

Annual Report

2023





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The House of the Americas: Sodimac in Latin America

Sodimac is the home improvement unit of Falabella, one of Latin America's principal retail conglomerates, by which it is 100% controlled.

Sodimac has operations in seven countries and commercial offices in China.

Its investments outside Chile are made through subsidiaries of the parent company and it manages its operations in the different markets in a coordinated manner.

262
stores



Over
1,970,000
m² of sales floor



Over
34,000
employees



1.4 million
hours
of training in 2023



Annual sales of over
us\$ 5,600
million in the region*



 **Chile**
87 stores (74 Sodimac,
13 Imperial)
Sodimac
Avda. Presidente Riesco 5685,
14th floor
Las Condes, Santiago
Telephone: (56-2) 27381000
www.sodimac.com

 **Perú**
56 stores
Angamos Este N°1805,
Office 2, Surquillo, Lima
www.sodimac.com.pe

 **Colombia**
41 stores
CRA 68 D N° 80-70
Postcode 110221 Bogotá D.C.
Telephone: (57-1) 5460000
www.homecenter.com.co

 **México**
13 stores
Av. Adolfo López Mateos 201,
Santa Cruz Acatlán, Postcode 53150
Naucalpan de Juárez, Estado de México
Telephone: +52 800 062 5222
www.sodimac.com.mx

 **Argentina**
7 stores
San Martín 421, Partido de San
Martín, Buenos Aires
Telephone: 810 666 7634
www.sodimac.com.ar

 **Uruguay**
4 stores
Arizona 865 Ciudad de la
Costa, Canelones,
Postcode 15.092
Telephone: (598) 26047105
www.sodimac.com.uy

 **Brasil**
54 stores
Rua Patriotas 1213 Bairro
Ipiranga, Sao Paulo, SP
Telephone: (55 11) 3004 5678
www.sodimac.com.br

Operations in
7 countries



(Figures as of 31 December 2023)
* Operations outside Chile are not reflected in the
Financial Statements of Sodimac S.A. and form part
of the Financial Statements of the parent company,
Falabella.



Letter from the Chairman of the Board

“Conditions required that we be particularly innovative, seeking to increase efficiency and optimize processes. We strengthened commercial and operational management, always with customers’ needs and expectations at the forefront.”

Since its foundation, Sodimac has accompanied families and construction professionals in their projects and the challenges they have faced in each of their stages. In this, 2023 was no exception.

It proved a challenging year in different Latin America countries where we have operations, given the reduction in household consumption and construction activity. In these markets, we launched initiatives to support consumers, starting in Chile with the *Para volver a construir* (To build again) campaign under which, in a joint effort with suppliers, we lowered and froze the prices of over 1,000 different construction and home improvement products.

For customers, it was more than ever important that we understood their needs. We sought to take our proposition closer to them and enhance their experience.

We opened new stores and remodeled others whilst also updating our commercial and operational standards in a bid to inspire people in their home improvement projects, facilitate their shopping process and strengthen our

omnichannel strategy. We also strengthened e-commerce, making improvements in logistics capabilities that enabled us to raise service levels and reduce delivery times.

As part of this process, we built two new stores in Chile and, in Iquitos, Peru, opened the first home improvement store in this city in the Amazon.

We also made progress on our positioning in markets where our operations are more recent and have great potential. In Mexico, the implementation of our expansion plan continued with the opening of our 13th store in this country and our fourth in the State of Mexico. At the same time, we continued to grow in Brazil where we inaugurated a new distribution center, designed to increase the agility of processes and prepare for future developments.

We celebrated our 30th anniversary in Colombia. The opening of our first store in Bogotá in 1993 marked the start of our company’s internationalization and Sodimac Colombia, with its customers, suppliers and over 8,700

employees, is now a leader in this market.

Conditions in the different countries required that we be particularly innovative, seeking to increase efficiency and optimize processes. We strengthened commercial and operational management, always with customers’ needs and expectations at the forefront.

We continued to deploy a sustainability strategy that mobilizes all the company, marks each of our decisions, and encompasses our value chain.

We reinforced initiatives to support tradesmen, seeking to help them access greater opportunities. In Chile, together with our suppliers, we trained over 120,000 tradesmen and tradeswomen through the Great Training Fair and the Tradesmen’s Circle. In Peru, the Great Digital Training Fair attracted 27,000 people from 150 locations around the country and, in Colombia, we provided over 330,000 hours of training for construction professionals.

We also continued to foster our employees’ integral development. We seek to generate a culture of continuous learning and, in 2023,



Juan Pablo del Río G.
Chairman

provided some 1.4 million hours of training around the region.

Sodimac has always respected differences and we continue to take measures to foster diversity,



Letter from the Chairman of the Board

equity and inclusion within the organization and in society. Measures in 2023 included an initiative in Chile to raise awareness of people on the autism spectrum and make them feel welcome in our stores. This initiative was highly valued by both customers and employees.

We also boosted the social investment programs through which, together with company volunteers, we contribute to communities. We assisted families affected by emergencies such as fires and floods as well as implementing projects to improve housing in vulnerable neighborhoods and the infrastructure of social organizations. Through the *Construyendo Sueños de Hogar* (Building Dreams of Home) program in Chile and the *Juntos por tu Hogar* (Together for Your Home) initiative launched in Colombia in 2023, we also improved the homes of some of our own employees.

Sodimac views its suppliers as strategic allies and, with them, we aspire to achieve

mutually beneficial development. The common challenges we addressed with them in 2023 included the need to innovate, act flexibly and boost omnichannel capabilities.

In line with our understanding of the urgency of climate action, we took a number of measures to reduce the impact of our operations and foster care for the environment among customers and in society in general.

In recognition of our efforts, we received the third star awarded by the Peruvian Environment Ministry's Carbon Footprint Peru platform and, for the fourth consecutive year, obtained the Seal of Excellence of the Chilean Environment Ministry's Huella Chile program. This is in line with our goal of becoming carbon neutral by 2030 in Scopes 1 and 2 emissions or, in other words, direct emissions and those under our operational control. In Colombia, all our stores and distribution centers obtained recertification under the ISO 14001:2015 environmental

management standard, positioning them as the only ones in the country with this distinction.

We expanded the range of sustainable products we market around the region. We now carry over 12,000 different items of this type. We also became the first retailer in Latin America to obtain FSC certification for responsible management of our Timbermac brand of wood. In addition, we achieved the goal of ensuring that all the packaging and packing of our own-brand products is recyclable, excluding only a minimal part that cannot be modified for reasons of the product's safety.

To promote recycling, we will gradually be contributing our recycling collection points in Chile to the new collective management systems created under the country's Extended Producer Responsibility (REP) Law. This process began in late 2023 with the transfer of our collection centers in the cities of Arica and Calama. During the year, Sodimac's national

network of Clean Points recovered 2,598,667 kilograms of material and received 367,219 visits.

Through the *Cuidemos La Casa de Todos* (Let's Look after the House of All) initiative, we once again helped people to have a more sustainable home, offering ideas that are very simple to implement through our different platforms and the *Hágalo Usted Mismo* (Do It Yourself) channel.


In another line of work, we strengthened corporate governance and the Corporate Integrity System to prevent, identify and address potential situations that may affect our stakeholders. The measures taken included the implementation in Chile of a second Human Rights and Business Due Diligence process, which culminated with an update and improvement of the risk matrix. This process was highlighted by Global Compact Chile in its 2023 Conecta Business Recognitions, awarded for initiatives that have a positive

impact on progress towards the UN Sustainable Development Goals.

I would like very particularly to thank each of our employees in the region for their commitment during this challenging period. It is thanks to you that Sodimac has become what it is and has been able to overcome difficult moments.

I am confident that 2024 will be a better year for the countries where we operate, our customers, suppliers and Sodimac.

"We continued to deploy a sustainability strategy that mobilizes all the company, marks each of our decisions, and encompasses our value chain."



Juan Pablo del Río G.
Chairman



Board of Directors

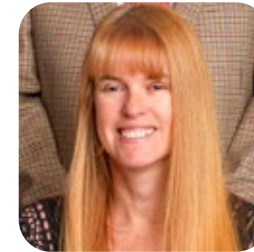
(As of 31 December 2023)



Juan Pablo del Río Goudie
CHAIRMAN
Architect



Jaime García Rioseco
Economist



Elizabeth Lehmann Cosoi
Economist and business
administrator



**Agustín Alberto Solari
Álvarez**
Economist and business
administrator



**Manuel Cristóbal Hurtado
Rourke**
Economist and business
administrator



Gonzalo Rojas Vildósola
Economist and business
administrator



Catalina del Río Silva
Economist and business
administrator



María Cecilia Karlezi Solari
Businesswoman



Sandro Solari Donaggio
Industrial civil engineer



At Sodimac, together we build dreams and home improvement projects

Our Purpose

The common purpose of all Falabella's business units is: "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



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

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



Our History

Sodimac was founded over 70 years ago 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 to enter the Colombian market. In 2003, it merged with Falabella and, a year later, went on to open its first stores in Peru. This was followed in 2008 by Argentina and, then, 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.

Milestones

1952

Sodimac is born in Chile as a cooperative supplying construction companies.

1982

Dersa acquires the operational assets of Cooperativa Sodimac and forms Sociedad Sodimac.

1988

The Homecenter retail format is introduced to provide one-stop shopping for home improvement needs.

1992

The Sodimac Constructor format is launched, targeting building contractors, tradesmen and small construction firms.

1994

Sodimac starts its international expansion, forming a partnership with Grupo Corona for the Colombian market and subsequently opening its first Homecenter there.

2000

A new style of store is launched, combining a Homecenter and a Patio Constructor.

2002

Homecenter Sodimac is incorporated into the Marketing Hall of Fame as Best Current Brand.

2003

Sodimac merges with Falabella.

2004

Sodimac takes a further step in its internationalization with the opening of its first stores in Peru.

2005

Sodimac opens a commercial office in China.

2007

Sodimac complements its range of products for tradesmen by acquiring 60% of the Imperial chain, Chile's leading wood and board distributor.

2008

Sodimac expands its regional presence by opening its first Homecenter in Argentina.

2009

Sodimac inaugurates the Copiapó Homecenter, the first store in its sector in Latin America to obtain LEED certification from the US Green Building Council.



2010

Sodimac Peru becomes the first retailer to be awarded the Great Place to Work Prize as the best company to work for in that country.

Sodimac Chile becomes the first retailer in Latin America to achieve the GRI's externally assured A+ application level for sustainability reports, the highest internationally.

Sodimac becomes one of the first companies in Latin America to adopt and start to implement the guidelines of the new ISO 26000 standard on social responsibility.

2011

Sodimac Chile measures its carbon footprint for the first time, becoming the country's first retailer to do so taking into account customers, suppliers and employees.

Sodimac becomes a founding member of the Santiago Climate Exchange (SCX), a pioneering initiative in Latin America.

2012

Sodimac Colombia's Manizales Homecenter becomes the first store in Latin America and one of the first ten in the international retail industry to obtain Gold category LEED certification from the US Green Building Council.

2013

Sodimac takes an important step in its internationalization by entering the Brazilian market through the acquisition of São Paulo's Dico chain.

Sodimac announces the construction of its first two stores in Uruguay.

The company becomes a member of Sedex, an international non-profit organization that seeks to promote improvements in business practices as regards supply-chain ethics and responsibility.

2014

Sodimac expands its presence in Peru by acquiring the Maestro chain.

The Cajicá Homecenter in Colombia becomes the first store in Latin America and the seventh internationally to obtain Platinum LEED certification, the highest sustainable building standard.

2015

Sodimac inaugurates its first two stores in Brazil.

Operations begin at the company's first two stores in Uruguay.

2016

Sodimac announces its expansion to Mexico, a business it will develop in association with Organización Soriana.

Sodimac is invited to join the Gold community of the Global Reporting Initiative (GRI) whose objective is to foster transparency in companies around the world.

2017

State-of-the-art automation systems are incorporated into the home delivery process at the Lo Espejo Distribution Center in Chile, which also starts operation of its own container yard.

Stage N°2 of the Lima Distribution Center is inaugurated, representing an additional 15,000 m² of operating area.

2018

The Falabella group signs a franchise agreement with IKEA to develop the first stores and an online channel in Chile, Colombia and Peru.

Sodimac inaugurates its first three stores in Mexico.

Sodimac joins the Circular Economy 100 (CE100) network of the Ellen MacArthur Foundation, a community that seeks to promote a circular economy internationally.

2019

Sodimac Brazil launches its first own credit card through an association with Bradescard (Banco Bradesco).

In Chile, the new Super Butler System (SBS), an automated robot system, is implemented at the Lo Espejo Distribution Center.

The company becomes the first retailer in Colombia to obtain Excellence in Design for Greater Efficiencies (EDGE) green building certification.

As part of the company's efforts to combat climate change, all product deliveries to customers in Chile become carbon neutral as from 1 March 2019.

2020

Sodimac receives recognition from the Marketing Hall of Fame as a Great Chilean Brand for its Importance Overseas 2020.

Sodimac Chile launches a new Garden PRO area for gardening professionals and opens a pilot Sodimac Express store.

Sodimac Colombia begins to deploy a scan-pay-and-go system that enables customers to scan their products, go to a checkout and pay in a more agile way.



2021

Sodimac joins the new Falabella.com e-commerce platform, a process that began in Chile and will be extended to Peru and Colombia.

In Brazil, the company completes the conversion of all Dicico stores to the Sodimac Dicico format.

Sodimac Colombia becomes the only retailer in the country and the region to have ISO 14001-Environmental Management Systems certification for all its stores.

For the second consecutive year, Sodimac Peru and Maestro take top place as the country's most inclusive company in the 2021 Great Place to Work Diversity and Inclusion Ranking.

2022

Sodimac Mexico opens its first two stores in Mexico City, including a new format with a smaller surface area, and reaches a total of 12 stores.

Two new sets of guidelines – Packaging and Packing and System of Sustainable Products – are launched to share good practices with suppliers and intensify joint efforts in this field.

The Santiago Climate Exchange (SCX) and Deloitte recognize Sodimac Chile as one of the five most advanced companies on carbon footprint measurement and reduction.

For the first time, Sodimac Colombia certifies its distribution centers under ISO 14001:2015 and recertifies all its stores.

Sodimac Peru takes first place in the Best Places to Work for Women Ranking (GPTW).

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Corporate Executive Committee

(As of 31 December 2023)

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



Alejandro Arze Safian
Corporate General
Manager
Home Improvement



Fernando Valenzuela del Río
Corporate Legal
Compliance Manager



Francisco Torres Larraín
Corporate Commercial and
Marketing Manager



Juan Manuel Borgoño García
Corporate Digital Retail
Manager (acting)



Mariasol Soto Becerra
Corporate Operations
Manager



Francisco Javier Pirozzi Jabat
Corporate Supply Chain
Manager



Fabio De Petris Duarte
Corporate Finance and
Development Manager



Andrea Carvallo Montes
Corporate Human
Resources Manager



Corporate marketing and commercial strategy





Corporate marketing and commercial strategy

A year of progress on customer experience and great growth in sustainable products

Despite the complete post-pandemic normalization of supply, this was a challenging period given the decline in retail and construction activity in the region's main markets. However, it was also a year of opportunities during which the company worked to improve its proposition in stores in a bid to surprise and inspire customers more whilst also simplifying communication during the shopping process. In response to the greater economic difficulties faced by consumers, the company launched initiatives to support its home and professional customers. By the end of the year, Sodimac was marketing over 12,000 different sustainable products and had achieved its goal of ensuring that all the packaging and packing of its own-brand products was recyclable in the region.

