waste is sent to the Ecofeed plant where it is recycled as an input for new pet food. In 2022, 3,959 kilos of pet food were managed in this way.

Waste disposal	Unit	2020	2021	2022
Non-hazardous waste sent to landfill	t	24,332	34,427	31,586
Non-hazardous waste recycled	t	5,262	6,941	7,182
Own recycling – cardboard, paper and bobbins	t	4,471	5,532	4,827
Own recycling – paper and plastic film	t	241	275	354
Own recycling – wood	t	215	93	-
Own recycling – wood for mulch and compost	t	335	1,042	1,992
Own recycling: organic waste	t	-	-	9
Waste managed at Car Center	t	228	213	224
Used tires	t	148	156	153
Used batteries	t	80	57	71

Source: Sodimac.



## Disposal of hazardous waste

For the elimination from its stores of solid and liquid waste that could be harmful to people or the environment, the company 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, an external 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	Units	2020	2021	2022
Hazardous waste sent for treatment	T	35	50	43

Source: Sodimac.

## National Network of Clean Points

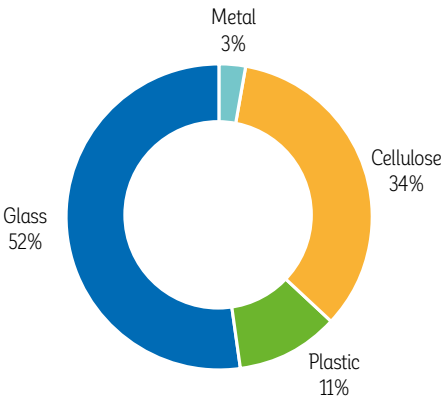
In the 12 years since its launch, Sodimac’s National Network of Clean Points has contributed to the recycling of 23,270 tonnes of material, receiving more than 3.9 million visits. In 2022, the company inaugurated a new Clean Point in the city of Temuco and now has 21 of these facilities from Arica in the north of Chile to Chiloé in the south. Nineteen are open to the public while the other two are for the use of employees at the company’s head offices and its main distribution center.

This network, which is the largest of its type in the country, is operated together with TriCiclos and 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			
	2020	2021	2022
Tonnes	2,409	1,961	2,609
Visits	268,322	173,484	260,695

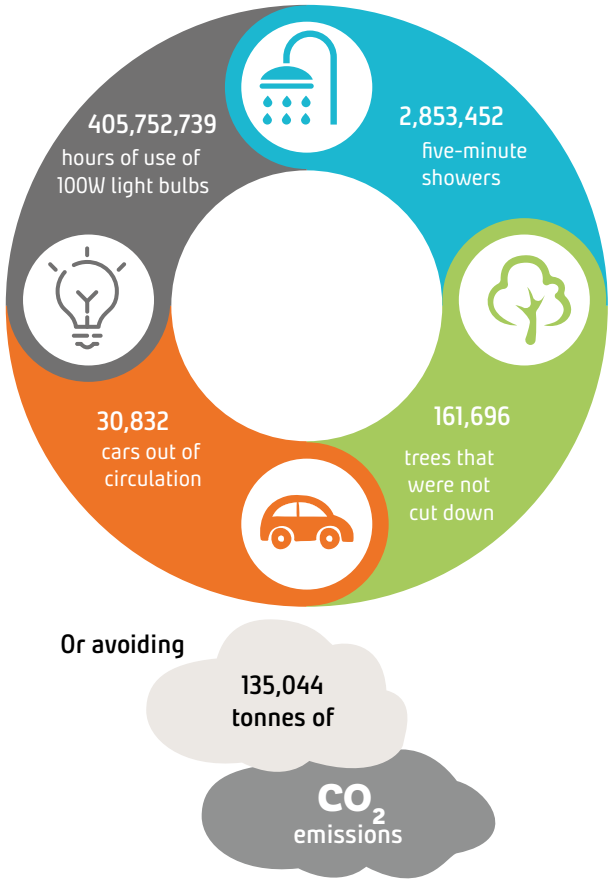
Source: TriCiclos.

## Materials Recycled, 2022



Source: TriCiclos.

## ACCUMULATED ECO-EQUIVALENCE





## New partner brands and the impact of alliances

Through its National Network of Clean Points, Sodimac helps to reduce the environmental impact of its operations, moving towards its goal of “zero waste” whilst also helping the community to minimize its waste and dispose of it responsibly. To support these objectives, the company has formed partnerships as a means of increasing the types of waste and the volume that the network can receive.

In 2022, La Crianza, a food producer, and Transaco, a company in the Owens Corning group specializing in thermal insulation solutions and asphalt tiling for homes, joined the initiative’s partner brands. Its 13 partner brands also include Henkel, Imel, Kleine, Kölor, Topex, Melón, Schneider, Soprole, Sorepa, Papa Johns and WOM.

During the year, a successful pilot project was implemented with La Crianza, recycling over 6 tonnes of flexible PP5 containers and N°7

plastics. This brand is developing a project to recycle its containers to produce eco-wood for use in the construction of sustainable trails in the country’s parks.

Transaco hopes to add initiatives that will offer customers and end-users alternatives for the reuse of products when they need to renovate or change a roof, facade or the insulation of their home, office or business.

Since 2018, Sodimac has been working with the WOM telecommunications company to receive electronic waste (old mobile phones, tablets and cables) and recycle them or reuse them in conjunction with the Chilenter Foundation. This process includes the extraction and reuse of components that may be harmful to the environment. In 2022, more than 7 tonnes of devices of this type were recovered.

## Certification of grassroots recyclers

In a joint effort with TriCiclos and certifying companies, Sodimac made its National Network of Clean Points available for accrediting the skills of grassroots recyclers, who collect and sell recyclable material, mainly from homes, small businesses and the street. Chile’s Extended Producer Responsibility (REP) Law identifies them as an important actor for its implementation, but requires them to be accredited and have certification.

In 2022, 74 grassroots recyclers obtained certification at Sodimac’s Clean Points and more will do so in 2023.

In this way, the company seeks to contribute to the development and formalization of these people’s important work in caring for the environment, generating a source of income for them and their families.







## Promoting recycling for customers

In the context of the implementation of Chile's Extended Producer Responsibility Law (REP) Law, Sodimac is contributing through measures to encourage organizations and households to adopt waste reduction, reuse and recycling habits. In this, it is supported by different organizations and the initiatives include:

- Sodimac recycles paper, cardboard and stretch film and is progressing with the disposal of wood, achieving a recycling rate of close to 19% of the post-industrial waste generated by the operation of its stores.
- Through its National Network of Clean Points, the company contributes to management of the community's waste.
- In 2016, Sodimac signed a Clean Production Agreement (APL) to establish a management plan that, since 2018, has resulted in the recovery of some 40,000 old car

batteries (equivalent to approximately 500 tonnes) from its Car Center customers and through specific campaigns in Homecenter stores around the country. In 2022, this service was permanently extended to all the community and all stores, as a result of which the company expects to double the material recycled.