Sodimac has continued to enhance customers' shopping experience in a bid to inspire and surprise them more in the development of their home improvement projects. This is a process it embarked on several years ago when it introduced new commercial and operational standards.

In 2023, these efforts intensified with the development of a friendlier and more welcoming design in stores, with an important focus on simplifying communication within them. The aim is to assist customers in their journey so they can easily find the solutions they seek.

This work was reflected in different stores around the region which incorporated attractive and inspiring propositions for a quick, efficient and personalized omnichannel shopping process with digital pillars. These will also be replicated in other stores.

Progress on the implementation of showrooms was accelerated in order to increasingly transform stores into an opportunity for attractive interaction with a wide variety of products.

In this field, the Pinherinhos project (flooring and coatings showroom), launched as a pilot in Brazil in 2020, marked a milestone, permitting the display of a wide range of items in an inspirational experience. Due to customers' very



"Lower demand in the home improvement and construction sectors made 2023 a challenging year regionally but we progressed on customer experience. We continued the process of making stores more attractive and inspirational, adopting measures that included boosting showrooms. We also continued to optimize the product mix and reinforce our own brands, which showed a record performance. We launched campaigns with concrete actions to help consumers in the tighter economic circumstances. Sustainability was another priority, a commitment under which we more than doubled the share of total sales accounted for by products with proven sustainable attributes."

Francisco Torres,
Corporate Commercial and Marketing Manager



Sodimac has continued to enhance customers' shopping experience in a bid to inspire and surprise them more in the development of their home improvement projects, pursuing a process it embarked on several years ago when it introduced new commercial and operational standards. As part of these efforts, the company accelerated the installation of showrooms in order to increasingly transform stores into an opportunity for attractive interaction with a wide variety of products.

positive reaction, this initiative has now been implemented in 120 stores around the region and expanded to include doors, windows, roofing and furniture.

In addition, the company emphasized the optimization of its product mix, concentrating on the best items and suppliers. This involved a standardization and reduction of codes, allowing the company to strengthen the proposition for customers and cut costs. Work also continued with suppliers to reduce their delivery times.

Promotion of own brands

Another priority in 2023 was to continue strengthening the company's own brands, which accounted for a record share of total revenues. This was explained partly by the proposition's continuous improvement but also because, in tight economic times, customers opted for these more affordable products, which they already trusted.

The company updated Home Collection, one of its best-selling own brands while Bauker expanded from power tools into manual tools and safety items, creating a brand with greater value for customers. The company also continued to boost its Ubermann brand, which has shown great growth and established a solid position in the market. It was also a good year for Topex, which

serves as a solution for the professional world, offering options that include special paints, waterproofing agents, silicones, adhesives and pre-dosed mixtures.

This is in line with Sodimac's decision to foster innovation as a key pillar of its corporate strategy. In pursuit of this goal, the company seeks to establish strategic alliances with suppliers and startups, sharing knowledge and experiences for the co-creation of developments.

Within this framework, the company held meetings with suppliers in the different countries so as to continue developing together and supporting customers in an economically difficult context. The need to innovate, act with flexibility and strengthen omnichannel capabilities was among the challenges addressed at these meetings.

Sodimac continued to make progress in its positioning in those countries, such as Brazil and Mexico, where it has started operations more recently. In these large markets with important players, it continued to invest in brand positioning and studies to deepen its understanding of customers and their expectations. The growth of the Mexican operation stood out. Another milestone was the 30th anniversary of Sodimac Colombia, which has accompanied Colombians in their home improvement dreams and projects since the first store opened in Bogotá.

Progress was also achieved on the development of a smaller store format, replicating in other countries a successful

experience in Brazil. Mexico now has two stores of this type and a first one has opened in Colombia, allowing Sodimac's proposition to reach more customers.

Support for the home and professional customer

In 2023, the corporate commercial and marketing area and the teams in the different countries worked together to reinforce their efforts. In sessions referred to internally as "deep weeks", each market and the company's products, services and marketing were analyzed in depth, resulting in action plans through which to respond to customers' needs. Best practices were shared and the connection between teams was strengthened.

In response to the more difficult economic times, commercial initiatives were launched in the largest markets with concrete actions to assist consumers. This began in Chile with the *Para volver a construir* (To build again) campaign under which, in a joint effort with suppliers, the company lowered and froze the prices of over 1,000 different construction and home improvement products.

This commitment was further strengthened towards the end of the year when the company implemented regional

The provenly sustainable products that Sodimac markets in the region as part of its sustainability strategy showed strong growth in 2023 when they reached a total of over 12,000 different items and represented around 9% of total sales, more than doubling the figure for 2022. In addition, the company achieved its goal of ensuring that all the packaging and packing materials used for its own-brand products is recyclable in the region, excluding only a tiny percentage that cannot be modified for reasons of the product's safety.

campaigns to transmit a positive and optimistic message. These campaigns sought to revalue the home as a space in which to enjoy life with friends and family

Sustainable products

The provenly sustainable products that Sodimac markets in the region as part of its sustainability strategy showed strong growth in 2023 when they reached a total of over 12,000 different items and represented around 9% of total sales, more than doubling the figure for 2022.

In this field, Sodimac has set itself an ambitious goal: to ensure that, by 2026, 30% of all the items it markets have some sustainability attribute, led by its own brands.

Work towards this goal is undertaken in collaboration with

suppliers and under six objective criteria defined with the consulting firm Ecostrategia – sustainable production, efficient water consumption, energy efficiency, healthy homes, circularity and recycling, and inclusive trade – with each product required to meet at least one of these criteria. In 2023, the company continued to use webinars and other mechanisms to train suppliers in the different countries on the environmental performance of their products.

In an important milestone, all the packaging and packing materials used for Sodimac's own-brand products is now recyclable in the region, excluding only a tiny percentage that cannot be modified for reasons of the product's safety. The company also continued to implement the rightsizing program it introduced in 2017 to ensure that the size of packaging and packing is appropriate and, thereby, reduce the amount of waste generated.



Challenges for 2024

Sodimac will maintain its focus on innovation, deepening improvements in the customer experience through creative and inspiring propositions in stores. Measures will include an increase in showrooms and the categories they cover.

The company will also be seeking to achieve ongoing strong development of its own brands, working with suppliers and startups to offer solutions that meet customers' needs.

Sustainability will be another priority. In this field, the company's aim is to contribute to a reduced impact on the environment through products that are ever more recyclable and, in this way, promote a circular economy, instead of a linear one of use and disposal.



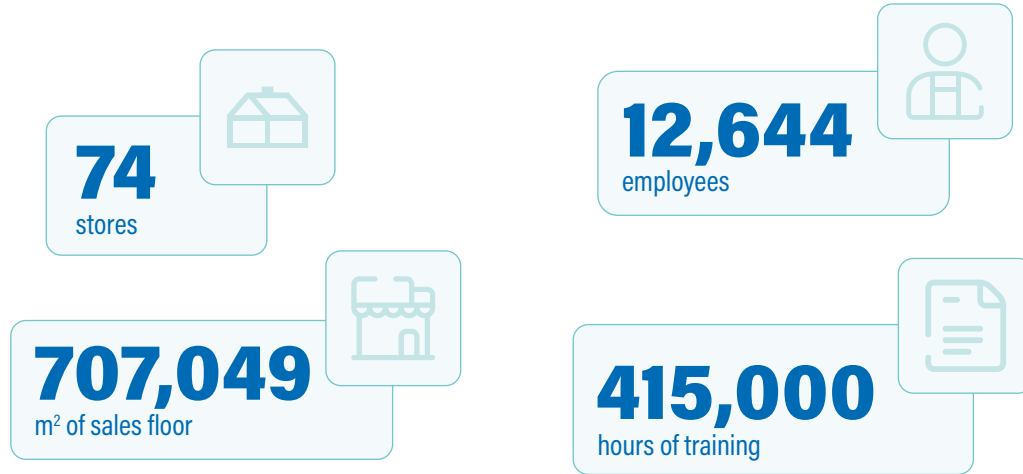
Sodimac Chile





Sodimac Chile

Close to customers at a difficult economic time



In a complex macroeconomic context, the company took steps to strengthen its commercial and economic management, giving priority to customers' needs and expectations. The measures included improvements in the experience in stores and the construction of new stores to bring the company's proposition closer to more households while, to strengthen e-commerce, it reduced home delivery times and, in the face of lower sales, sought to increase operational efficiency

In 2023, Sodimac Chile built and remodeled different stores around the country, updating their commercial and operational standards in a bid to ensure that customers always enjoy the best experience, with spaces of inspiration for the realization of their home improvement dreams and projects.

It inaugurated its first store in Maitencillo, its 11th in the Valparaíso Region and its 74th in the country as a whole. In this state-of-the-art store, construction professionals and over 30,000 households from four municipal districts can find everything the need for construction, equipment, remodeling and decoration.

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



"This year, at a difficult economic time, we sought to be closer than ever to our customers. We did our utmost to offer them the best experience in our stores and digital channels whilst also helping them restart postponed home improvement and construction projects. It was a period that called on us to be more innovative and increase the operation's efficiency, but always taking sustainability into account in our decisions in order to safeguard the future of the company."

Eduardo Mizón,
General Manager Sodimac Chile



The company developed, remodeled and updated the commercial and operational standards of different stores. In e-commerce, it strengthened the same-day delivery service, achieving an improvement in service levels of over 10% compared to the previous year and an 11% increase in the speed of deliveries to customers. By the end of the year, 45% of deliveries were completed in less than 24 hours and 61% within 48 hours

standards and is located in an area of the city in which the company will continue to seek to grow. The remodeling included new facilities for employees, with an improved canteen and rest and training rooms.

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

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

Innovation in stores

As part of its path of innovation in stores, Sodimac has expanded the use of artificial intelligence and machine learning models to support operational areas in sales conversion and loss prevention.

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

Similarly, using its camera infrastructure, the company completed the implementation of video analytics technology in 15 stores. Developed in collaboration with startups specialized in the use of artificial intelligence to train algorithms that interpret different forms of reasoning, this initiative

has enabled the company to enhance customer experience, increase the productivity of its teams and reduce operational risks.

In a bid to further improve store operations, a digital tool was developed to optimize space management. Through graphical identification of operational and financial attributes related to the profitability of the different commercial categories, it permits data-based diagnosis and adjustments.

Adjustments were also made in the structure and staffing of stores to ensure efficiency and productivity, especially in the sales and customer service area. Salespeople were regrouped under a new structure in a bid to gain flexibility and increase coverage. This measure, along with the implementation of training programs, implied increased agility in how personnel move within stores, enabling them



to respond effectively to customers' needs. As part of these improvements, the company launched the Integral Salesperson program to reinforce advice and guidance for customers with greater visibility at key points in stores.

Strengthening digital channels

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

The year also marked other significant milestones in the company's digital strategy. At the end of 2023, in response to demand from its home and professional customers, Sodimac Chile once again began to offer its products and services on its own site, Sodimac.com. At the same time, however, it will remain a seller on Falabella.com.

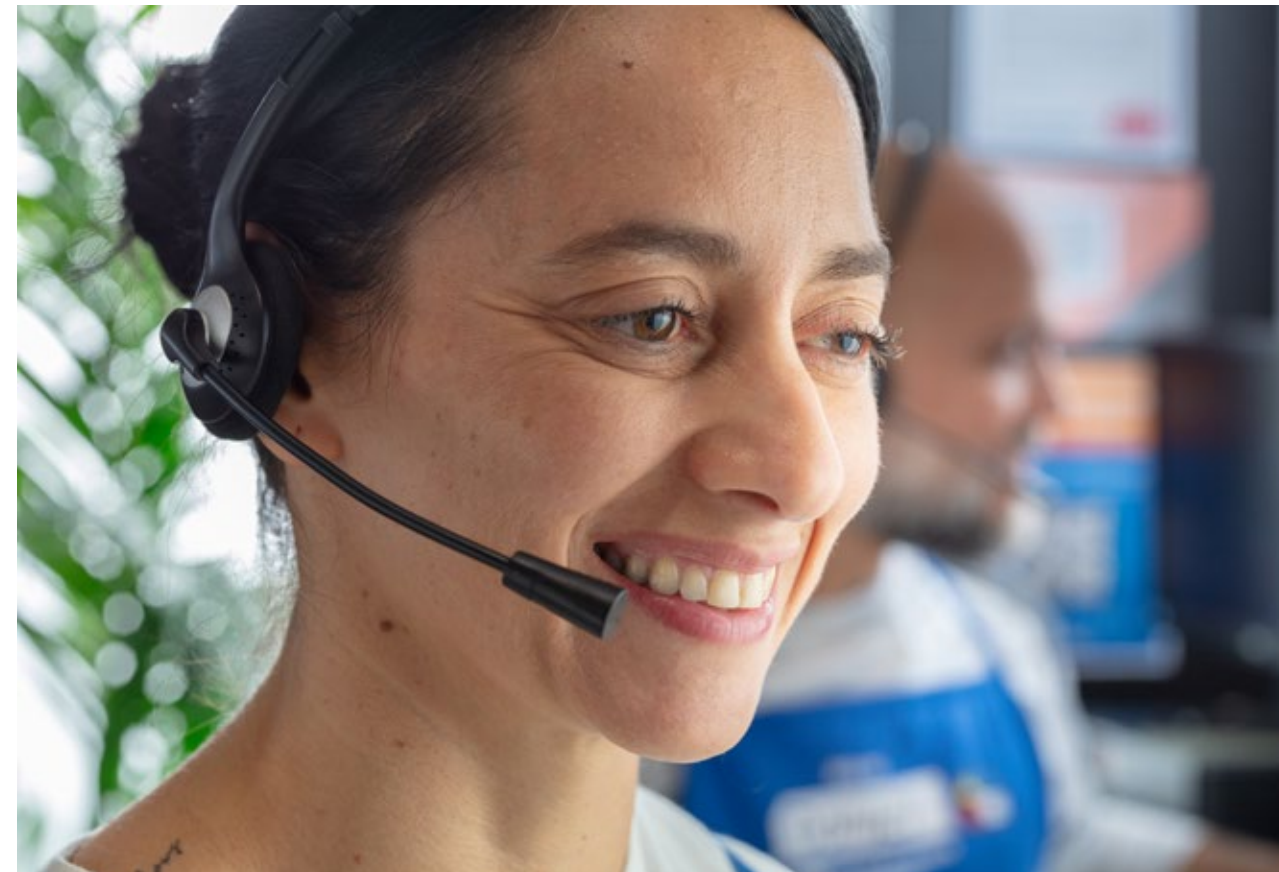
Sodimac Media, through which the company makes its customer contact channels available to different brands so

they can increase their visibility, improve their positioning and increase their sales opportunities, showed notable growth in 2023. More than 130 brands participated in over 80 omnichannel advertising formats.

In the case of content and advisory services, a key feature of the year was the integration of artificial intelligence into digital commercial processes. Some 90% of products were published on the web with enriched information targeting tradesmen. Additional features, such as videos or detailed images and emotional descriptions, were incorporated for an important 50% of these items.

As regards personalization, the company achieved further progress in adapting experiences on the website and in stores, particularly in terms of satisfying PRO customers and reinforcing traceability across various channels. This progress was possible thanks to an increase in the quality and quantity of information available, facilitating data-based and customer-centric decisions.

The CES+CMR Points loyalty program for professional customers reached over 897,000 registered members. During the year, the option of payment with CMR Points was incorporated into the website, making redemption easier and enhancing loyalty.





The company also strongly promoted the CMR Points program. The Points + Pesos function for redeeming products on Falabella.com more quickly and easily contributed to the over 650,000 redemptions of articles reported over the course of the year.

Focus on efficiency

Efficiency was a crucial focus in 2023 and included an intensification of automated processes. This led to a reduction in operational errors, an improvement in the experience of internal users and customers, a simplification of daily tasks and gains in productivity and processing capabilities.

Investments in the company's main distribution center were reflected in the automation of 90% of the operation's internal flows through the use of robots. In addition, 60% of home deliveries to customers were accomplished directly from warehouses.

In parallel, the company faced the challenge of managing the high inventories acquired during the period of difficulties in the import of products due to pandemic-related problems in the global logistics chain. Through the need to liquidate inventories backlogged during much of 2023, this exerted downward pressure on margins.

This challenge was addressed through measures that sought to increase sales and recover contribution levels. They included the use of business intelligence models to optimize product liquidation, better manage product mixes and increase the return on commercial campaigns. At the same time, the company worked to optimize product availability in stores, streamline customers' shopping process and increase the profitability of spaces in stores.

In Data & Analytics, the company strengthened the strategy of democratizing access to data to support decision-making. It also incorporated advanced analytics and machine learning to automate and optimize key processes. The implementation of cases of use linked to forecasting models and elasticities improved inventory management during different campaign stages, optimizing pricing decisions.

In another key feature of the year, these models were also used to identify ideal products for different commercial actions, backed by an alert system that detects items underperforming compared to expectations and permits their management by stores. Similarly, the company developed different applications and dashboards through which to expand the user base, enhance analytical capabilities and streamline operational tasks such as cost management, pricing, special offers and product availability.

Suppliers and customer satisfaction

For Sodimac, its suppliers are key and, with them, it seeks to achieve mutually beneficial development. In 2023, the company again held its traditional Suppliers' Meeting, with a high level of participation by firms of different sizes and from different sectors.

The event, which took place both in-person and remotely, addressed the need to innovate, show flexibility and strengthen the omnichannel strategy, seeking opportunities for improvement in e-commerce and physical stores. During the meeting, prizes were awarded to outstanding suppliers.

In another milestone, the company achieved a good result in its main indicator of customer experience, the Net Promoter Score (NPS), with an increase of over 12% on 2022 and over 80% on 2021. This reflected the implementation of various action plans focusing on people, processes and technology.

In the case of after-sales service, the complaints rate was down by 15% on 2022 and over 60% on 2021. This progress was explained mainly by the effectiveness of plans to improve service levels in product delivery, whether through home dispatch or in-store pickup.

2023 was a very challenging period in Chile for brands. Nonetheless, Sodimac maintained its levels of recognition, recommendation and top of mind (first mention as a brand associated with home improvement).

In the Citizen Brands study by the Cadem opinion research company, Sodimac took first place as a home improvement brand. Similarly, in Human Companies, the first corporate reputation index published by True Brands and GFK, people highlighted it as one of the country's most valued companies. In addition, the Tradesmen's Circle campaign was awarded the GOLD EIKON prize while, in GFK's Chile3D study, Sodimac featured as a brand of excellence, standing out as the undisputed leader in the home improvement category.

Support for home and professional customers

In view of the country's difficult economic situation, the company launched the *Para volver a construir* (To build again) initiative under which, in a joint effort with its suppliers, it lowered and froze the prices of over 1,000 different construction and home improvement products.



It sought to help construction professionals (tradesmen, small and medium-sized enterprises and larger firms) and home customers to resume their projects, thereby also contributing to the reactivation of these key sectors of the economy.

For tradesmen, the company held its 11th Great Training Fair, which was attended by over 14,000 tradesmen and tradeswomen in addition to the over 96,000 who connected remotely. Through 160 courses and over 147,000 training sessions, the event provided them with tools and knowledge for their work.

Throughout the year, they also received support to innovate and improve their work through the Tradesmen's Circle program. It included scholarships for study at higher education institutions as well as fairs, workshops and factory visits with the support of suppliers. The Circle continued to grow, receiving 100,000 new members in 2023.

As part of its commitment to architects, designers and builders, the company introduced ARQ, a totally free online design platform. It seeks to facilitate their work by allowing them to model architectural and interior design projects intuitively and easily obtain quotes of their cost. It also permits interaction with real products from brands developed by Sodimac and collaborating suppliers.

Training and talent attraction

Sodimac is committed to its employees' integral development. It seeks to strengthen their skills, fostering a culture of continuous learning. In 2023, the company provided 467,000 hours of training, benefiting 11,700 employees.

The Sodimac School of Excellence, established in 1999, structures its curriculum according to the different areas of the company and employees' positions. In this way, it can design courses and programs that meet the needs of the professionals and are always aligned with the company's strategy. It also has a scholarship program to complement training, with diplomas taught by recognized academic institutions.

In talent attraction, the company continued to use the ATS (AIRA) platform to manage vacancies in the support office, stores and the supply chain. This tool has fostered mobility internally and between the Falabella group's different business units. The Professional Internship Program was also successfully implemented to attract outstanding young talent and support its development within the Falabella group.

The company also continued to implement its Store Succession Plan to identify and develop employees with the potential to take on positions as managers and assistant managers. In addition, it launched the second version of *Crece* (Grow), a regional initiative to attract and develop professionals.

The priority the company gives to care for employees was reflected in the implementation of various measures for their integral well-being. They included programs to foster self-care and mental health, the promotion of healthy workspaces and the strengthening of supplementary health insurance benefits.

Diversity and inclusion

In 2023, Sodimac Chile implemented a number of initiatives to continue promoting diversity, equity and inclusion within the organization.

In the case of gender equity, it began the year by introducing a Gender Equity Policy through which it reaffirmed its commitment to promoting the development of all its employees equally.



Sodimac achieved good results in its main indicator of customer experience, the Net Promoter Score (NPS), consolidating an increase of 12% on 2022 and over 80% on 2021. This reflected the implementation of various action plans focusing on people, processes and technology.

In line with this, it launched the second version of *Vamos por Más Mujeres Líderes* (Let's Aim for More Women Leaders), a mentoring program. This time, 11 mentees were selected based on their potential and performance and worked with mentors to develop their leadership skills. The program was developed internally and included a Learning Circle, formed by four participants from 2022, who contributed their experience.

In terms of recognitions, the company took fifth position in the Great Place to Work's ranking of Best Places to Work for Women in the category of large companies.

On-site training with heads of stores and distribution centers was used to reinforce the protocol against gender-based violence, ensuring that all employees were informed about this tool.

In the case of employees with disabilities, the Operations

and Human Resources areas worked together to manage the company's inclusion of these employees, seeking to ensure compliance with Law 21.015. At the end of the year, Sodimac had over 150 employees with disabilities.

As part of its commitment to providing customers with a more inclusive service, Sodimac launched Silent Hour, an initiative that seeks to welcome, support and raise awareness in stores of people on the autism spectrum. After a successful pilot test at the Talagante Sodimac store, this program was implemented in over 20 stores around the country.

The home improvement chain actively participated in inclusive job fairs and events organized by foundations and companies at which it presented its inclusion model. At the corporate level, an e-learning course was developed to provide training transversally on specific disability-related topics.



The LGBTI+ community was another important focus. Sodimac once again obtained certification from the Human Rights Campaign, the Iguales Foundation and Pride Connection, which recognizes it as one of the best places to work for LGBTI+ talent.

The company's gender transition protocol remained active in 2023 and was implemented on five occasions. This reflects an ever more inclusive organizational culture under which each person is free to be authentic within the company.

Contribution to communities and the environment

As ratified by its Board in 2023, sustainability is one of the essential pillars of Sodimac's development strategy, along with growth and profitability. During the year, it made ongoing progress in addressing its social, environmental and governance impacts.



The company continued to reduce the impact of its operations in line with its goal of becoming carbon neutral by 2030 in Scopes 1 and 2 emissions. In recognition of its environmental efforts, it received the Seal of Excellence of the Environment Ministry's Huella Chile program for the fourth consecutive year and was the only retailer to do so.

It continued to contribute to the quality of life of the communities of which it forms part. In March, its *Construyendo Sueños de Hogar* (Building Dreams of Home) program once again invited social organizations to submit bids to this fund to support the most vulnerable people. In 2023, it supported 81 projects, directly benefiting over 33,000 people.

This program also has an internal version, *Nuestra Casa Contigo* (Our Home with You), to help the most vulnerable employees improve their housing conditions. Through 73 projects, the homes of 54 employees and their families were repaired.

Another of the company's flagship programs targets the environment. Further progress was achieved in reducing the operation's impact in line with its goal of becoming carbon neutral by 2030 in Scopes 1 and 2 emissions (direct emissions and those related to operational control).

For the fourth consecutive year, Sodimac received the Seal of Excellence from the Environment Ministry's *Huella*

Chile (Chile Footprint) program. It was the only retailer to obtain this recognition, which seeks to encourage the quantification, reporting and management of greenhouse gas (GHG) emissions by organizations and at events.

To help increase recycling and compliance with Chile's Extended Producer Responsibility (REP) Law, the company announced that it will gradually make over its recycling collection points to the new collective management systems created under this law. The process began at the end of the year with the transfer of the collection points in the cities of Arica and Calama to ReSimple for operation by TriCiclos.

In the framework of its *Cuidemos La Casa de Todos* (Let's Look after the House of All) initiative, the company continued to help people have a more sustainable home, offering ideas that are very simple to implement through its different platforms and the *Hágalo Usted Mismo* (Do It Yourself) channel.

With its suppliers, the company strives to ensure responsible long-term procurement. To this end, it works with the Supplier Ethical Data Exchange (Sedex) to provide suppliers with information about compliance with labor, environmental and ethical standards.

In this framework, the home improvement chain continued to work with its suppliers to boost sustainable products and reduce the environmental impact of packaging and packing. This commitment was reflected in meetings with suppliers and webinars as well as a guide, available on its website, about the effects of the REP Law.

As part of its commitment to promoting electromobility, the company is incorporating electric vehicles for last-mile deliveries and supports transport contractors in transitioning to this technology. In 2023, the entire fleet of the main distribution center was electric.

Corporate governance and business ethics

Sodimac continued to strengthen corporate governance through its Corporate Integrity System, which is designed to prevent, identify and address potential situations that may affect its stakeholders. Internal training was stepped up and included key programs such as those on My Customer, Competition Law, Environment, Human Rights, and Personal Data.

The company undertook its second Human Rights and Business Due Diligence, which culminated with an improvement and update of its risk matrix. In addition, it renewed the certification of its crime prevention model under the criteria of Law 20.393. This was carried out by BH Compliance, an independent expert entity in the field.

As part of its 2023 Conecta Business Recognitions, Global Compact Chile recognized Sodimac for its Due Diligence program as regards respect for its stakeholders' human rights.



Prizes and recognitions in 2023

- 1st place in retail and 8th overall in the ESG Responsibility Ranking, Merco-El Mercurio
- 1st place in home improvement in the Ranking of Most Innovative Companies, ESE Business School, Universidad de los Andes-El Mercurio
- 1st place in retail and 2nd overall in the Index of Perceptions of Business Sustainability, IPSOS
- 1st place in home improvement in the Sustainable Brands study, Better Brands and Global Compact
- 1st place in home improvement in the Citizen Brands study, Cadem
- 1st place in home improvement in the ICREO study of trust, Almagrandes-La Tercera
- 2nd place in retail and 18th overall in the Merco Talent Ranking, Merco-El Mercurio
- 5th place in the ranking of Best Places to Work for Women, Great Place to Work (GPTW)
- 6th place in the Chile10 Ranking of Brand Finance, which highlights the brands with the greatest market value
- 8th place in the ranking of Best Places to Work in Chile (companies with over 1,000 employees), GPTW
- Seal of Excellence for the fourth consecutive year from the Environment Ministry's Huella Chile program as well as its Quantification and Reduction Seals; the only retailer to obtain the Seal of Excellence
- Best company on paying SMEs in the retail sector, according to a study by the Chilean Association of Entrepreneurs (ASECH) and the Product Exchange
- Recognition from Global Compact Chile in its 2023 Conecta Business Recognitions for the company's Due Diligence program as regards respect for its stakeholders' human rights
- 11th place overall and 1st place in home improvement in the Corporate Reputation Ranking, Merco.

Challenges for 2024

The company will persist in strengthening the omnichannel nature of its channels as the optimal space for home improvement projects. To achieve this, it will focus on continuous improvement in the integration and efficiency of processes, emphasizing the incorporation of technology, the use of data for the benefit of teams and innovation as a key element in differentiating its proposition.

In this effort, it will continue to seek to position the brand in digital channels, focusing on attracting traffic. It will seek to increase downloads and the participation of active users in its App, with an emphasis on serving professionals.

Particular importance will be given to the development of the professional customer, seeking to boost the development of certain trades with growth opportunities.

Another major challenge will be the consolidation of the Sales and Operations Planning (S&OP) process and the operations centers of the different distribution centers. These tools seek to optimize and streamline processes in order to achieve efficiency gains throughout the supply chain.

In terms of sustainability, Sodimac will continue to pursue its goal of being carbon neutral by 2030, in both direct emissions and those related to operational control.



Sodimac Chile Executive Committee

(As of 31 December 2023)



Eduardo Mizón Friedemann
General Manager



Claudia Castro Hruska
Human Resources Manager



Juan Carlos Corvalán Reyes
Sustainability and Compliance Manager



Francisca Núñez Regauer
Administration, Management Control, Development and Projects Manager



Cristián Andrés Huidobro Alarcón
IT Manager Chile



Mariano Ariel Imberga
Operations Manager



Ignacio Monteverde
Commercial, Marketing and Distance Sales Manager



Francisco Javier Pirozzi Jabat
Supply Chain Manager
(Replaced as from 1 January 2024 by Patricio Díaz Ugarte)



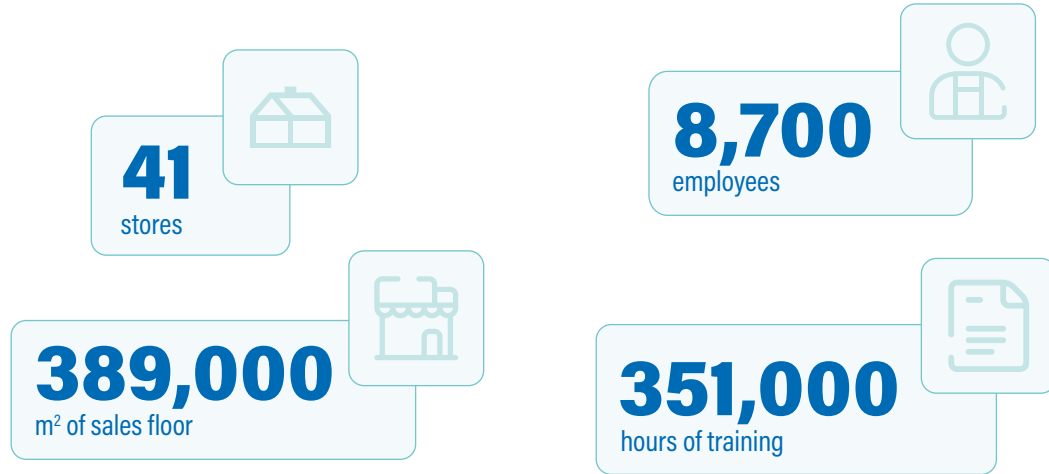
Sodimac Colombia





Sodimac Colombia

30 years realizing the dreams of Colombians



In 1993, Sodimac opened its first store in Colombia on Avenida Las Américas in Bogotá, with an area of 1,800 m², which it named El Especialista (The Specialist). Today, 30 years later, with 41 stores in 26 cities across the country with nearly 390,000 m² of sales floor as well as digital channels that enhance the customer experience, the support of over 8,700 employees, and suppliers who have grown with the company, Sodimac continues to work to serve as the partner of Colombians in building their dreams and home improvement projects.