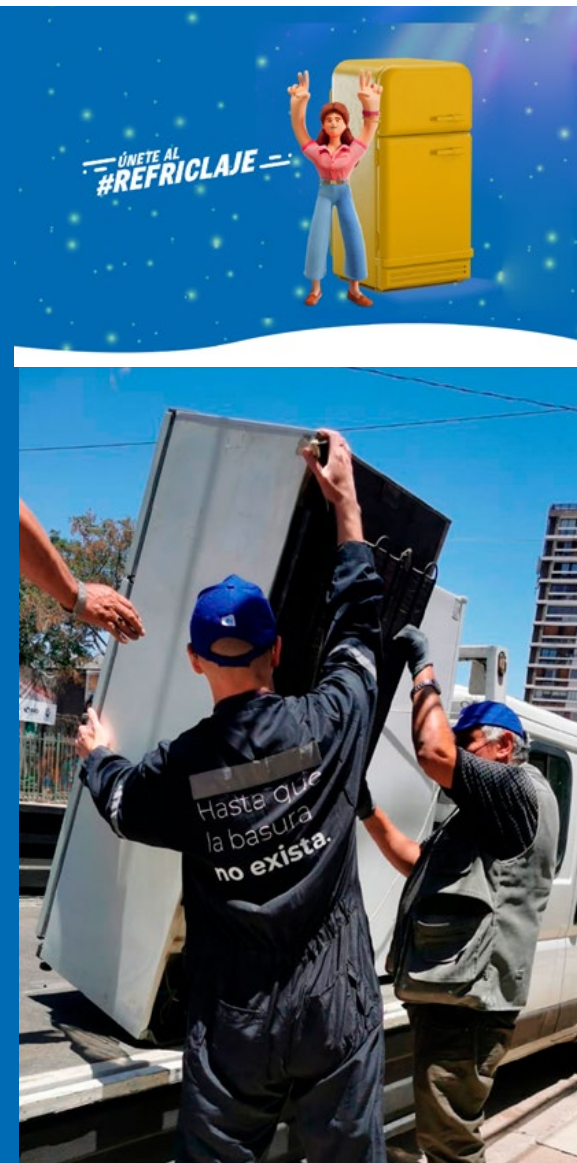
- In 2019, Sodimac joined another Clean Production Agreement (APL) to create a collective system for the management of used electrical and electronic goods and improve information about the sector. One of the key measures was the definition of a model for the inclusion of grassroots recyclers in the 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 drawn up in order to obtain reliable and extrapolative information about real management

## #Refriclaje: Contributing to the energy transition

In 2022, Sodimac participated in two campaigns under the #Refriclaje initiative that sought to complete the replacement of 1,600 old refrigerators, offering a 40% discount on the normal price of new highly efficient refrigerators as well as a free collection and recycling service for those replaced.

In this way, the company contributed to the *Acelerando la transición energética hacia un mercado de refrigeradores y congeladores eficientes en Chile* (Accelerating the transition to an efficient refrigerator and freezer market in Chile), a public-private initiative that seeks to renew refrigerators that are over 15 years old and are still in use in Chile, consuming twice the electricity of newer and more efficient models and using refrigerant gases that cause important environmental harm.

In the process, almost 100 tonnes of waste were collected, including ferrous waste, plastic, foam, glass and refrigerant gases, all of which received due environmental management from Reciclapp, the company responsible for collecting the old refrigerators, along with authorized recyclers and Regener, the plant where the appliances were stockpiled.





capacity. Public education campaigns about management of waste of this type were also implemented.

- The company recovers the old tires of its Car Center customers, which totaled 153 tonnes in 2022.
- As part of a program to recover different articles for their repair and/or recycling, the company offers customers a service that collects household appliances and furniture from their homes, including washing machines, refrigerators and cookers. In 2022, it recovered 8.7 tonnes of products.

## Participation in the Chilean Plastics Pact

Sodimac is a member of the Chilean Plastics Pact (PCP), an initiative led 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, taking advantage of all the virtues of this material, preserving its value and use for as long as possible, reducing the negative impact of this waste and avoiding alternatives that offer few benefits.

In this field, Chile marked a number of milestones in 2022. They included the entry into force of Law 21.368 on Single-Use Plastics (PUSU), which seeks to prevent this type of material from ending up in ecosystems after its use.

Together with Unilever and Algramo, Sodimac implemented a pilot project in 2022 for the refilling of reusable containers for cleaning products.

The company also supported the Recycling Week organized by Fundación Chile and the Chilean Plastics Pact, organizing various activities at its Clean Points to provide information about separating waste and raise awareness in the community about the importance of recycling.





# Promoting sustainability

## Product packaging and design

Sodimac seeks to minimize potential waste in the form of the packaging of the products it markets. It is implementing a right-sizing program to reduce consumption of plastic and cardboard through packaging properly tailored to the size of the product. This also implies benefits in terms of lower CO<sub>2</sub> emissions since, by permitting the transport of more products in a single delivery, it reduces fuel consumption as well as making for greater efficiency in the use of space in containers, warehouses and stores.

The company has set itself the challenge of ensuring that 100% of the containers and packaging of the products it markets is recyclable. In the case of its own brands, a study of packing materials found that, in 2022, 84.2% could be classified as recyclable. In addition, the company's target is for 30% of its own brand products to be sustainable by 2026.

## 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 (catalogues, website, advertising campaigns and presence in stores as well as its Do It Yourself program) 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 part of its *Cuidemos La Casa de Todos* (Let's Look after the House of All) initiative, Sodimac was marketing almost 5,800 sustainable products and services by the end of 2022. To carry their special labeling, these products must comply with the standards and requirements established by the company's Quality Control area.

They include products that save energy and water, 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 products

Aspect of sustainability	2020	2021	2022
Energy saving and efficiency	1,470	1,005	1,537
Water saving and efficiency	380	385	478
Recycled, reused and biodegradable products	498	478	449
Products from sustainably managed sources	615	1,247	1,039
Healthy home	1,416	1,443	2,401
Inclusive trade	54	127	156
<b>TOTAL</b>	<b>4,433</b>	<b>4,685</b>	<b>5,789</b>

Source: Sodimac.





## Meetings for sustainability

Sustainability was one of the key issues discussed at the two Suppliers' Meetings held in 2022. The meetings underlined the need to expand the company's range of products and services with social and environmental attributes and to boost actions for the community.

During the year, the company also organized webinars to help suppliers in their compliance with Chile's Extended Producer Responsibility (REP) Law.

- **Sustainable services**

These include the collection and recycling of furniture and white goods from homes, the installation in homes of photovoltaic panels, chargers for electric vehicles and automatic watering systems that imply important water savings.

- **Production and sale of mulch**

Under an alliance with Armony, a recycling company, Sodimac transforms old pallets into mulch, a product used in flower pots and gardens to retain humidity. Sodimac also produces multi-purpose compost from plant and wood waste from its stores. In 2022, 1,966,010 kilos of wood were reused in this way, avoiding its disposal in landfills.

- **Sustainable wood**

All the wood Sodimac markets is from known, controlled and environmentally friendly sources. In addition, the

company places particular emphasis on constant training for small and mid-sized suppliers to ensure the sustainable exploitation of forests.

- **Recycling waste pet food**

Under this program, waste pet food is taken to Ecofeed, a company where it is used as an input for the production of new food. In 2022, 3,959 kilos of this waste were recovered and reused.