Today, Sodimac Colombia has the capacity to communicate with its customers assertively, choosing the precise channels and times required to meet their needs, regardless of whether it is their first purchase or they are a returning customer. The company is advancing firmly in this personalization strategy under which, through the interpretation and analysis of data, it is able to understand each customer's behavior and preferences and offer a personalized value proposition.

Innovation remains a cornerstone of the evolution of customer service. That is why the company has implemented initiatives such as digital screens in physical stores, lockers for product pickup, self-checkouts and the scan-and-pay system to enable it to provide a fluid and differentiated experience.



“Thirty years have passed since Sodimac Colombia opened its first store. Today, with 41 stores and the support of over 8,700 employees, we reaffirm our commitment to the construction of a better Colombia. For three decades, we have continued to work diligently to interpret the needs of our customers, we have grown together with our suppliers, we have worked to strengthen the talent of our employees, and we are proud of the environmental and social initiatives we have developed and will continue to develop.”

Miguel Pardo,
General Manager Sodimac Colombia.



The work carried out for 30 years together with its employees has positioned Sodimac Colombia as a company with one of the best reputations in the country. In the 2023 Merco Companies Ranking, it climbed four positions in 2023.

In line with its belief that technology is truly useful when put at the service of people, the company achieved important technological progress in 2023. Developments in its digital strategy permit greater geographical coverage of the country and Sodimac's products currently reach over 800 destinations. The e-commerce platform, which is constantly evolving, is now one of the most solid in the country and a benchmark as evidenced by the close to 190 million visits it had received by the end of 2023. As a result, the company is working ever closer to people to make their home improvement projects and dreams a reality.

An important milestone of the year was the opening of the first Homecenter Compacto store in the city of Sincelejo. It combines the digital offer of products with the logistical facilities and customer service of physical stores and will enable many more Colombians from intermediate cities to access Sodimac's entire portfolio and have a memorable in-store experience.

The company announced the expansion of its Distribution Center (CEDIS) in Funza, Cundinamarca, with an area of over 100,000 m². It is designed to support both current operations and the company's growth plans. The expansion has had a positive impact on the ability to serve physical stores opportunely and on deliveries to the end customer.

Alliance for sustainability

Throughout these 30 years, Sodimac Colombia has been committed to the development of the communities in which it operates, implementing social initiatives that seek to help resolve their most pressing needs.

The company's *Mi Hábitat* (My Habitat) program has benefited more than 13,000 highly vulnerable people through the improvement and enhancement of homes in municipal districts that include Puerto Colombia (Atlántico), Madrid (Cundinamarca) and Yumbo (Valle del Cauca). In 2023, the program reached Carolina del Príncipe (Antioquia) where the work of over 60 company volunteers benefited some 600 people. In the same spirit, the company launched the *Juntos por tu Hogar* (Together for Your Home) program, an initiative that mobilized different actors to improve employees' homes that are at the construction or semi-finished stage. The program, whose name means coming together for your people and their families, benefited 300 families.

Similarly, the *Yo Creo* (I Believe) program, led by the Constructor brand, has benefited more than 5,000 young people between the ages of 18 and 28 in Barranquilla,



Bogotá and Cali by training them in construction trades. This program represented a paradigm shift in that it was the first such initiative with a gender perspective in the construction sector, enabling 23 women to obtain jobs in Bogotá. The company is proud to contribute to the training of women and young people in general, who are committed to their future and that of their families.

With the aim of serving as an agent of positive change in the country, Sodimac, as the home of the Colombian national football team, has sought to encourage women to play a more prominent role in this sport. Through its *Canchas Libres de Estereotipos* (Pitches Free of Stereotypes) initiative, it seeks to raise awareness of the challenges faced by girls and young women who dream of succeeding in this sport.



Since the start of its operations in Colombia, Sodimac has been committed to the development of the communities where it operates. Its Mi Hábitat (My Habitat) program has benefited more than 13,000 highly vulnerable people through the improvement and enhancement of homes. Similarly, the Yo Creo (I Believe) initiative, led by the Constructor brand, has helped more than 5,000 young people by training them in construction trades.

In 2023, the company went a step further and launched *Charlas de Camerino* (Locker Room Talks) of which the first series focused entirely on mental training for women in football.



As part of its efforts to support construction professionals, the company implemented different training initiatives to help them innovate and improve their work. In 2023, it provided a total of 330,000 hours of training of this type.

Responsibility towards the territory in which it has been operating for 30 years is an imperative for Sodimac Colombia. In 2023, it reaffirmed its commitment to sustainability by offsetting 1,690 tons of emissions through agroforestry projects and, for the third consecutive year, was certified as a carbon neutral company in Scopes 1 and 2. In addition, all stores and distribution centers were recertified under the ISO 14001:2015 standard. They are the only establishments of their type in Colombia with this distinction, which reflects the company's commitment to practices that certify excellence in environmental management.

Another important feature of the year was the company's achievements in terms of the circular economy, which is a further pillar of its sustainability strategy. The company trains employees so they apply circular economy practices not only at work but also in their daily lives. Thanks to the work of its Environmental Guardians, who support the operation in separating materials, 65 tonnes of wood have, for example, been reused to give it a new life in the form of different products. In addition, 3.5 tonnes of batteries, 6.2 tonnes of light bulbs, 22,345 car batteries and



11.9 tonnes of electrical and electronic waste were collected at the company's recycling points.

Recognitions

The work carried out for 30 years together with its employees has positioned Sodimac Colombia as a company with one of the best reputations in the country. In the 2023 Merco Companies Ranking, it climbed four positions to 21st place.

In addition, the DCH-OIJ International Center for Youth Talent Development highlighted Sodimac Colombia for its commitment to young people as reflected in its offer of tools and opportunities for their employability.

In 2023, Sodimac obtained recertification as an INclusive company, a seal awarded by the ANDI Foundation, in recognition of the strengthening of its strategy for people in vulnerable conditions. Similarly, in the XPossible awards, presented by the Colsubsidio organization, the My Habitat program was recognized as one of the 15 most important transformative initiatives implemented by large companies in Colombia.

The protection and integral development of all its employees is a priority for Sodimac and, on this front, it was recognized in the 2023 Employers for Youth (EFY) Ranking as 12th among the 33 companies that offer the most and best opportunities for the young people they employ. This recognition recertifies the company as an employer brand that is aware of the challenges faced by young people, whom it supports with jobs. In the same ranking, it took 9th place out of the 16 technology companies that offer young people the best opportunities in this field.

The first of the next 30 years

It is now 30 years since the company started operations in Colombia and, just as it is proud of what it has built together with its customers, suppliers and employees, it is aware that the future will bring challenges for which it must now prepare and work to improve daily.

Understanding the needs of customers and changes in how they want to be served is an ongoing challenge. The footprint



of physical stores and digital developments, integrated into a single experience, will remain a fundamental pillar for the company's Homecenter and Constructor brands.

Moreover, in its belief that it is making a real contribution to building a better country, the company will strengthen programs such as My Habitat and I Believe in a bid to offer more solutions and alternatives for progress in the most vulnerable regions of Colombia. In the same vein, it reaffirms its commitment to care for the environment as well as the

promotion of diversity and gender equity, not only within the company but also in society at large.

Having served Colombians for 30 years fills Sodimac with pride. This, in turn, generates a commitment to evolve in its value proposition to better serve customers, contributing to the construction of the dreams and home improvement projects of all Colombians, a purpose that it began building 30 years ago with the first El Especialista store in Bogotá.



Sodimac Colombia Executive Committee



Miguel Pardo Brigard
General Manager



Diego Hernández Arizabaleta
Development Manager



Pedro José Gallón Tamayo
Operations Manager



Juan Pablo Camacho
Finance and Administration Manager



Erasmo Jesús Moreno Aguilera
Technology Manager



Karym Cecilia Grijalba Mármol
Integral Human Resources Manager



Julián Fernando López Cardemil
Supply Chain Manager



Luis Prieto Archidona
Commercial Manager



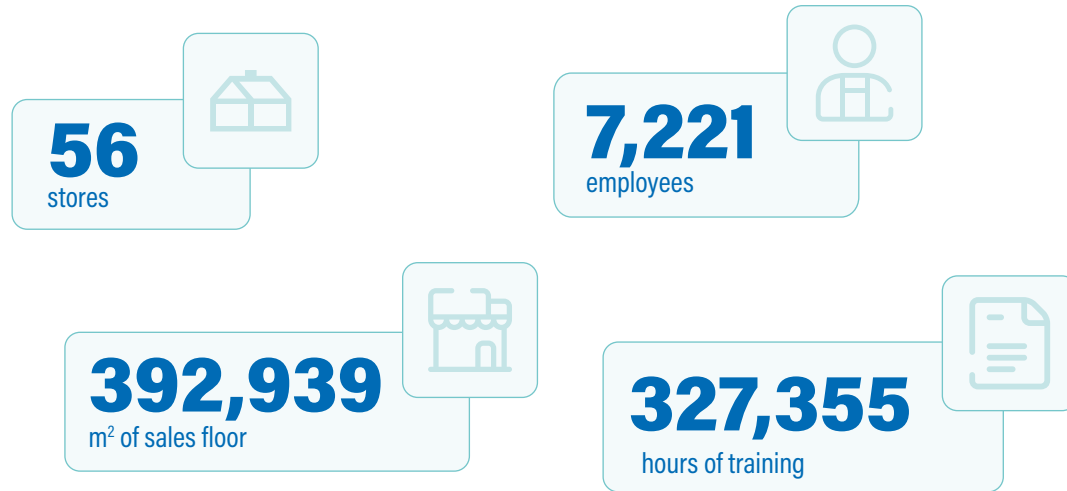
Sodimac Peru





Sodimac Peru

Boosting the commercial plan



The Peruvian economy was significantly impacted in 2023, requiring that the company strengthen its commercial strategy, which is centered around five pillars focused on the customer. Accordingly, the company further strengthened its physical stores through the transformation and remodeling of existing stores and inaugurations; continuous improvement in customer experience, with innovation in stores and new services; the development of experiences and functionalities in remote sales channels; brand leadership; and the relationship with corporate customers through the proposition of Sodimac Empresas.

Physical stores are central to the company's development strategy, complementing and coexisting with its digital proposition. In 2023, the company opened its first store in Iquitos, the only one in the home improvement sector in this city in the Amazon. The store offers consumers in the area a new experience, with a diverse range of construction and decoration products in a single place.

The conversion of the Ventanilla Maestro and Chiclayo Maestro stores to the Sodimac format marked another milestone. With optimized layouts and an increase in sales racks, they incorporated soft categories so as to provide a more complete experience and attract a larger customer base.

Efforts were also made in the digitization of stores, offering an omnichannel proposition to cover key points of contact. To this end, new benefits were introduced in the Sodimac App to



"In the demanding context of an economic slowdown, a contraction of the construction sector and numerous social challenges, we worked to adapt, focusing on the new needs of customers, identifying market opportunities and boosting innovation in the business. We inaugurated and transformed stores, improved the shopping experience and strengthened remote sales, reinforcing the logistics capabilities of our value chain. In addition, we continued to increase sustainability through the management of our environmental, social and governance impacts."

Wilhelm Ramberg,
General Manager Sodimac Peru



encourage its use while virtual advisory services and the installation of large screens in the main aisles provided more content of value and advertising opportunities. In addition, the company began to install self-checkouts to streamline the payment process.

Innovation is a fundamental part of the company's strategy and, during the year, it implemented projects that sought not only to improve customer experience, but also to ensure the business's continuity through optimization, efficiency and sales growth.

In this context, the company focused on rethinking how customers experience the purchasing process in different areas of the store, with the aim of facilitating decisions, making display spaces more efficient and increasing sales conversions. More than 40 commercial innovations were introduced for home and professional customers and were

successfully replicated in stores around the country. They included projects such as Pro Carpenter and the Bathroom Showroom.

The different operational and commercial initiatives implemented during the year included tool rental, Maestrazos modules, furniture showrooms and new carpet displays.

Sales through the digital channel were also reinforced, which implied strengthening logistics capabilities. Significant improvements were achieved in processes through the use of technology. As a result, 98% of deliveries of online purchases were completed on the assigned date and, throughout the country, 83% of orders were completed in less than 48 hours. There was also a 56% increase in corporate pickup points, from 18 to 28, expanding the range of collection options.

In addition, the company worked on the continuous improvement of the Sodimac App, constantly developing functionalities for home and professional customers so as to offer differentiated navigation and experiences according to their needs.

Brand leadership

Business intelligence gives the company a solid foundation for correct transversal decision-making, the enhancement of its overall performance and effective adaptation to the context in which it operates.

An improvement in campaign communication was achieved through analysis of the objectives of pieces and the promotion of items with greater traction in traffic and sales. In addition, by segmenting PRO and home customers through data analysis, value was added to the different aspects of the business, with the resulting greater efficiency in communication. The company defined the professional customer as a strategic partner for the business and this relationship was strengthened through the offer of the best brands and prices and personalized experience spaces.

Programs such as the Tradesmen's Circle (CES), Maestrazos and the Great Digital Training Fair provide high-value

benefits, helping to strengthen the relationship of trust with PRO customers. In 2023, CES had over 300,000 registered participants while 55 brands took part in the celebration of Builder's Day and over 27,000 people from 150 locations around Peru attended the Great Digital Training Fair, the country's largest training event in the construction sector. In-person training fairs were also held with suppliers in cities where the brand operates.

The home customer is another key segment for the business. Sodimac Peru focused on actively listening to these customers' needs and on new market trends, complementing its wide range of products, quality and special services. Through the Decolovers interior design inspiration platform, the digital ecosystem leveraged influencers and multi-category campaigns to achieve a perception of direct and integral attention among consumers.

Through the Sodimac Empresas channel, the company strengthened its relationship with corporate clients, seeking to form long-term B2B strategic alliances. The value proposition includes a team of executives specialized in providing personalized attention and integral support for purchases, guaranteeing the best prices in the market. Other benefits included a commission-free and interest-free line of credit for use in stores around the country and attractive payment periods.



The company opened its first store in Iquitos, the only one in the home improvement sector in this city in the Amazon. It also converted the Ventanilla Maestro and Chiclayo Maestro stores to the Sodimac format. At the same time, it continued to strengthen its digital sales channels and 98% of deliveries of online purchases were completed on the assigned date and, throughout the country, 83% of orders were completed in less than 48 hours.



Service quality

The company implemented initiatives to improve the customer experience as well as taking measures to get to know its customers better by gathering information about their perceptions of its different processes and projects.

It achieved good results on the Net Promoter Score (NPS), the main indicator it uses to measure the level of recommendation and customer loyalty. Despite the situation in the country, this increased by 8.5 percentage points in the second half of the year, compared to the first half, reaching a record level in October.

In after-sales service, the year brought great challenges due to the development and integration of platforms with the Falabella.com marketplace and the growth of digital retail. The challenges included the maintenance of a high standard of back office operations and response times to customers. The volume of complaints was down by 17% while response to customer requirements within 48 hours reached 65%, up by 10.5 percentage points on the previous year.

Sodimac Peru continued to boost its Turbo Agility strategy through the development of quick-win projects. They included initiatives such as screens to visualize colors in

the paint mixing area and an extended warranty for white goods and video products as well as self-service tools for returns and electronic dispatch invoices.

Commitment to employees

The company deepened its commitment to the well-being of its team, establishing solid relations of trust. It again implemented its Culture Survey and the *Juntos* (Together) recognition program as well as the *Conversando Juntos* (Talking Together) initiative through which it seeks to create opportunities for closer contact between employees and the organization's leaders.

Employee training is key. The Sodimac and Maestro School of Excellence continued to implement a learning plan aligned with the company's culture and strategic pillars, aiming to provide customers with the best omnichannel shopping experience. Priority was also given to the development of employees' digital capabilities.

The company's actions in this field also included further progress on development programs to strengthen internal talent and leadership, as well as to attract, retain and motivate young professionals with high potential.

The *Juntos/as Construimos la Prevención en Nuestra Casa* (Together We Build Prevention in Our House) campaign was boosted. It is based on the management of organizational risks as regards people's safety and health. In 2023, the company worked on the implementation of a management system to ensure safe and healthy workplaces.

Sodimac Peru is firmly committed to diversity and inclusion. It implements the Equity, Diversity, Inclusion and Prevention of Violence Strategy (EDIPVI), which takes a systemic approach as the basis of all processes. In 2023, the company sought to address the issues of gender-based violence and discrimination in society, highlight the value of diversity in all its forms and promote equality of opportunity.

In another milestone, the company's central offices were remodeled under the co-work concept, incorporating collaborative, safe and flexible environments.

Sustainability initiatives

Sodimac Peru continued to manage its environmental, social and governance impacts, seeking to generate value for stakeholders in line with its business strategy. Priority was given to the pillars of Community and Environment, without neglecting Corporate Governance, Customers, Employees and Suppliers.

For the first time, the company implemented a territorial management project to identify the main social risks in communities in the vicinity of its Lima stores and foster better relations with neighbors. The corporate volunteer program was also strengthened. Over 400 hours of work were undertaken under this program, with milestones including improvements to spaces and the cleaning of ecosystems in the cities of Lima, Trujillo and Iquitos.

In line with the company's commitment to promote safe construction in Peru, its different business areas prepared for the challenges of the El Niño phenomenon, both internally and in relation to customers and the community. In line with this, the *Brigada Construye Bien* (Build Well Brigade) project was launched in collaboration with NGOs and public and private organizations to provide information and training about safe construction methods in a bid to help reduce risks and support recovery from emergencies.

In the case of the environment, the company achieved a 5% reduction in its carbon footprint, earning the third star awarded by the Environment Ministry's Carbon Footprint Peru platform. This tool, created by the Peruvian state, recognizes public and private organizations that manage their greenhouse gas (GHG) emissions.

The company's energy efficiency projects included the installation of 196 solar panels at the Cerro Colorado store in Arequipa and the conversion of the San Juan de Lurigancho and Chiclayo stores to bioclimatic systems, reducing energy



consumption while providing a level of comfort similar to air conditioning. The company also installed 13 new Clean Points around the country, permitting the recycling of 5 tonnes of waste.

For suppliers, the company updated its strategy for the promotion of a sustainable value chain. As part of this, it reinforced the *Creciendo Juntos* (Growing Together) program for the sustainable development and growth of micro, small and mid-sized suppliers. Under the same project, for the second consecutive year, the company sponsored the *Construyendo Juntos* (Building Together) category of

the *Kunan Challenge*, won by the *Circular Lab* company.

In the case of the corporate governance pillar, the company achieved an increase of seven percentage points in Sodimac's Sustainability Index, ahead of the established target by 7%. It also continued to implement its Human Rights Due Diligence Process, training the organization's principal leaders. In addition, it further strengthened its corporate reputation as regards sustainability, taking maximum advantage of opportunities for engagement with different stakeholders and expert associations in the field.

Prizes and recognitions in 2023

- Sustainably Managed Company Award (DEGS). Given by the Perú Sostenible organization, this award recognizes companies' sustainable management based on indicators of their social, environmental and governance performance that are aligned with international standards such as the DJSI.
- Merco Companies Ranking. Sodimac was one of the 100 companies in Peru with the best reputation. It took 16th place in the overall ranking, up by 13 places on the previous year, and ranked 1st in the specialized retail category.
- Merco Talent Ranking. Sodimac was one of the 100 companies in Peru with the best talent attraction and retention. It took 25th place in the overall ranking, up by 16 places on the previous year, and ranked 3rd in the specialized retail category.
- Merco ESG Responsibility Ranking. Sodimac was one of the 100 companies in Peru with the best environmental, social and corporate governance management. It took 22nd place in the overall ranking, up by 18 places on the previous year, and ranked 1st in the specialized retail category.
- Carbon Footprint Peru. This initiative of the Environment Ministry awarded Sodimac its third star for having measured the operation's footprint for the second consecutive year and having shown a reduction in emissions.
- Aequales Certification. This certifies the company's gender equity and diversity strategies and also recognizes the team's efforts and commitment to positioning diversity and inclusion in different aspects of the business.
- Pride Connection Declaration of Commitments. For the third consecutive year, the company signed this declaration, joining the group of companies that continue working to combat discrimination on the grounds of sexual orientation, identity or expression of gender in Peru.
- Best Places to Work for LGTBIQ+ Talent. Sodimac was certified by the NGO Presente as one of the best places for the development of LGTBIQ+ talent in Peru. In addition, it took 3rd place in the ranking of Best Places to Work for LGTBIQ+ Talent, up two places on 2022.
- MINTRA recognition. In the framework of the Por más Empresas Inclusivas (For More Inclusive Companies) campaign, the Ministry of Labor and Employment Promotion (MINTRA) recognized the company's solid commitment to the inclusion of people of short height.
- Regional Office for Labor and Employment Promotion - La Libertad. The company's stores in the city of Trujillo were recognized by the regional authorities for their contribution to the promotion and workplace inclusion of persons with disabilities.

Sodimac Peru continued to manage its environmental, social and governance impacts, seeking to generate value for stakeholders in line with its business strategy. For the first time, the company implemented a territorial management project to identify the main social risks in communities in the vicinity of its Lima stores. In addition, it installed 196 solar panels at one of its stores in the city of Arequipa, resulting in an important reduction in its energy consumption. Similarly, it was awarded a third star by the Environment Ministry's Carbon Footprint Peru platform for its efforts to reduce its footprint.





Challenges for 2024

The company will continue to work to strengthen the loyalty of both its professional and home customers, based on an understanding of their needs and market trends, offering high-quality products at the best price. It will also continue to listen to its customers actively through physical and digital channels, ensuring a better shopping experience throughout the cycle in stores. To this end, priority will be given to the use of technology and data analysis.

In addition, the company will strengthen its remote sales ecosystem with the aim of maintaining its position as Peru's leading brand in home improvement products.

In 2024, Peru's retail sector will face important challenges. The company will, therefore, remain focused on efficiency gains, seeking to innovate in processes in order to reduce time and costs.

Further investments will be made in physical stores as a key point of contact with customers and will include conversion, remodeling and improvement plans.

Sustainability will be a priority, with the company striving to continue generating a positive impact on the context in which it operates and the business

itself through the management of environmental, social and governance risks and the integration of sustainability aspects into the value chain.

As part of this commitment, Sodimac Peru aims to consolidate its Social Management Strategy, strengthening its community relations work together with store leaders. It will also boost its positive impact on communities in the vicinity of its operations through alliances with public and private organizations and volunteer programs.

Environmental management will also remain central as the company seeks to achieve a 5% reduction in its carbon footprint through energy efficiency, water saving and waste management programs. The scope of key projects, such as the installation of solar panels and the bioclimatic conversion of stores, will also be expanded.

Finally, a census of all the team will be conducted for the first time, generating a sociodemographic profile of employees and permitting identification of their main needs. In addition, the project will seek to gather information about the prevention of violence and discrimination, which will be the focus of the company's management of diversity and inclusion.



Sodimac Peru Executive Committee



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General Manager



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Human Resources and
Sustainability Manager



Luis Seminario
Supply Chain Manager



Daniela Valdivia
Projects and Real Estate
Development Manager



Magdalena Hevia
Digital Retail Manager



Erick Chang
Legal Compliance
Manager



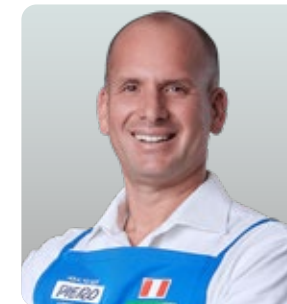
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Operations Manager



Claudia Távara
Legal Manager



Piero Campos
Commercial, Marketing
and BI Manager



Sodimac Argentina

SODIMAC
CONSTRUCTOR

SALIDA ENTRADA



Sodimac Argentina

Important sales growth in a challenging context



Sodimac Argentina achieved good results in 2023, despite the challenging nature of the economic and political situation. High inflation and currency depreciation fuelled consumption prior to the presidential elections. The company continued to work to offer customers the best value proposition, with efforts in this field including a strengthening of the omnichannel experience, more benefits for the professional segment, the company's incorporation into an important marketplace and the reinforcement of financing alternatives.

Sodimac Argentina has achieved ongoing improvements in the customer experience. In a key milestone, it completed its implementation of the Pinherinos project in all stores, enabling it to offer a broader range of products and personalized service.

Measures were also implemented in categories such as furniture, home appliances and tools. They strengthened the value proposition through a wider assortment and a better shopping experience whilst also making more efficient use of space in stores.

Professional customers were a key focus of the company in 2023. Its ties with tradesmen were tightened through the

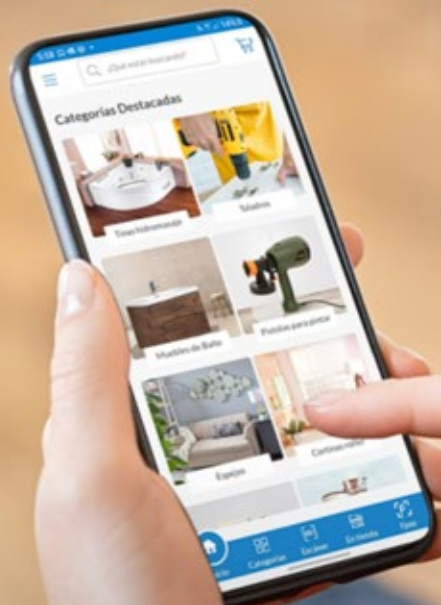


"2023 was a year of sales growth, particularly in the online channel, despite a challenging economic context. We continued to advance in improving the omnichannel experience of both home and professional customers, with a focus on boosting our proposition for tradesmen. We also joined an important marketplace and strengthened financing options for customers. In addition, we continued to pursue our permanent commitment to the learning and development of our employees."

Ricardo Argarate,
General Manager Sodimac Argentina



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beneficios!



personalized attention provided by Maestrazos, salespersons specifically for tradesmen, accompanied by a more robust product mix and the introduction of a benefits system for this segment.

Together with its suppliers, the company continued to provide training for tradesmen, increasing their knowledge and broadening their employment opportunities. They were offered digital solutions and experiences, with the benefits of the Tradesmen's Circle loyalty program made available through the online platform. In its bid to continue growing in this segment, the company implemented campaigns for the hardest categories, communicating and improving the range and availability of products in order to satisfy the specific needs of these customers.

Growth of the App

The main milestone in e-commerce was Sodimac's launch in the ICBC Mall Marketplace. This produced very good results, strengthening the brand's presence and its customer reach.

Sales through the online channel were strongly boosted by banking tactics, such as the discounts and installment plans offered through Banco Provincia, BBVA and ICBC, as well as by events such as Hot Sale and Cyber.

The company also continued to use initiatives such as *Noches Soñadas* (Dream Nights) and *Días Soñados* (Dream Days) to leverage sales, resulting in an increase in both visits and sales.

As part of the omnichannel experience for customers, the company made digital navigation easier and promoted use of the App through the introduction of more and better benefits. Sales through the App saw significant growth in 2022, improving the conversion rate.

In a further achievement, the company increased its offer of products available to order, with a strong emphasis on the bedroom category, which accounted for a large part of furniture sales of this type through the remote sales channel.

Brand positioning

Sodimac Argentina continued to consolidate the positioning of its brand through an integrated marketing strategy that included over ten strategic commercial campaigns and 28 tactical campaigns as well as events. These initiatives were very well received by customers and generated an increase in sales and transactions.

Strategic campaigns focused on consolidating Sodimac's positioning as the best option for home improvement and construction and generated engagement with customers. The most important initiatives were *Reventón* (Blowout), held four times in the year to boost all categories through special offers and discounts; *Especial Renovación & Precios por los Pisos* (Special Renovation & Basement Prices) with a

focus on flooring, bathrooms, kitchens and paint; *Tu Oficina en Casa* (Your Office at Home) and *Decolovers*, focusing on office furniture and decoration; and *Dueños del Clima* (Owners of the Climate) and *Electro Flash* for climate control and electronics. In turn, *Especial Construcción* (Construction Special) focused on the hardest categories and professional customers, accompanied by tactics under the *Herramientazo* (Tools Sale) umbrella.

The Net Promoter Score (NPS), which the company uses to measure customer satisfaction and the perceived quality of their experience, showed further improvement in 2023, following its sustained growth in the previous four years. Indicators of complaints and their speed of resolution also showed positive results, surpassing their targets.

Financing alternatives

The company strengthened its relationship with the BBVA bank with which it has a mutually beneficial agreement. A number of discounts and offers of interest-free installments resulted in incremental sales for Sodimac. The company also worked together with the bank on card issuance, achieving the targets set at the beginning of the year.

The home improvement chain also worked with different banks on differential financing alternatives, offering

Sodimac Argentina has achieved ongoing improvements in customer experience. In a key milestone, it completed its implementation of the Pinherinos project in all stores, enabling it to offer a broader range of products and personalized service. Efforts to boost use of the App through the introduction of more and better benefits were reflected in significant sales growth compared to the previous year.

customers tools for consumption in a situation marked by high inflation. The tactical measures developed with Banco Provincia and ICBC were of particular importance.

In addition, the company incorporated the use of virtual wallets as a new means of payment. A *Cuenta DNI* (ID Account) began operating and, with weekly discount offers, generated significant incremental sales. The company is also working to introduce other wallets.

Efficiency gains

In the framework of continuous improvement in processes and work teams, the company focused on efficiency gains in 2023 whilst also giving priority to service quality and customer experience. These efforts included measures to make stores more productive, with an emphasis on increasing the proportion of the team dedicated to customer service.

In innovation, the company implemented Turnero, the corporate queue management system, which provides indicators of service desk performance. At the same time, efforts are being made to digitize local processes, such as supplier reception and the management of dispatch from stores, using in-house solutions that streamline operations and generate reports and indicators for the different areas of the company.