## Guidance for the supply chain

Sodimac's suppliers play a key role in its objective of offering products and services that meet the highest environmental standards. In line with this, it worked with the Ecostrategia consultancy company to prepare a guide, entitled System of Sustainable Products that 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 launched a Guide on Packaging and Packing that establishes the requirements and procedures for the right-sizing of product packaging and its recyclability in order to generate as little waste as possible. This manual sets out the goals of the Sodimac Packaging and Packing Roadmap to 2023. These are to ensure that all packaging and packing of own brand products is recyclable in the region, to advance on right-sizing and the use of recycled

material, and to label all packaging with information on how to recycle it. Sodimac's own brands already have eco-labeling, but 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 to promote care for the environment:

- *HuellaChile certifications*

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.

In 2022, this voluntary program once again awarded Sodimac its Seal of Excellence in recognition of its commitment to reducing the impact of its emissions and the measures it has implemented. Sodimac was the only retailer to receive this distinction.

- *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 around the country 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. Sodimac has undertaken to become carbon neutral by 2030 in Scopes 1, 2 and 3 emissions (including waste management and deliveries to customers) and, as part of the Corporate



Leaders Group for Climate Action (CLG), to implement a complete environmental management program to combat climate change.

- *Earth Hour*

In 2022, Sodimac once again supported Earth Hour, the largest global initiative to create awareness of climate

change. Between 20:30 and 21:30 on Saturday, March 26, 2022, 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 to support it from their homes.





# 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 2022

- The Building Dreams of Home volunteer program received a record number of applications and implemented 84 projects during the year, benefiting close to 50,000 people.
- To strengthen territorial management in the operational phase of stores and other facilities, the company introduced a new protocol for handling neighbors’ queries, concerns or requests, increasing the efficiency of the related decisions and solutions.
- As a member of the Movidos x Chile network, the company actively collaborated in efforts to support the communities affected by fires in the cities of Antofagasta, San Fernando, Castro and Viña del Mar, providing donation collection centers, logistics, emergency kits and financing for reconstruction funds while company volunteers helped with the work.

## SUSTAINABLE DEVELOPMENT GOALS:



# Sodimac and local communities

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

## Social investment

(203-1)

Sphere	Type				Total
	Money		In-kind		
	'000 CLP	%	'000 CLP	%	'000 CLP
Investment in community	\$1,839,307	80%	\$459,498	20%	\$2,298,805
Donations	\$13,200	100%	\$52	0%	\$13,252
Commercial initiatives	\$173,162	100%	\$ -	0%	\$173,162
Total	\$2,025,669	82%	\$459,550	18%	\$2,485,219

## Territorial management

(413-1; 413-2)

Sodimac has a Territorial Management System that seeks to understand the needs of the context 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. This system comprises different lines of action and 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.





## Local job creation

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 store.

Each year, the company participates in job fairs as a means of attracting local talent. It also 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 2022, the company hired 1,676 new employees (743 men and 933 women).

In 2022, significant progress was made on implementation of the RECSO program, focusing on the store operation stage, which is when the demands of the surrounding community are usually greatest. During the year, the company established a protocol for handling neighbors' queries, concerns or requests, formalizing a practice that already existed in stores with some territorial complexity. The structure and criteria that were defined increase the efficiency of the related decisions and solutions.

A survey of regional managers and store managers was conducted to update information about the characteristics of the vicinity in which each facility operates, the state of relations with neighbors and the operational improvements implemented. This information served to plan implementation

of RECSO in the stores, particularly those prioritized on the grounds of their territorial situation. In August, the Sustainability area organized a talk for the managers of the prioritized stores to increase awareness of the territories' new needs and how to manage them.

The challenge in 2023 will be to strengthen permanent links and direct communication channels between the prioritized stores and their neighbors. This will include the implementation of social programs to tighten ties. These may take the form of workshops, activities for the community or the Building Dreams of Home community investment program as well as a tool to record and properly manage concerns that may be raised by stores' neighbors.







## 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 and the communities themselves carry out the work.

In 2022, the program benefited some 50,000 people through 84 projects (out of a record 843 applications, including

for the first time initiatives with a social-environmental impact). The projects included a space for the promotion of sports and care for the environment at the Las Palmas Local Health Council in Valparaíso and the implementation of a community room in Santiago's San Bernardo suburb for the Red Alimentos organization to distribute food and basic necessities to low-income senior citizens.

The program also implements projects to improve the homes and quality of life of employees. In 2022, these activities benefited 70 employees.

Since its creation 16 years ago, Building Dreams of Home has undertaken 921 community projects, directly benefiting more than 355,000 people, as well as 727 projects for company employees.

In 2022, the Building Dreams of Home program implemented 84 projects, directly benefiting some 50,000 people.

## Alliance with Late!

Under the 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 emergency housing for vulnerable families.

## Murals for Chile

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

In 2022, the initiative was implemented in a further six schools in Calama, Penco, Valdivia, Chillán, La Calera and Puente Alto, taking the schools benefited since its launch in 2021 to a total of ten.

The projects are of an integrated nature. First, the artist designs a monumental piece on the façade of the school, developed with close involvement of the school community. The mural then goes on to become a feature of the daily life of neighbors, forming part of the district's heritage. At the same time, the students participate in urban art workshops, accompanied by an expert, and collectively intervene an inside wall of the school together with teachers and volunteers from Falabella Retail and Sodimac.



# Our social alliances

(2-28)

Sodimac supports the work of different foundations that help to improve the community's quality of life.

## TECHO

For the past 16 years, Sodimac has maintained a strategic alliance with the TECHO organization in a bid to help build fairer and more sustainable cities. Work under the alliance is geared to helping families in informal settlements to obtain definitive housing. To this end, the company contributes to the operation of TECHO's social real estate branch, which manages these projects, as well as offering the organization special prices on materials and logistics support.

Thanks to the work of the organization's social real estate branch, 99 housing projects have so far been provided for 8,281 families around Chile.

In addition, for the past three years, the company has celebrated the First Christmas at Home with families that received their home during the previous 12 months. In 2022, the event took place with 260 children from the city of Chillán, where TECHO coordinates a Social Integration Project under which ten families received homes. The organization's social headquarters were decorated for the event, which included a number of different Christmas activities.

Sodimac also provided space in its stores for the Un Techo en tu Nombre (A Roof in your Name) campaign through which the organization marked its 25th anniversary and sought to attract new donors.

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

## Junto al Barrio Foundation

During the decade since the formation of Sodimac's alliance with the Junto al Barrio Foundation, the company has been able to contribute economic support and voluntary work for different initiatives implemented by this foundation to improve the surroundings and quality of life of people from the country's most vulnerable groups.

Key projects include the renovated Angol Square, inaugurated in August 2022, in the traditional Lo Negrete neighborhood of Santiago's Renca district. The initiative, which involved the design and construction of an area of 3,000 m<sup>2</sup>, was implemented jointly with the Junto al Barrio Foundation and the Renca municipal government and the active participation of neighbors and Sodimac volunteers.

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

## Déficit Cero

The main 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 with the collaboration of different sectors of society. In 2022, it provided training for the leaders of local housing committee and prepared an international meeting on Housing and City, held in January 2023.

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





## Base Pública

Sodimac is a member of *Base Pública* (Public Base), a network of people and organizations that work together to foster sustainability by publicizing the proposals, ideas and actions of different agents of social and environmental change, who seek to inspire more human and collaborative social transformations.

In 2022, Base Pública produced reports and publications, such as RESET, to draw attention to high-impact business practices. All the content was designed in collaboration with Sodimac and civil society organizations. It addressed issues related to territorial work, public policies for a fairer city, sustainability (companies and purpose), housing, community and quality of life.