In the case of processes, the team focused on re-establishing the concepts of total flow in the framework of regional initiatives. It is also working to better organize in-store pickup processes in response to the strong growth of demand for this service over the past year.

The company advanced in the installation of low-cost self-service systems and, together with the regional team, continued to work towards a more agile and user-friendly solution for 2024. Another challenge in 2024 will be to boost digital wallets by incorporating the functionality into UXPOS.



New logistics solutions

In 2023, the company implemented various technology solutions for logistics. They included the Transport Management System (TMS) for supply trucks to stores; Simpliroute to optimize last-mile routing in customer deliveries; and the Google Cloud Platform for the development of supply chain management reports using the Looker platform.

The Systems area made further progress on its transformation, integrating operational management processes and improving synergies with the rest of the group as part of a transition towards a more agile corporation.

In infrastructure, the company is improving the telecommunications network scheme in order to make more efficient use of new technologies and forms of communication, working particularly on the security and resilience of services. Together with a strategic partner, the company also implemented a multi-acquirer credit and debit card system, with gains in the efficiency and security of transactions. In addition, QR 3.1 payment was introduced at points of sale. By permitting the inclusion of all the electronic wallets in the Argentine market, this enables the company to reach more customers.

In homologation and certification processes, the necessary improvements were made with a view to obtaining PCI 4.0 certification for both in-person and not-in-person sales

Customers' perceptions of their experience with the company improved in line with the sustained growth of the NPS over the previous four years. One of the company's focuses in 2023 was the professional segment with which it tightened ties through personalized attention, a more robust product mix and the implementation of a benefits system for these customers.



processes. This will provide all the operation and customers with security in the understanding that their information is a critical asset that must be protected.

Benefits for employees

The company conducted its Culture Survey in 2023. It showed increases in the Employee Net Promoter Score (eNPS) indicator compared to the previous survey, with the participation rate reaching 90%. Awareness of the company's purpose also increased in line with the efforts made to ensure that employees are guided by it in their daily work.

The organization reinforced its constant commitment to the learning and development of its teams. This is one of

the fundamental pillars of its strategy and was reflected in a total of 5,723 hours of training in 2023.

As part of this effort, the company launched the Falabella Academy, a platform where employees can access different training courses on a wide range of subjects taught by experts.

In the case of its central offices, the company used the regional *Crece* (Grow) program to promote the development of young professionals. The aim is to train and develop talents with great potential, transforming them into integral leaders and drivers of digital transformation.

The Annual Leaders' Meeting focused on ongoing training on topics that are central to the company's business strategy such as big data and adaptive leadership in a context of constant change and adaptation.

In stores, the company sought to ensure excellence in customer service, offering the best advice and a deep and varied proposition of products and services. Employees were trained in three fundamental areas. One of these was products where training was carried out together with suppliers in order to deepen employees' technical knowledge and enable them to provide integral advice for customers. This included the organization of fairs for testing items. The other two key areas were procedures, where the aim was to increase employees' knowledge about the different sectors of stores, and leadership, where the company sought to strengthen essential skills through the Leaders in Transformation 2.0 program.

The Argentine operation implemented its annual performance evaluation process, covering all employees who had held their position for at least three months. At the same time,

the company continued working to promote a continuous culture of 360° feedback.

In 2023, the company continued to implement its development plan in stores. Its purpose is to identify employees with potential in order to prepare them for leadership positions.

As part of its commitment to employees' well-being, the company implemented campaigns with recognized organizations to promote good habits and healthy practices. With the Argentine League for the Combat of Cancer, it offered a talk to increase awareness about breast cancer. Similarly, it marked World AIDS Day with the dissemination of information and a roundtable organized jointly with the Huésped Foundation.



Commitment to sustainability

Sodimac Argentina's team reaffirmed its commitment to sustainability by resuming its participation in the corporate Regional Sustainability Index and reactivating the Sustainability Committee chaired by its general manager.

The company worked in alliance with the Sí Foundation, which promotes the social inclusion of the most vulnerable sectors. During volunteering at its Toy Factory, store and support office employees helped to assemble wooden toys and cloth puppets for children attending the foundation's soup kitchens. The company also made a direct donation of toys to which it invited employees to contribute.

The company seeks to source the presents employees receive

on special dates from organizations that generate social impact. For example, Mother's Day gifts were presented together with the San José Providente Foundation, which provides work for low-income people through its Albricias enterprise.

The company also sought to foster inclusion by hiring persons with intellectual disabilities from the Discar Foundation, offering them different positions within the company.

One of the sustainability challenges of 2024 will be to strengthen the company's range of products with sustainable attributes in order to foster and facilitate responsible consumption among customers. To this end, internal training sessions with webinars took place to align the company's and its suppliers' efforts. Audits were conducted to identify items that already have sustainable attributes and boost progress on lines of work related to the development of new products.



Sodimac Argentina Executive Committee



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General Manager



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Human Resources
Manager



Enrique Laplane
Administration and
Finance Manager



Santiago Lugano
Commercial Manager



**Gonzalo Rodríguez
Boido**
E-commerce Manager



Leandro Tenorio
IT Manager



Guillermo Petrino
Operations Manager



Tomás Ferrari
Logistics Manager



**Juan Luis
Barandiarán**
Manager, Sodimac
Uruguay

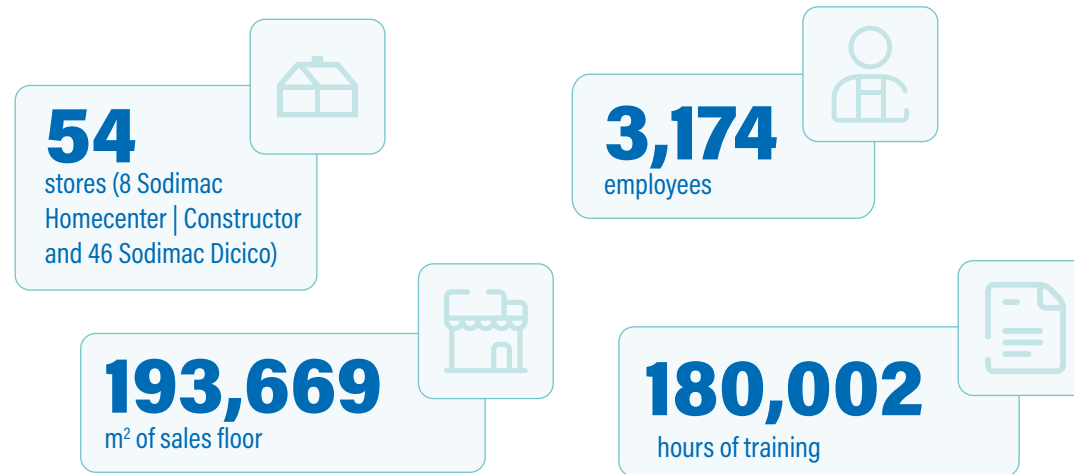


Sodimac Brazil



Sodimac Brazil

Progress on the expansion strategy and brand positioning



Given macroeconomic conditions, 2023 was a demanding year for the operation in Brazil, but also one of important achievements. The company continued to advance on brand positioning, as reflected in customer satisfaction results and an increase in membership of its program for construction professionals. A new distribution center was built to support 100% of the company's operations and the newest stores showed maturity and growth. Other milestones included the establishment of an alliance with Amazon to boost online sales and the implementation of a website for sales to companies.

2023 was an atypical period for Brazil's retail sector and, particularly, the construction materials sector. This impacted Sodimac Brazil's sales which, however, gradually recovered during the year, returning to growth by year-end.

Sales to companies and in physical stores showed significant reactivation during the year. This was particularly the case of the Sodimac Homecenter stores that opened in Praia Grande and Campinas at the end of 2022, which demonstrated maturity in their operations.

In the face of the impact of inflation and strong pressure



"In a difficult year for the retail and construction sectors, we continued to consolidate our presence in the country. We opened a new distribution center to increase the agility of our processes and prepare for future growth. We signed an alliance to boost online sales. Our brand continued to achieve positioning among home and professional customers to whom we offered new products and services and a better experience. In addition, we remain committed to the development of our employees, support for communities and the reduction of the operation's environmental impact."

Alfonso Barberena,
Director President Sodimac Brazil



The company continued to achieve progress on its expansion strategy in Brazil and opened a new distribution center in the Guarulhos municipal district in the São Paulo Metropolitan Region. This logistics center covers the needs of all the company's sales and distribution channels, supporting 100% of the operations, and ensures more agile processes through increased productivity, efficiency and storage capacity.

on margins in a highly competitive environment, the company controlled general expenses. The implementation of a broad efficiency plan helped to reduce spending across practically all lines.

In this challenging context, Sodimac Brazil continued to make progress on its expansion strategy and opened a new distribution center in the Guarulhos municipal district in the São Paulo Metropolitan Region.

This logistics center covers the needs of all the company's sales and distribution channels, supporting 100% of the operations, and ensures more agile processes through increased productivity, efficiency and storage capacity. It has a built area of 51,000 m², with 46,000 m² of storage area.

Commercial progress

In 2023, the company incorporated over 50 new suppliers, enriching the range of products and services it offers. It also introduced over 860 first-price products or, in other words, products with very attractive prices for consumers.

The company increased the presence of its own brands, adding new imported and local products and categories. At the same time, discontinued items were reduced to make room for a new mix.

The proposition for professional customers was strengthened in terms of pricing, products and services. Over 600 first-price products were added in categories such as paint, plumbing, electricity and partition walls

while the range of wholesale-price products was expanded, offering discounts for volume.

The number of PRO customers enrolled in the company's Construction Professionals Loyalty Program increased by 27% on 2022 and by 551% on 2021, reflecting progress on positioning the brand among tradesmen.

To strengthen the proposition for these customers, the Maestro PRO specialized service was implemented in all stores. This was complemented by a renovation of the Professional Assistance Center in order to offer a better shopping experience. The company plans to expand this measure to all stores.

Over 90 courses and training sessions were provided for PRO customers and employees to enable the company to continue offering the best services.

In the case of home customers, the company opened its first showroom for flooring, bathrooms and kitchens. This represented a new proposition, with a wider range of products and an even more premium selection. Growth of around 24% was achieved in the flooring category and of around 28% in bathrooms and kitchens.

In the Sodimac Dicico stores, softer products were introduced, with a wide range of decoration, organizational and household items that target families. The plan is for five stores to offer this proposition by early 2024, with a view to covering all other stores by the end of the year.

As a strategy to boost the new Sodimac Homecenter in Praia Grande, which offers a very good customer experience in the Baixada Santista Region, the company closed the Sodimac Dicico store in the area.

E-commerce

Another significant milestone of the year was the alliance that the company signed with Amazon under the marketplace model. Amazon is Brazil's second-largest player in terms of visits and the alliance seeks to boost Sodimac's online sales.

The company also developed a B2B website. With a self-service platform for obtaining quotes, it is designed to improve the procurement experience of Sodimac's corporate clients.

In 2023, the company implemented the Pix payment method, the most popular in Brazil. It accounted for 30% of sales through the website and App. For customers' convenience, the company also offered remote payment through a link. This was complemented by the signing of an alliance with Braspag and CyberSource, which are the main portals and anti-fraud solutions for credit cards in Brazil.

Under its omnichannel strategy, the company reinforced its in-store pickup model, which reached 40%, up by 20 percentage points on 2022. As well as offering convenience for customers, this model generates traffic in stores.

Other e-commerce functions, such as fear of missing

out (FOMO), wish lists and a flooring calculator were introduced, accompanied by a personalized and customized experience.

The company continued to offer credit to customers through the Sodimac card for individuals and legal entities as well as through in-house financing for small and medium-sized enterprises.

In 2023, the Net Promoter Score (NPS) was measured in additional channels, such as telesales and sales to companies. According to this indicator, the steps taken to improve the company's proposition and customer experience achieved their objectives in terms of satisfaction.

Logistics and IT

The chain expanded its fleet for customer deliveries, incorporating its first 100% electric vehicle. This step forms part of its commitment to reducing carbon emissions and promoting sustainability.

In the IT area, network technology was implemented for the new distribution center in Guarulhos. The system comprises over 120 antennae to manage the connection of mobile devices and ensure coverage even in aisles with the highest concentrations of vertically-stored products. All devices are managed using DNA Center technology,



which permits real-time monitoring and diagnosis, the full operation of active networks and the identification of areas of low signal incidence.

The company developed a monitoring system based on the ZABIX platform. This can be used to analyze matters such as alerts for temperature fluctuations, communication link occupancy, equipment's processing percentage and memory usage, system and database response times and the number of active users connected to their VPN. This technology also permits 100% active tracking and can receive alerts to prevent problems.

In the case of information security, a number of different solutions were adopted to help protect data and safeguard

confidential information. In addition, perimeter controls were activated to identify suspicious behavior and generate alerts.

Efficiency and productivity

A number of strategic initiatives were implemented in a bid to increase sales in stores. They ranged from improvements in the management of quotes within the SAP sales system to an increase in the volume of phone calls to recover registered but inactive customers.

Work began on the cross-merchandising project (products



complementary to the whole project), with a focus on increasing transactions and average ticket size.

Self-checkout options and lockers for the pickup of online purchases were expanded, seeking always to offer the best customer experience, with a focus on productivity, agility and innovation.

Brand consolidation

Sodimac Brazil continued to advance in brand consolidation, an effort that included innovative omnichannel marketing actions.

The *Solo en Sodimac* (Only in Sodimac) campaign, implemented integrally across online and offline media, was designed to increase brand reach and recognition. To reinforce the brand's positioning and differentiation, two jingles were created, one for home customers and the other for professionals, highlighting the company's main competitive differences. The campaign was reflected in an increase in brand searches.

The *Aniversario Sodimac* (Sodimac Anniversary) campaign featured a special selection of products across all

categories. The special offers were advertised through brochures, in-store communications materials, on TV channels and radio stations and in digital media and social networks.

To increase engagement with customers, the company formed a team of digital influencers, comprising architects, interior designers, housewives and construction professionals. They provided tips for building, renovating and decorating as well as information for construction professionals. Merchandising actions were implemented with the television presenter and former footballer Craque Neto.

Excellent results were obtained with the *Tira Afuera* (Throw Out) and *Noviembre Black* (Black November) campaigns, which offered discounts of up to 60% on hundreds of products and free delivery via the App.

For the second consecutive year, the Construction Professionals Fair was held at the Guarulhos Sodimac Homecenter in a pavilion built in the parking lot. The event, attended by Craque Neto, was broadcast live and had 2,500 registered participants, 30 participating brands and 27 exhibitors and offered 23 in-person and online

In a bid to increase its online sales, the company signed an alliance with Amazon, Brazil's second-largest e-commerce player in terms of visits. The company also developed a website for sales to companies. In order to improve the procurement experience, the website includes a self-service platform for obtaining quotes. In the case of physical stores, the two newest stores, opened at the end of 2022, showed maturity and growth.

training sessions. It also included a demonstration of the installation of large-format porcelain tiling by the National Association of Ceramic Tile Manufacturers (ANFACER) in collaboration with Sou Cunheiro (a community that trains and supports professional installers).

The company also introduced benefit levels for the Construction Professionals Loyalty Program, creating the PRO, Silver, Gold and Black categories. The Sodimac Stix Loyalty Program showed positive results, reaching over 157,000 participants, with new partners like C&A joining existing ones such as Pão de Açúcar, Extra, Droga Raia, Drogasil, Itaú and Polishop. Customers can earn and redeem Stix points at any store in the program's ecosystem. As the result of the launch of an alliance with Livelu, customers can also convert Livelu points into Stix points and use them as a payment method with any of the program's partners.