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

## Movidos x Chile

Sodimac is part of Movidos x Chile (Moved for Chile), an initiative of the Community of Solidarity Organizations that seeks to serve as a vehicle for permanent coordination among different organizations to provide support in the event of a natural disaster and/or other type of crisis in the country. For this purpose, the company has protocols with procedures as well as an Emergency Operational Committee.

In 2022, the network brought together 27 organizations, including civil society organizations, companies, public institutions, research centers, technology development centers and international organizations.

The coordination provided by Movidos x Chile and the resulting joint work enable Sodimac to make specific and necessary contributions in the different

emergencies that arise during the year in Chile.

In January 2022, the company activated an emergency fund to support the 36 families from the Villa Constancia informal settlement in the Antofagasta Region whose homes were totally or partially destroyed as a result of two fires in December 2021. The families received a reconstruction grant that enabled them to purchase materials to rebuild or repair their homes from a network of hardware stores in the same municipal district.

In February, after a fire in the city of San Fernando that affected 27 families, the company provided gift cards for the purchase of basic household appliance kits.

A gift card and special discount were also provided for the 141 families who lost their homes in a fire in the town of Castro at the end of 2021.

At the end of the year, after a fire in the Viña del Mar beach town, Sodimac and other Falabella group companies helped to set up collection centers to receive in-kind donations and made their logistics available for the transport of goods. For the first phase of removal and cleaning of the affected areas, the company also provided emergency kits and activated its network of volunteers to support the work if necessary. In addition, special support was provided for the Sodimac employee and his family who were affected by this fire.

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







# Appendices



Appendix 1

Economic development

(201-1)

In 2022, Sodimac continued to lead the home improvement sector in Chile, with a market share that, including its Imperial subsidiary, reached 25.1%. At 2,957,797,459 Chilean pesos, its consolidated revenues, including Imperial, showed a drop of 9% on 2021 that was explained principally by the performance of consumption in Chile and smaller margins on products as well as the higher cost of international freight transport.

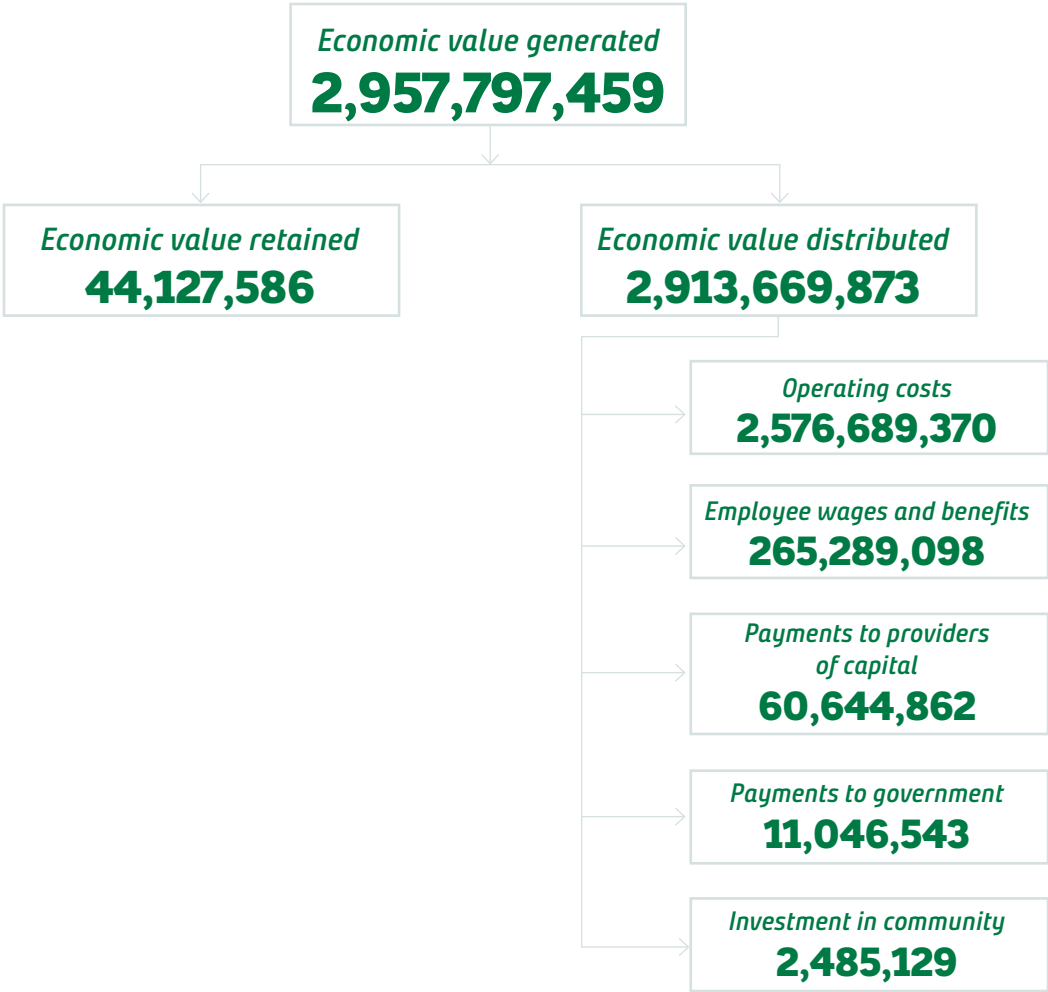
Economic performance ('000 CLP)	2020	2021	2022
Operating income	2,290,251,443	3,255,724,149	2,957,797,459
Exploitation costs	-1,576,085,290	-2,235,217,768	-2,082,239,782
Operating margin	714,166,153	1,020,506,381	875,557,677
Payment of dividends *	19,640,371	176,090,891	142,474,351
Profits	61,245,797	228,951,420	52,079,958

Source: Sodimac.

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

Economic value generated and distributed, 2022

('000 CLP)





### Economic value generated and distributed

The company’s development strategy has effects on each of its groups of stakeholders:

#### Suppliers: Operating costs

The company’s operating costs, including exploitation costs and administration and marketing expenses, reached 2,574,227,314,000 Chilean pesos, down from 2,677,138,390,000 pesos in 2021.

#### Employees: Wages and benefits

In 2022, expenditure on wages and benefits reached 265,289,098,000 Chilean pesos, up from 243,102,876,000 pesos in 2021.

#### Banks, financial institutions and shareholders: Payments to providers of capital

The company paid 60,644,862,000 Chilean pesos to providers of capital in 2022, up from 36,092,358,000 pesos in 2021. This included payments to the company’s shareholders and financial costs.

#### Government: Payments and taxes

In 2022, earnings tax totaled 11,046,543,000 Chilean pesos, down from 80,333,967,000 pesos in 2021.

### Community: Contributions and investments

In 2022, the company invested 2,485,129,000 Chilean pesos in different projects that benefited the community. Key initiatives included the National Network of Clean Points, the Building Dreams of Home program, CES scholarships and donations to the TECHO organization and the Junto al Barrio Foundation.

#### Financial assistance received

In 2022, Sodimac used 1,546,200,000 Chilean pesos from the SENCE tax credit for employees’ training and education.