In an attractive marketing milestone, the year featured the renovation of the office of singer Luan Santana. People were able to follow its transformation using Sodimac products and draw inspiration from themed environments through videos created by the artist and shared on his and the company's social media.

Employee development

The company continued to implement initiatives for the development of its employees, boosting talent and leadership capabilities.

A Talent Map was developed for all the organization along with a Succession Map for all executive and middle-management positions. Individual Maps of Profiles and Development Plans were also developed, with 71 structured individual development plans with specific guidelines for the leaders of store support centers and 58 structured Individual Maps of Profiles and Development Plans for the leaders of stores and logistics centers.

In addition, the company continued to implement its Leadership Agenda, with sessions involving leaders from across the organization (store support centers, distribution centers and stores). These addressed key topics, providing the teams with information, examples and guidelines.

Training on Sales of Complete Projects was strengthened and, in total, 380 hours of training were provided with respect to specific store audiences (tradesmen). In another



focus, 6,770 hours of training on the multifunctionality of store activities were also provided.

In the case of diversity and inclusion, the company fully complied with legal quotas for the hiring of people with disabilities and apprentices. Progress was also achieved on hiring women and increasing their number and investments were made in professional development for diversity within the company.

Support for communities

In 2023, Sodimac Brazil strengthened its commitment to the communities of which it forms part. It helped families affected by the intense rains that hit the northern coast of São Paulo, making its 11 stores in the coastal region available to the authorities as collection points for donations of non-perishable food for those left homeless.

In the case of workplace safety, procedures and operational standards were implemented to minimize risks related to employee and customer safety. In one example of this, the technical team was strengthened and conducted systematic visits to stores and distribution centers to identify and correct risk situations and train employees in operational standards. Progress was monitored by the Safety Risks Committee, which met monthly with the participation of key executives.

As part of the company's aim of reducing the environmental impacts of its operations, 100% of its units have migrated to the free energy market. Since the start of this process in 2020, the company has purchased and consumed the so-called "Incentivized 50%" energy, a renewable and clean resource with less environmental impact that contributes to the reduction of greenhouse gas emissions.

In line with this environmental commitment, the new distribution center was designed to reduce electricity consumption through the use of translucent roof tiles and natural lighting. It is also equipped with a water reuse plant and a charging station to promote the use of electric vehicles.

The company completed implementation of the program related to the General Data Protection Law (LGPD). It includes awareness training, internal policies and operational procedures, along with a Privacy Committee formed by the company's key executives, who meet and discuss improvements to mitigate privacy risks.

The company also continued to implement its Data Privacy Program to protect the information of customers, employees and suppliers as required by the LGPD.

In addition, executive committees, such as the Risk and Audit, Occupational Safety, Ethics, Crisis, and Fiscal Committees, were strengthened, reinforcing commitment to risk management in accordance with Brazilian legislation and best corporate governance practices.





Prizes and recognitions in 2023

- Destaque Expo Revestir Prize in São Paulo and Greater São Paulo. This distinction is awarded to the main ceramics and sanitary ware stores, selected by the National Association of Ceramic Tile Manufacturers (ANFACER).
- In the 23rd version of the National Ranking of Construction Materials Stores, Sodimac ranked 2nd among Brazil's 50 largest sellers of these products. The research, conducted by the Anamaco magazine, consulted more than 540 industries in the construction sector.
- Best Companies in Customer Satisfaction Award in the construction retailers category. The company also stood out in the overall ranking of the 100 Best Companies in Customer Satisfaction. Conducted by the MESCI Institute, the survey reviewed more than 20 million opinions and analyzed over 10,000 companies in 207 segments.
- Experience Awards Certification and the Customer Recommendation Seal in the retail-construction materials category. The award, created by SoluCX in collaboration with the Exame magazine and Gouvêa Experience, recognized companies with the best NPS in their segments. Sodimac was one of the six companies certified and achieved an above-average score.
- Top of Mind Award in the construction materials segment in the Baixada Santista region on the coast of the State of São Paulo. This is the 20th time the company has been included in this survey conducted by the A Tribuna newspaper.
- For the fourth consecutive year, Sodimac was nominated for the Reclame Aqui – Best Companies for the Consumer Award in the home improvement and construction-retail and home improvement and construction-e-commerce categories. This is one of the most respected awards in Brazil because the companies that offer the best service are chosen by popular vote.

Challenges for 2024

Sodimac Brazil will remain focused on its expansion strategy and brand consolidation, boosting awareness campaigns that make it an ever more recalled and recognized brand. It will also implement regional actions to strengthen new stores.

E-commerce will be an ongoing priority. The company will focus on measures aimed at increasing the share of e-commerce in total sales. To encourage customer loyalty, it will continue to expand the Sodimac Stix ecosystem, incorporating new partners and benefits.

At the same time, the company will deepen the in-store experience, innovating in showrooms and taking advantage of spaces both to display products and inspire customers. It will guarantee the mix of products and their availability, ensuring their efficient delivery.

The company also plans to expand multifunctional roles in physical stores and BI work, with a focus on data and hyper-segmentation as a means

of offering customers better experiences and opportunities.

The professional customer will remain at the center of the company's strategy. It will focus on measures to continue growing membership of the Construction Professionals Loyalty Program. It will also enhance the in-store experience and omnichannel solutions for this segment, which represents great competitive opportunities.

The company will continue to invest in information technology, seeking to ensure the security of sensitive data. In logistics, investments will be made to ensure product assortment in stores and rapid delivery.

In the case of human resources, the aim will be to achieve ever more robust leadership policies and employee development, always seeking to boost and retain talent. In addition, the company will reinforce its organizational culture and climate, with a focus on well-being programs and safety and occupational health.



Sodimac Brazil Executive Committee



Alfonso Barberena
Director President



Claudio Marassi
IT Director



Dagmar Duarte
Internal Audit Director



Fernanda Cristina Ballura
Human Resources Director



Fernando Crizol
Digital Director



Gerson Barros
Logistics, Transport,
Supply Chain and Imports
Director



Marcos Onety
Operations Director



Maria Helena Magalhaes
Legal Director



Paulo Souza
Commercial and
Marketing Director



Ricardo Pinto
Finance Director



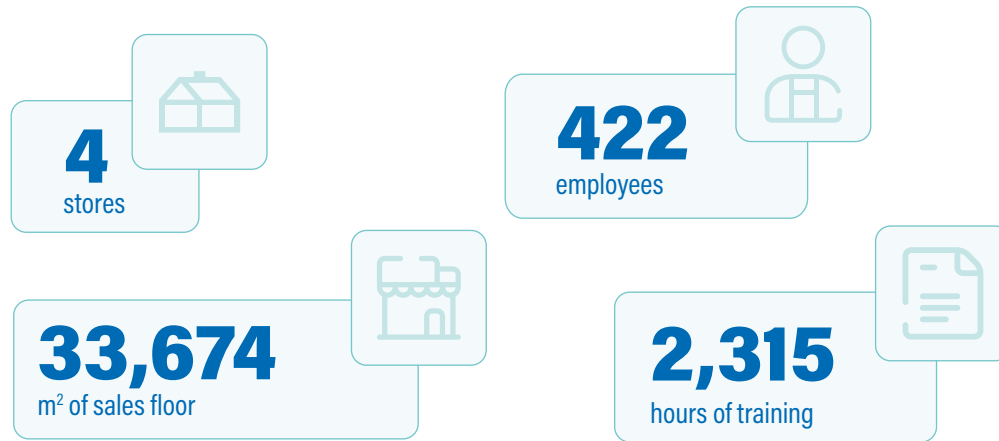
Sodimac Uruguay





Sodimac Uruguay

Advancing in positioning among Uruguayan families and tradesmen



In 2023, the Uruguayan economy was negatively impacted by a number of internal and external factors but resumed growth as from the second half of the year. The decrease in consumption in the retail sector affected Sodimac Uruguay's sales, although it achieved very good results among professional customers. In addition, thanks to the consolidation of its efficiency plan, the company was able to reduce its spending compared to 2022. It also continued to implement programs for the benefit of employees and initiatives through which to have a positive impact on society.

Its professional customers were one of Sodimac Uruguay's key priorities in 2023. Sales in this segment grew significantly in line with the objectives set at the beginning of the year in terms of improving the Net Promoter Score (NPS), increasing membership of the Tradesmen's Circle (CES) and strengthening the weight of CES within the PRO segment. The company listened actively to these customers, offered them talks and training fairs with strategic suppliers and adjusted the mix of products and benefits available to them. In addition, it made progress on their integration into the digital channel in order to offer them an omnichannel experience.

The sale of installation services also grew at significant rates, leveraged by the personalized service provided by the Project Center's experts. A broader long-tail assortment was



"We continued to take our proposition closer to ever more Uruguayan families and tradesmen, with improvements in the experience in stores and digital channel and very good results in the professional segment. For the Uruguayan economy, 2023 was a difficult year, which we addressed with creativity and innovation and an efficiency plan to align spending with the level of activity. We also continued to implement initiatives for the benefit of our employees and the communities where we are present."

Juan Luis Barandiarán,
Manager Sodimac Uruguay



developed, including both imported and domestic products, particularly in the categories of bathrooms, flooring and electrical appliances.

In its digital channel, the company had a very good second half of the year, growing and increasing its market share in annual terms. The year-end Cyber event stood out for the increase in sales and purchase orders. At the same time, the company consolidated initiatives such as *Descuentos Express* (Express Discounts) and *Solo por el Finde* (For the Weekend Only) and participated in the two *Sácale el IVA* (Take off the VAT) hard-selling events implemented by the country's main shopping centers.

Brand positioning

In 2023, Sodimac Uruguay achieved further progress on brand positioning thanks to an integrated marketing strategy that included different strategic commercial campaigns,

tactical actions and exclusive web initiatives as well as omnichannel events.

The campaigns focused on taking advantage of the changes of season, backed by an understanding of customers' behavior and needs, in order to boost different families of products. The most important campaigns included *Especial Renovación* (Renovation Special) for intermediate categories (bathrooms, kitchens, flooring and paint); *Dueños del Clima* (Owners of the Climate) and *Electro Flash* for climate control and electrical appliances; and the multi-category *Reventón de Precios* (Price Blowout) campaign. The company also implemented the *Tu Oficina en Casa* (Your Office at Home) and *Decolovers* campaigns for office furniture and interior decoration; *Aire Libre* (Outdoors) for outdoor, beach, pool and camping furniture; *Precios por los Pisos* (Basement Prices), a hard-selling campaign for flooring and coatings; and *Aniversario* (Anniversary), a multi-category campaign to mark the date of Sodimac's launch in Uruguay.

Its professional customers were one of the company's key priorities in 2023. Sales in this segment grew significantly in line with the objectives set at the beginning of the year in terms of improving the Net Promoter Score (NPS), increasing membership of the Tradesmen's Circle (CES) and strengthening the weight of CES within the segment.

The Cyber Monday event, organized by the Uruguayan Chamber of the Digital Economy, took place in June and November and, for Sodimac, was once again one of the most important campaigns in terms of transactions and visits.

For the company, its professional customers are a key and differential segment. It, therefore, received particular attention, with propositions, such as *Especial Construcción* (Construction Special), that were specifically tailored to their interests.

The NPS, which the company uses to measure customers' satisfaction and their perception of the quality of the shopping experience, showed an improvement in 2023, following its sustained growth over the previous four years. Complaints and the speed of their resolution also showed good results, ahead of their projected targets.

In 2023, Sodimac Uruguay was recognized in the Merco Ranking of Corporate Reputation in which it took 65th place out of all Uruguayan companies.

IT and logistics investments

The team continued with the transformation process in the Systems area, integrating more operational management processes and improving synergies at the corporate level.

In infrastructure, the company improved the telecommunications network scheme in order to make more efficient use of new technologies and forms of communication, working particularly on the security and resilience of services. In addition, it expanded self-service checkouts and all stores were equipped with smart terminals for managing merchandise more efficiently in terms of the use of stacking and aisles.

In the case of homologation and certification, the company maintained its compliance with the PCI standard for credit card operations in all physical stores and improvements were made with a view to moving towards PCI 4.0 certification. In

Sodimac Uruguay remained committed to improving economic, social and environmental conditions in order to have a positive impact on society. It maintained its alliances with the Forge Foundation and the TECHO organization as well as an agreement with the Municipal Government of Montevideo for the maintenance of a square in the Sayago neighborhood.

In addition, it continued to work on homologation processes for not-in-person sales in order to ensure the security of operations and customer information.

In logistics, various applied technology solutions were implemented. They included the Transport Management System (TMS) for supply trucks to stores; Simpliroute for last-mile routing optimization (delivery to customers); and the Google Cloud Platform for the development of supply chain management reports using the Looker platform.

Innovations for customers

In 2023, the company implemented Turnero, the corporate queue management system, which provides indicators of service desk performance.

It also made progress on the digitization of local processes, such as supplier reception and the management of dispatch

from stores, using in-house solutions that streamline operations and generate reports and indicators for the different areas of the company.

In the case of processes, the team focused on re-establishing the concepts of total flow in the framework of regional initiatives. It worked intensely to better organize in-store pickup processes in response to the strong growth of demand for this service over the past year.

It also implemented the figure of the Maestrazo salesperson as part of a relaunch of the CES program. The personalized attention provided in this way delivered very good results.

In financing, the company renewed its alliance with BBVA and, at the operational and commercial level, consolidated a plan of work to offer BBVA-Sodimac customers a better proposition, with increased benefits and greater visibility of the card in stores and the online channel. The card's use in physical and online channels was also boosted through BBVA-Sodimac discounted offers of products. This



was reflected in an important increase in the card's share of retail sales.

In addition, tactical actions were implemented with the OCA financial services company and showed very good results.

Employee development

Sodimac Uruguay reaffirmed its constant commitment to its teams' learning and development. In 2023, the company provided over 2,300 hours of training in line with its belief that its employees' professional growth is essential for the company's continued success.

Key initiatives included the launch of the Falabella Academy. Through this platform, all employees can access a range of training courses taught by experts in their respective field. This ensures that employees are equipped to face challenges and take advantage of opportunities.

The focus of training in stores was to ensure excellence in customer service, based on three fundamental pillars: products under which, with the support of its suppliers, the company sought to increase employees' technical knowledge and service standards; procedures where the aim was to increase employees' knowledge about the different sectors of stores and, therefore, improve efficiency; and, thirdly,



leadership with skills developed through the Leaders in Transformation 2.0 program.

In the offices, the regional Crece (Grow) program was particularly important. It focuses on the development of young professionals with high potential, seeking to

equip them to be integral leaders and agents of change in the digital transformation. Two outstanding employees from Uruguay participated in this program in 2023.

Another milestone of the year was the Annual Leaders' Meeting held jointly with Sodimac Argentina. Fifteen

leaders from Uruguay attended, playing a crucial role in integrating the two teams as a means of continuing to generate synergies between the operations. Key topics addressed at the meeting included big data and adaptive leadership in an environment of constant change.

Sodimac Uruguay also implemented its annual performance evaluation process. This evaluation seeks to promote employee development through meaningful conversations that help identify strengths and areas for improvement as part of the promotion of a continuous culture of 360° feedback.

At 85%, participation in Sodimac Uruguay's Culture Survey exceeded the target and showed improvements in results compared to the previous measurement.