Financial assistance from the government ('000 CLP)	2020	2021	2022
Donations			
Tax credit	99,571	201,864	202,132
Fixed asset credit			
Use of credit (upper limit of 500 monthly tax units, UTM)	25,515	27,086	30,579
SENCE credit			
SENCE certificate	806,492	1,478,500	1,546,200
Total	931,578	1,707,450	1,778,911

Source: Sodimac.

### Tax principles

(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 company has established the following tax principles:

- Compliance with its obligations under tax law, applying plausible and good-faith interpretations of tax norms;
- Truthful 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.

In line with a drop in its results, the company paid earnings tax of 11,046,543,000 Chilean pesos in 2022, down from 80,333,967,000 pesos in 2021.



# Appendix 2

## Sodimac Chile Workforce

(2-7)

### Workforce by geographical area, working day and type of contract

As of end-2022, Sodimac had 14,328 employees of whom 57% were men and 43% were women.

Employees by geographical area	2020		2021		2022	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Northern Zone	1,413	667	1,485	734	1,407	583
Central Zone	1,681	865	1,754	885	1,683	720
Southern Zone	2,336	1,083	2,352	1,136	2,305	981
Santiago Metropolitan Region	5,298	1,802	5,570	1,827	5,166	1,483
Total	15,145		15,743		14,328	

Source: Sodimac.

Employees by type of working day						
	2020		2021		2022	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
	10,728	4,417	11,161	4,582	10,561	3,767
Total	15,145		15,743		14,328	

Full-time: 45 hours; part-time: less than 45 hours.

Source: Sodimac.

Employees by type of contract						
	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Indefinite contract	8,548	5,886	8,061	5,883	8,069	6,094
Fixed-term contract	363	348	1,050	749	111	54
Subtotal	8,911	6,234	9,111	6,632	8,180	6,148
Total	15,145		15,743		14,328	

Source: Sodimac.

### Workforce by type of post and gender

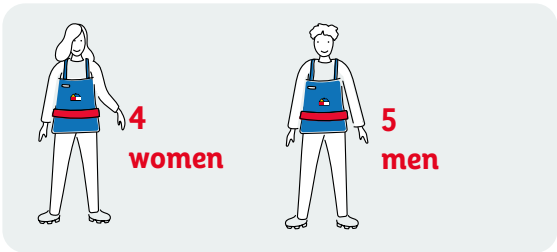
(2-7; 405-1)

As of end-2022, 43% of Sodimac's workforce were women. They accounted for 29% of positions as managers and assistant managers, which represented a significant increase from 27% in the previous year.

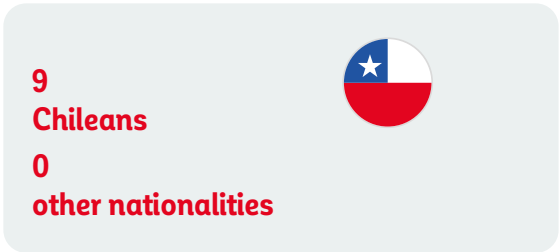
Sodimac's wage policy is based only on variables related to professional value and does not distinguish by gender, seeking to avoid wage gaps between women and men.

### Diversity in the Board of Directors

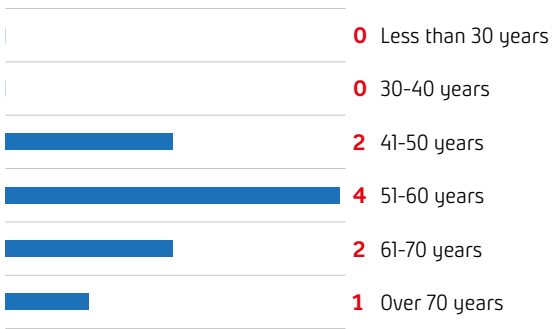
#### By gender



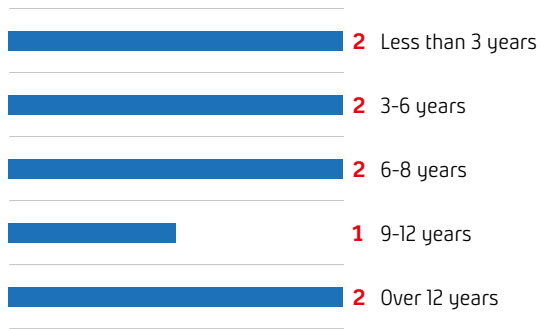
#### By nationality



#### By age range



#### By length of service





Total employees						
	2020		2021		2022	
	N° of employees		N° of employees		N° of employees	
Type of post	Men	Women	Men	Women	Men	Women
Managers and assistant managers	173	58	297	110	299	120
Professional and technical personnel	1,650	1,419	1,861	1,513	1,834	1,505
Other employees	7,088	4,757	6,953	5,009	6,047	4,523
Total men/women	8,911	6,234	9,111	6,632	8,180	6,148
Total	15,145		15,743		14,328	

## Workforce by type of post and age range

Managers and assistant managers						
	2020		2021		2022	
Age range	Men	Women	Men	Women	Men	Women
Less than 30	2	1	1	1	1	0
30-49	98	39	175	78	169	87
50 and over	73	18	121	31	129	33
Total	173	58	297	110	299	120
% of total	75%	25%	73%	27%	71%	29%

Source: Sodimac.

Professional and technical personnel						
	2020		2021		2022	
Age range	Men	Women	Men	Women	Men	Women
Less than 30	196	151	271	172	280	161
30-49	1,193	1,086	1,298	1,131	1,241	1,097
50 and over	261	182	292	210	313	247
Total	1,650	1,419	1,861	1,513	1,834	1,505
% of total	54%	46%	55%	45%	55%	45%

Source: Sodimac.

Other employees						
	2020		2021		2022	
Age range	Men	Women	Men	Women	Men	Women
Less than 30	2,653	1,343	2,652	1,516	1,091	1,125
30-49	3,163	2,548	3,029	2,563	2,841	2,420
50 and over	1,272	866	1,272	930	1,305	978
Total	7,088	4,757	6,953	5,009	6,047	4,523
% of total	60%	40%	58%	42%	57%	43%

Source: Sodimac.

## New hires by type of post and geographical area (401-1)

New hires						
	2020		2021		2022	
Type of post	Men	Women	Men	Women	Men	Women
Managers and assistant managers	6	5	11	4	9	7
Professional and technical personnel	75	48	161	148	602	741
Other employees	679	560	1,877	1,260	132	185
Total men/women	760	613	2,049	1,412	743	933
Total	1,373		3,461		1,676	

New hires by geographical area (stores)						
	2020		2021		2022	
Geographical area	Men	Women	Men	Women	Men	Women
Santiago Metropolitan Region	320	215	542	434	415	303
Central Zone	119	104	356	235	64	47
Northern Zone	201	197	395	319	259	208
Southern Zone	120	97	418	256	195	185
Rate of new hires	2.1%	2.3%	9.5%	6.9%	5.2%	4.1%

### Turnover by geographical area and age range (401-1)

Employee turnover by geographical area						
	2020		2021		2022	
Geographical area	Men	Women	Men	Women	Men	Women
Santiago Metropolitan Region	1,310	834	850	446	842	564
Central Zone	331	222	288	156	130	77
Northern Zone	358	256	336	231	444	314
Southern Zone	495	264	362	176	367	202
Total annual exits	2,494	1,576	1,836	1,009	1,786	1,157
Annual turnover by geographical area	15.4%	9.7%	11.7%	6.4%	11.3%	7.3%
Average annual turnover	25.17%		9.03%		9.34%	

Employee turnover by age range						
	2020		2021		2022	
Age range	Men	Women	Men	Women	Men	Women
Less than 30	1,089	476	978	468	1,020	609
30-49	982	853	723	435	642	462
50 and over	423	247	135	106	124	86
Total annual exits	2,494	1,576	1,836	1,009	1,786	1,157
Annual turnover by gender	26.1%	23.9%	11.7%	6.4%	11.3%	7.3%
Average annual turnover	25.17%		9.03%		9.34%	

Turnover = Annual exits/workforce as of December.  
Includes all causes of dismissal.  
Source: Sodimac.

### Voluntary turnover by geographical area and age range

Voluntary employee turnover by geographical area						
	2020		2021		2022	
Geographical area	Men	Women	Men	Women	Men	Women
Santiago Metropolitan Region	205	116	419	252	327	232
Central Zone	54	24	120	64	51	32
Northern Zone	84	43	176	139	224	161
Southern Zone	80	32	147	84	175	86
Total annual exits	423	215	862	539	777	511
Annual turnover by geographical area	4.42%	3.26%	5.5%	3.4%	4.9%	3.2%
Average annual turnover	3.95%		4.45%		4.09%	

Voluntary employee turnover by age range						
	2020		2021		2022	
Age range	Men	Women	Men	Women	Men	Women
Less than 30	253	114	506	287	513	300
30-49	149	84	319	220	227	183
50 and over	21	17	37	32	37	28
Total annual exits	423	215	862	539	777	511
Annual turnover by gender	4.42%	3.26%	5.5%	3.4%	4.9%	3.2%
Average annual turnover	3.95%		4.45%		4.09%	

Source: Sodimac.



Appendix 3

Inventory of Greenhouse Gas (GHG) Emissions

(305-1; 305-2; 305-3)

Aspect	Unit	2020	2021	2022	2022
Total GHG Emissions	ktCO <sub>2</sub> e	2,304	3,551	2,565	100%
Scope 1	ktCO <sub>2</sub> e	9.6	10.7	11.3	0.4%
1.1 Combustion in fixed sources	ktCO <sub>2</sub> e	0.4	0.6	0.7	0.0%
1.2 Combustion in mobile sources	ktCO <sub>2</sub> e	8.1	6.6	7.1	0.3%
1.4 Fugitive emissions	ktCO <sub>2</sub> e	1.1	3.5	3.5	0.1%
Scope 2	ktCO <sub>2</sub> e	12.9	13.9	11.0	0.4%
2.1 Electricity consumption (market-based method)	ktCO <sub>2</sub> e	12.9	13.9	11.0	0.4%
Scope 3	ktCO <sub>2</sub> e	2,282	3,526	2,542	99%
3.1 Inputs and services	ktCO <sub>2</sub> e	0.9	0.8	0.5	0.0%
3.1 Manufacture of sold products	ktCO <sub>2</sub> e	1,165	1,700	1,288	50%
3.3 Production of Scope 1 fuels	ktCO <sub>2</sub> e	1.1	0.9	1.0	0.0%
3.4 Imports of products to distribution centers	ktCO <sub>2</sub> e	74	127	86	3.4%
3.4 Transport from distribution centers to stores (van/flatbed truck)	ktCO <sub>2</sub> e	39	36	39	1.5%
3.4 Local transport by third parties	ktCO <sub>2</sub> e	70	105	98	3.8%
3.4 Last-mile delivery	ktCO <sub>2</sub> e	5.6	9.9	8.7	0.3%
3.5 Waste and recycling	ktCO <sub>2</sub> e	11	16	15	0.6%
3.6 Business travel	ktCO <sub>2</sub> e	0.2	0.9	0.8	0.0%
3.7 Employee commuting	ktCO <sub>2</sub> e	12	12	12	0.5%
3.7 Electricity for remote work	ktCO <sub>2</sub> e	0.2	0.2	0.2	0.0%
3.9 Customers' transport to stores	ktCO <sub>2</sub> e	184	221	207	8.1%
3.9 Electricity used by e-commerce customers	ktCO <sub>2</sub> e	2.1	1.9	1.7	0.1%
3.11 Use of sold products	ktCO <sub>2</sub> e	609	1,085	624	24%
3.12 Disposal of sold products	ktCO <sub>2</sub> e	108	210	161	6.3%

Source: Proyectae.

Notes:

- 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 sold products, an emissions category that the company began to report in 2021.
- Calculated according to the GHG Protocol: A Corporate Accounting and Reporting Standard.
- The Global Warming Potentials of the IPCC's Sixth Assessment Report (AR6) are used. Emissions factors consider traceable and recognized sources, using the values of each year.
- Emissions are shown in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e), taking into account seven greenhouse gases (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>). KtCO<sub>2</sub>e stands for thousands of tonnes of carbon dioxide equivalent.
- The data was verified by an independent third party in accordance with the GHG Protocol.

Additional information

2.1 Electricity consumption (local-based method)	ktCO <sub>2</sub> e	41	41	32	
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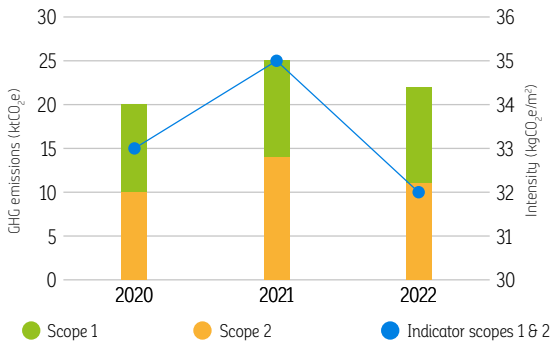




# Indicators of Intensity of GHG Emissions

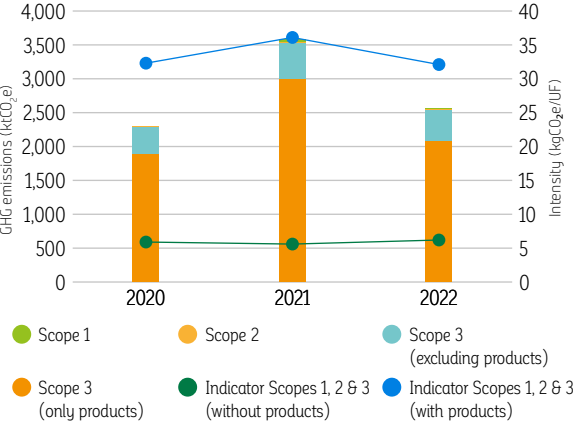
(305-4)

Scopes 1 and 2 emissions by store area



Source: Proyectae.

Scopes 1, 2 and 3 emissions by sales



Source: Proyectae.

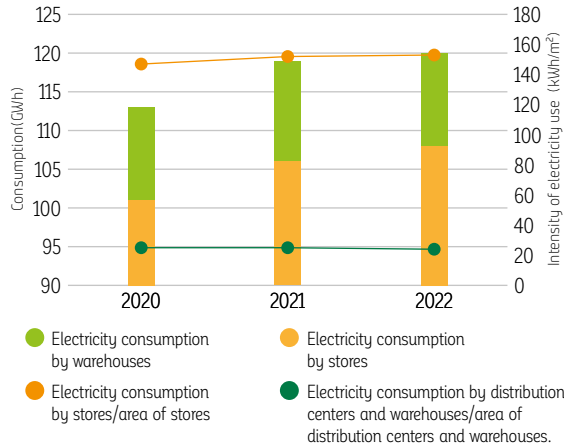
For the sake of the consistency of the time series, the indicator is reported over the company's carbon footprint as measured historically (without products) as well as over the expanded coverage (with products). The values presented in the previous report are restated due to the recalculation indicated in the previous table.



# Intensity of Electricity Use (kWh/m²)

(302-3)

Electricity consumption and use

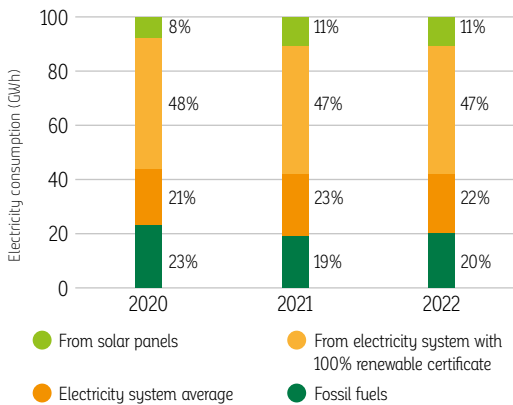


Fuente: Proyectae.

Sodimac has implemented energy efficiency measures that include the change of lighting to LED technology and an energy monitoring and management system. However, in 2021-2022, activity increased after its pandemic-related drop and it is, therefore, not possible to visualize the effect of these efficiency measures over a period of years with normal activity levels.

# Distribution of Electricity Consumption by Source

Electricity consumption by source



Source: Proyectae.

## Monitoring of commitment to reduce Scopes 1 & 2 emissions compared to 2017

Indicator	Unit	2017	2018	2019	2020	2021	2022
<b>GHG emissions Scopes 1 &amp; 2</b>	ktCO <sub>2</sub> e	40	32	28	23	25	22
Scope 1	ktCO <sub>2</sub> e	10	9	8	10	11	11
Scope 2	ktCO <sub>2</sub> e	29	22	20	13	14	11
Area of stores	'000 m <sup>2</sup>	663	654	686	686	699	702
<b>Reduction compared to 2017</b>							
GHG emissions 1 + 2 / m <sup>2</sup> store	kgCO <sub>2</sub> e/m <sup>2</sup>	60	48	41	33	35	32
Reduction of GHG emissions 1 & 2	ktCO <sub>2</sub> e	-	-20%	-29%	-43%	-38%	-44%
GHG emissions 1 + 2 / m <sup>2</sup> store	%	-	-19%	-31%	-45%	-41%	-47%

Source: Proyectae.



# GRI Content Index

Statement of use	Sodimac S.A. has reported in accordance with the GRI Standards for the period between 1 January and 31 December 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	-

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.
	2-5	External assurance	3, 126	
GRI 2: General Disclosures 2021 2. Activities and workers	2-6	Activities, value chain and other business relationships	14, 72	
	2-7	Employees	116	
	2-8	Workers who are not employees	69	
GRI 2: General Disclosures 2021 3. Governance	2-9	Governance structure and composition	38, 43-47	
	2-10	Nomination and selection of the highest governance body	43	
	2-11	Chair of the highest governance body	43-44	
	2-12	Role of the highest governance body in overseeing the management of impacts	16, 22, 38, 39, 43, 47, 51, 52	
	2-13	Delegation of responsibility for managing impacts	38, 43, 45, 47	
	2-14	Role of the highest governance body in sustainability reporting	38	
	2-15	Conflicts of interest	53	
	2-16	Communication of critical concerns	-	Information not available or incomplete.
	2-17	Collective knowledge of the highest governance body	-	Confidentiality restrictions.
	2-18	Evaluation of the performance of the highest governance body	39	
	2-19	Remuneration policies	43, 48	
	2-20	Process to determine remuneration	-	Confidentiality restrictions.
	2-21	Annual total compensation ratio	-	Confidentiality restrictions.





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, 25, 35, 37, 39, 49, 52	
	2-24	Embedding policy commitments	18-23	
	2-25	Processes to remediate negative impacts	49	
	2-26	Mechanisms for seeking advice and raising concerns	49	
	2-27	Compliance with laws and regulations	87	
	2-28	Membership associations	35, 111	
GRI 2: General Disclosures 2021 5. Stakeholder engagement	2-29	Approach to stakeholder engagement	30-34, 37, 83	
	2-30	Collective bargaining agreements	68	

GRI STANDARDS			
GRI CONTENT INDEX			
STANDARD	Standard Number	Disclosure	Page
GRI 3: Material Topics 2021	3-1	Process to determine material topics	37
	3-2	List of material topics	37
	3-3	Management of material topics	16, 18-23, 39, 49
List of material topics		Description of impacts, policies and measures	37

Economic Category			
STANDARD	Standard Number	Disclosure	Page
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	114
GRI 202: Market presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	58
	202-2	Proportion of senior management hired from the local community	56
GRI 203: Indirect economic impacts	203-1	Infrastructure investments and services supported	108
GRI 204: Procurement practices	204-1	Proportion of spending on local suppliers	72

Economic Category			
STANDARD	Standard Number	Disclosure	Page
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	52
	205-2	Communication and training about anti-corruption policies and procedures	49
	205-3	Confirmed incidents of corruption and actions taken	51
GRI 206: Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	53
GRI 207: Tax	207-1	Approach to tax	115

Environmental Category			
STANDARD	Standard Number	Disclosure	Page
GRI 302: Energy	302-1	Energy consumption within the organization	92
	302-3	Energy intensity	120
	302-4	Reduction of energy consumption	92-94
GRI 303: Water and effluents	303-5	Water consumption	96
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	92, 119
	305-2	Energy indirect (Scope 2) GHG emissions	92, 119
	305-3	Other indirect (Scope 3) GHG emissions	92, 119
	305-4	GHG emissions intensity	92, 120
	305-5	Reduction of GHG emissions	92, 120
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	98-99
	306-2	Waste by type and disposal method	98-99
	306-3	Waste generated	98-99
	306-4	Waste diverted from disposal	98-99
	306-5	Waste directed to disposal	98-99
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	98
GRI 308: Supplier environmental assessment	308-2	Negative environmental impacts in the supply chain and actions taken	74



Social Performance Category			
STANDARD	Standard Number	Disclosure	Page
GRI 401: Employment	401-1	New employee hires and employee turnover	117-118
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	60-62
	401-3	Parental leave	63
GRI 403: Occupational health and safety	403-1	Occupational health and safety management system	66
	403-2	Hazard identification, risk assessment and incident investigation	67
	403-4	Worker participation, consultation and communication on occupational health and safety	66
	403-5	Worker training on occupational health and safety	66
	403-6	Promotion of worker health	60-61
	403-8	Workers covered by an occupational health and safety management system	66
	403-9	Work-related injuries	66-67
	403-10	Work-related ill health	66-67
GRI 404: Training and education	404-1	Average hours of training per year per employee	58
	404-2	Programs for upgrading employee skills and transition assistance programs	58
	404-3	Percentage of employees receiving regular performance and career development reviews	43, 66, 116
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	63,64
	405-2	Ratio of basic salary and remuneration of women to men	50
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	74
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	51

Social Performance Category			
STANDARD	Standard Number	Disclosure	Page
GRI 412: Human rights assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	108-111
GRI 413: Local communities	413-1	Operations with local community engagement, impact assessments and development programs	108-109
	413-2	Operations with significant actual and potential negative impacts on local communities	
GRI 414: Supplier social assessment	414-2	Negative social impacts in the supply chain and actions taken	74
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	75-76
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	86
GRI 417: Marketing and labeling	417-1	Requirements for product and service information and labeling	75
	417-2	Incidents of non-compliance concerning product and service information and labeling	87
	417-3	Incidents of non-compliance concerning marketing communications	87
GRI 418: Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	86



# External Assurance Statement

(2-5)



## Limited Assurance Statement of Sodimac 2022 Sustainability Report

(Free translation from the original document in Spanish)

President and Directors  
Sodimac S.A.

### Scope

We have carried out a limited and independent assurance review of the information and data presented in the 2022 Sustainability Report of Sodimac, which covers the scope period between 1 January 2022 and 31 December 2022. Any information outside this period was not part of the review.

The preparation of the Sustainability Report, the information and statements contained therein, the definition of the scope of the report, the management and control of the information systems that provide the reported data, are the sole responsibility of the Administration of Sodimac.

### Limited verification standards and procedures

Our limited assurance review was conducted in accordance with the ISAE 3000 International Standard for Non-Financial Reporting Audits, established by the International Auditing and Assurance Board of the International Federation of Accountants and the guidelines for the preparation of sustainability reports under the Global Reporting Initiative (GRI).

Our procedures were designed with the aim of:

- Determine that the information and data presented in the 2022 Sustainability Report of Sodimac are duly supported by evidence.
- Verify the traceability of the information presented in the 2022 Sustainability Report of Sodimac.
- Determine that Sodimac has prepared its 2022 Sustainability Report in accordance with the performance indicators and principles of the GRI standard.

### Procedures performed

Our limited assurance work included enquiries with the Management and Units of Sodimac involved in the process of preparing the 2022 Sustainability Report, as well as other analytical procedures and sampling tests such as:

- Interviews with key personnel of Sodimac to evaluate the process of preparing the 2022 Sustainability Report, the definition of its content and its underlying information systems.
- Review of the supporting documentation provided by Sodimac.
- Review of formulas and calculations associated with quantitative information through recalculation.
- Review of the 2022 Sustainability Report narrative to ensure its phrasing and format does not mislead the reader regarding the information reported.

The limited assurance process was carried out based on the timely review of material indicators defined by Sodimac, outlined next.

### Our responsibility

Our responsibility is limited exclusively to the procedures mentioned in the preceding paragraphs and corresponds to a limited assurance scope which serves as the basis for our conclusions. By default, we do not apply reasonable assurance procedures, whose objective is to express an external assurance opinion on the 2022 Sustainability Report of Sodimac. Accordingly, we do not express an opinion.

### Conclusions

Subject to the limitations of scope indicated above and based on our work of limited and independent assurance of the 2022 Sustainability Report, we conclude that nothing has come to our attention that would cause us to believe that:

- The information and data published in Sodimac's 2022 Sustainability Report are not adequately presented.
- The 2022 Sustainability Report of Sodimac has not been prepared in accordance with the guidelines of GRI indicators selected by Sodimac.

### Recommendations for improvement

Without affecting our conclusions as set out above, we have detected some improvement opportunities to the 2022 Sustainability Report preparation process which are detailed in a recommendations report presented the Management of Sodimac.

Kind regards,

EY Servicios Profesionales de Auditoría y Asesorías Limitada

  
Elanne Almeida  
Partner/Principal

5 May, 2023

I-00146/23

RGS/vft  
12040668



Standard	Reference	Name
GRI	2-1.	Organization details
GRI	2-2.	Entities included in sustainability reporting
GRI	2-3.	Reporting period, frequency and point of contact
GRI	2-5.	External verification
GRI	2-6.	Activities, value chain and other business relationships
GRI	2-7.	Employees
GRI	2-8.	Non-employee workers
GRI	2-9.	Governance structure and composition
GRI	2-10.	Selection of the highest governance body
GRI	2-11.	President of the highest governing body
GRI	2-12.	Role of the highest governance body in overseeing impact management
GRI	2-14.	Role of the highest governance body in sustainability reporting
GRI	2-18.	Evaluation of the performance of the highest governance body
GRI	2-19.	Remuneration policies
GRI	2-22.	Declaration on the Sustainable Development Strategy
GRI	2-23.	Commitments and policies
GRI	2-24.	Incorporation of commitments and policies
GRI	2-25.	Processes to remedy negative impacts
GRI	2-26.	Mechanisms for seeking advice and raising concerns
GRI	2-28.	Membership of associations
GRI	2-30.	Collective bargaining agreements
GRI	3-1.	Process of determining material issues
GRI	3-2.	List of material topics
GRI	3-3.	Management of material issues
GRI	201-1	Direct economic value generated and distributed
GRI	202-1	Ratio of standard entry-level wage by gender to local minimum wage
GRI	203-1	Investments in infrastructure and services supported
GRI	204-1	Share of spending on local suppliers
GRI	205-1	Operations assessed for corruption-related risks
GRI	205-2	Communication and training on anti-corruption policies and procedures
GRI	205-3	Confirmed incidents of corruption and measures taken
GRI	207-1	Tax approach
GRI	302-3	Energy intensity
GRI	302-4	Reduction of energy consumption
GRI	305-1	Direct GHG emissions (scope 1)
GRI	305-2	Indirect GHG emissions from power generation (scope 2)
GRI	305-3	Other indirect GHG emissions (scope 3)
GRI	305-4	GHG emission intensity
GRI	305-5	Reduction of GHG emissions
GRI	306-1	Waste generation and significant waste-related impacts
GRI	308-2	Negative environmental impacts in the supply chain and measures taken
GRI	401-1	New hires and staff turnover
GRI	401-2	Benefits for full-time employees not given to part-time or temporary employees
GRI	403-1	Occupational health and safety management system
GRI	403-2	Hazard identification, risk assessment and incident investigation
GRI	403-4	Worker participation, consultation and communication on occupational health and safety
GRI	403-5	Training of workers on occupational health and safety
GRI	403-6	Promoting workers' health
GRI	403-8	Coverage of the occupational health and safety management system
GRI	403-9	Workplace Injury
GRI	404-2	Employee Skills Enhancement Programs and Transition Assistance Programs
GRI	404-3	Percentage of employees who receive periodic performance appraisals and professional development
GRI	405-1	Diversity in governing bodies and employees
GRI	405-2	Base salary ratio and remuneration of women to men
GRI	406-1	Cases of discrimination and corrective action taken
GRI	407-1	Operations and suppliers whose right to freedom of association and collective bargaining may be at risk
GRI	412-1	Operations subject to human rights reviews or impact assessments
GRI	413-1	Operations with local community participation, impact evaluations and development programs
GRI	413-2	Operations with significant negative impacts – actual and potential – on local communities
GRI	414-2	Negative social impacts in the supply chain and measures taken
GRI	418-1	Substantiated claims regarding breaches of customer privacy and loss of customer data

# 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

**Pablo Urbina M.**

Assistant Sustainability Manager

E-mail: purbina@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 relationships.

### 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.





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Sodimac Archive



# 2022

## Sustainability Report