Together with communities

Sodimac Uruguay remained committed to improving economic, social and environmental conditions in order to have a positive impact on society. It maintained its alliances with the Forge Foundation and the TECHO organization as well as an agreement with the Municipal Government of Montevideo for the maintenance of a square in the Sayago neighborhood.

The Forge Foundation seeks to motivate economically vulnerable young people to access a life of quality through work, continuous learning and commitment. The foundation has designed a training program for the development of socio-emotional and digital skills that are key for the future. The company contributed to this program through volunteering and by providing its expertise in business panels and simulated job interviews. The company also collaborated with Forge as a donor ally, supporting the financing of its skills training program.

With TECHO, the company worked through its corporate volunteer program to transform communities, teams and people. In 2023, 20 employees, along with families from a settlement, built two homes.

At the end of the year, the company also implemented the Súmate por TECHO (Join for TECHO) fundraising campaign, serving as an ally for the organization's financial sustainability. Sodimac worked with the organization to train and raise awareness among store teams prior to the launch of the campaign under which customers could contribute at checkouts with "a brick for TECHO".

The company also supported the Bensadoun Laurent Foundation for which members of its team gave talks on the integration of people with disabilities.



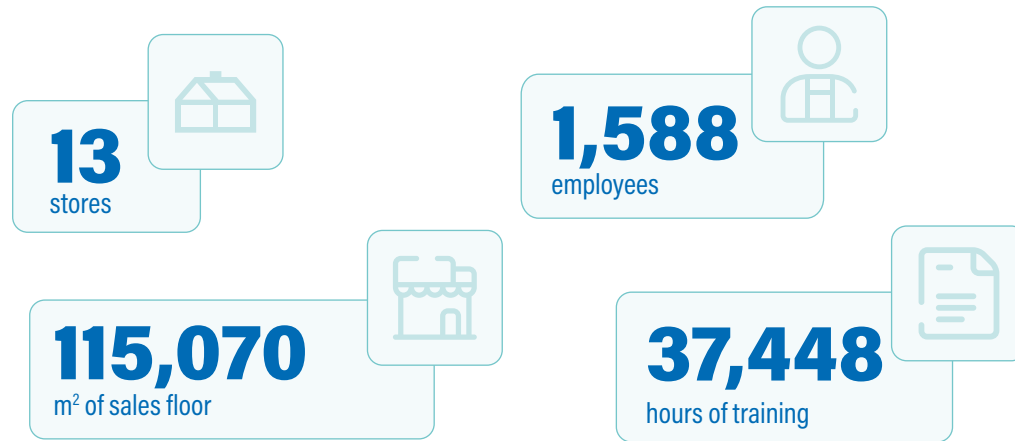
Sodimac Mexico





Sodimac Mexico

Stronger expansion in a market with great potential



The company continued to take decided steps in the implementation of its development plan, which aims to position it as customers' main ally, serving to facilitate their home improvement projects. It embarked on this path in 2018 when it opened its first stores in the north of Mexico City. In 2023, it inaugurated a store in the Interlomas area of the State of Mexico, remodeled the San Mateo store in the same state and implemented new spaces for inspiration and experimentation in the physical channel. It also made progress on its positioning among home and professional customers, with very good results among the members of its Sodimac Experts' Club (CES) loyalty program

Sodimac continued to consolidate its presence in the State of Mexico, an area of great interest due to its economic development. It opened a store in the Interlomas area of the Huixquilucan municipal district. This is the company's fourth store in the State of Mexico, its 13th nationwide and the second in the compact format.

This new store enabled the company to reach over 82,000 additional households, expanding its market share in the home improvement category.

The area where the store is located is experiencing important real estate growth and this particular sector of the Huixquilucan district is one of the areas where this has been most pronounced. As a result, the sector has quickly emerged as a pole of innovation, investment and development.



"We continued to advance in our growth plan to accompany Mexican families in their home improvement projects and serve as a partner for tradesmen and construction companies. As part of our development strategy in a market with great potential, we opened our 13th store, the fourth in the State of Mexico, and remodeled another store in the same state. We also worked on strengthening the shopping experience in stores through new display propositions. In addition, we continued to strengthen the remote sales channel with good results."

Eduardo de Vries,
Director General Sodimac México.



Sodimac also remodeled the San Mateo store, located in Naucalpan in the State of Mexico. This was undertaken as part of the company's commitment to offering customers more and better shopping experiences through exhibition areas and advisory services to inspire them.

The innovations introduced in the store include an aisle devoted to carpets and rugs of different styles; displays in the organization category with articles and ideas for the home; a furniture, bathroom and kitchen showroom to enable customers to experience and visualize spaces; and the expansion and remodeling of the doors and windows area with over 200 models. In addition, the store was given a new facade with the characteristic Sodimac house logo.

In the case of store operations, progress was achieved on the on-time in full (OTIF) indicator of the percentage of products and services that reach the customer on time and in full. QR payment was implemented at checkouts, the use of self-checkouts increased compared to the previous year, and the Mi Cliente (My Customer) program was introduced to improve customer service, along with spending efficiencies.

In addition, Sodimac continued to strengthen its remote sales channel with good results, consolidating its home

delivery service with coverage in 12 states.

In addition, online-only commercial dynamics contributed to an average sales growth of 76% and a contribution of 114% while chargebacks were down by 75% on 2022. The company also introduced the Kueski Pay platform as an alternative means of payment for customers.

Positioning with customers

The company achieved further progress on its positioning as a company that offers comprehensive solutions for customers' home improvement projects and as a partner for tradesmen and construction companies in a fragmented market of over 138 million people that has great potential.

In line with its strategic priorities, the company continued to consolidate its position among professional customers. This was reflected in an increase of over 19% in transactions and of 47% in the number of members of the CES loyalty program who buy in stores.

In 2023, the company incorporated new suppliers of key

The company continued to consolidate its presence in the State of Mexico, an area of great interest due to its economic development. The opening of a new store in the Interlomas area, the company's 13th in Mexico, enabled it to increase its market share. Sodimac also worked to enhance the shopping experience in stores through the incorporation of spaces for inspiration and experimentation, with excellent results in categories such as furniture and flooring.

brands and increased its business with them, narrowing the gap in brand assortment compared to the market.

It also enhanced the shopping experience in stores through the incorporation of spaces for inspiration and experimentation, with excellent results in categories such as furniture and flooring.

In the last quarter, some adjustments were made to the tactics of commercial campaigns, reducing their number and concentrating on *Buen Fin* (Good Weekend), the most powerful annual omnichannel event in the Mexican market.

In marketing campaigns, the company maintained its 360° strategy, using different creative tools to connect with customers, attract new users, drive visits to physical stores and online channels and promote mobile downloads and use of the WhatsApp channel.

It also conducted an anthropological study of both home and professional customers to identify and learn about their needs. This information will be used to reinforce communications and commercial initiatives that help build positioning.



In line with its strategic priorities, the company continued to consolidate its position among professional customers. This was reflected in an over 19% increase in transactions and 47% growth in the number of members of the CES loyalty program who buy in stores.

Logistics advances

In 2023, the company carried out an analysis of its logistics network over a five-year horizon. This was used to define key projects to be implemented in the short term.

An agreement reached with a new container yard operator, APM-Maersk, meant a significant decrease in annual costs. In addition, work began on a cross-functional project with Maersk and the corporate international logistics area, permitting savings in idle times and better coordination of container import operations.

In information technology (IT), a number of digital payment methods were integrated into points of sale (BNPL and Wallets). Applications and software robots were also developed to automate processes and connections were migrated to SD-WAN technology, which offers gains in economic and technological efficiency.

Employee well-being

Sodimac Mexico's concern for the well-being of employees includes a commitment to their integral development. In 2023, it provided 37,448 hours of training in areas aligned with the company's strategy.

Sodimac obtained Super Company 2023 certification in a ranking of Places where Everyone Wants to Work, conducted by the Expansión magazine. This ranking used the methodology of the TOP Companies firm and measures culture and organizational climate. In 2023, the company once again implemented its Culture Survey as a means of listening to its employees' needs and expectations.

It also launched the Leaders in Development program to attract and boost talent that strengthens stores' operational processes.

Challenges for 2024

Sodimac will continue to advance on its expansion plan in Mexico, boosting its proposition in physical stores and online channels in a bid to further consolidate its positioning among home customers, tradesmen and construction companies.

The company will be seeking to grow sales per square meter by developing its mix and strengthening the most prestigious brands in key categories. It will focus on home customers with maintenance, decoration and remodeling projects, concentrating advertising and special offers accordingly.

Promotional points and cross-merchandising will be standardized to improve the return on transactions in stores, incorporating innovative products and special purchases for campaigns that contribute to differentiation.

In the case of professional customers and the CES loyalty program, new benefits will be incorporated and the first fair for professionals will be organized to grow the program's customer base and continue to surprise current members.

In another priority, the company will be seeking to increase profitability by consolidating its business with key suppliers and increasing the volumes purchased from them in order to obtain better commercial terms and, thereby, maintain and increase its competitiveness.

Efforts will also be made to activate and incorporate CMR customers and improve conditions for purchases using the card, boosting big-ticket categories through interest-free payment installments and special offers.



Sodimac Mexico Executive Committee



Eduardo De Vries
Director General



Gerardo Guzmán Leautaud
Administration and Finance Director



Luis René Téllez Cabrera
Projects Director



Gabriel Antonio Álvarez Barragán
Director Operaciones



Nora Todd
Human Resources Director



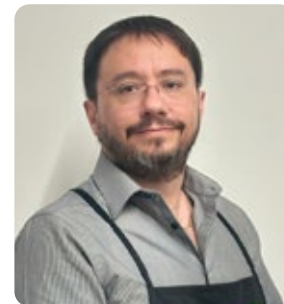
Carlos Yparraguirre
Commercial and Marketing Director



David Mauricio Mosquera Gómez
Logistics Director



Adriana Ordóñez Caro
Audit Director



José Luis Calderón
Assistant Systems Director



Gabriel Espinosa de los Monteros
Legal Director

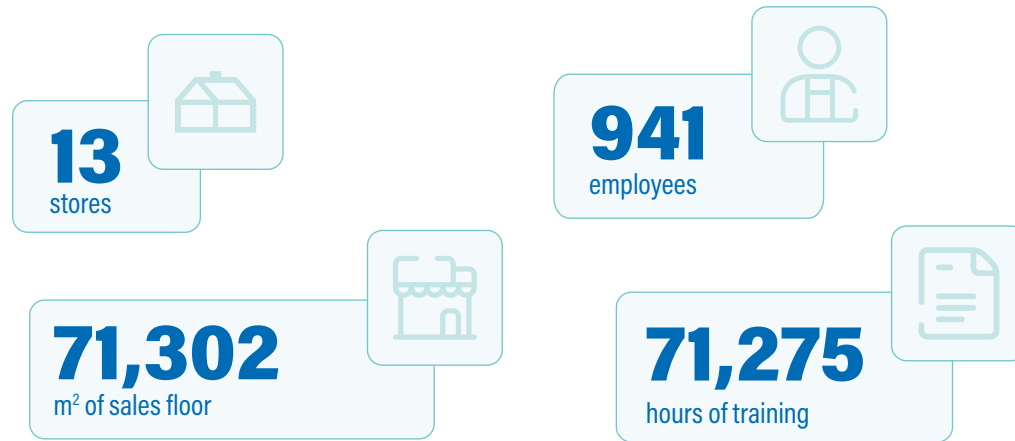


Imperial





Imperial Adaptation and creativity in a difficult context



In 2023, the company faced weak activity in the new construction sector and a very slow replacement market. In response, it implemented innovative initiatives in a quest for business opportunities and improvements in its service for furniture makers and tradesmen. At the same time, it maintained strict spending control, identifying opportunities to optimize processes and improve profitability.

Imperial continued to work on the conversion of traditional stores to its new self-service model, which seeks to offer tradesmen a better experience. With the conversion of the Mapocho store in Santiago and the store in the city of Puerto Montt, the chain ended the year with five stores under this proposition. The resulting optimization of spaces in these stores has had a positive impact on the operation.

To support customers in their projects, the company continued to incorporate the Furniture Experience Center (CEM) into its stores. During the year, it inaugurated two CEMs: one in the Mapocho store and the other in the Puerto Montt store, the first outside the Santiago Metropolitan Region. CEMs serve as a place of inspiration for furniture makers, architects and the general public, enabling them to visualize usability and the latest trends in kitchens, closets and utility areas as



“In 2023, weak activity in the construction sector meant that we had to adapt quickly to continue meeting customer expectations. We further improved the self-service proposition in stores and continued to invest in digital channels. At the same time, we maintained strict spending control and identified opportunities to optimize processes and improve profitability. In another priority, we intensified our work on sustainability to the benefit of employees, suppliers and the communities of which we form part. We also continued to reduce our operation’s environmental impact.

Rodrigo Fuenzalida,
General Manager Imperial



Imperial made ongoing progress on converting traditional stores to its new self-service model and incorporating its Furniture Experience Center (CEM) into their sales floor. In addition, improvements in the logistics area resulted in a reduction in delivery times to customers, with 87% of orders in the Santiago Metropolitan Region completed within 24 hours.

well as other products. In addition, they offer free training workshops.

Imperial also continued to boost its Corner Project in Sodimac stores. This initiative has enabled it to reach more customers and generate synergies with Sodimac.

As part of its omnichannel strategy, the company worked on the technological update of its e-commerce platforms and applications. New functionalities were developed for its channels Hardware Portal, website and App). As a result, conversion rates improved, the number of visits increased and transactions grew.

To fulfill the company's customer delivery promises, improvements were made in logistics and new functionalities were introduced in areas that included the generation of dispatch documentation, the reception of merchandise and purchase suggestions. The company also worked to consolidate innovations and the systems implemented, such as the WMS system and the new outbound flow, which now operate in all areas of the distribution center.

This effort was reflected in a further reduction in delivery

times and, in the Santiago Metropolitan Region, the company completed 87% of dispatches within 24 hours.

The cut-to-size area consolidated sales through its express service, which offers delivery within 24 hours. This was achieved through centralized administration and by using plants as support as well as by flexibilizing the use of production capacities. Changes were also made in the layout of this area in the Maipú store in Santiago and the store in the city of Temuco to the benefit of customers and the operation.

The company also worked on inventory efficiency, maintaining a service level of around 96% in stores. The ongoing automation of processes such as daily inventory-taking helped to simplify the area's management and maintain adequate control over stocks.

Digital transformation

Imperial is committed to innovation with a focus on adding value for customers through its digital transformation. In 2023, it accordingly invested in an update of all its technologies.

In the case of stores, the company continued to work on mobile sales, seeking to streamline the process. It also made improvements to its traceability service so that customers buying in stores receive notification when their product is ready for pickup.

For tradesmen, the company has enhanced the experience of use of the optimizer, a fundamental tool for furniture makers, and automated the uploading of plans for the purchase of cut-to-size boards through the website and App. In addition, it incorporated new functionalities and special offers for customers using the web channel.

The company invested in technologies for the operation of its distribution centers and stores. They included new cut-to-size machines for the Huechuraba and Maipú stores in Santiago and the stores in the cities of Concepción and Temuco. This helped to increase productivity, improve service quality and support the company's performance in the Net Promoter Score (NPS) used to measure customer experience.

In IT, the company further developed its collaborative synergies with Sodimac, permitting the incorporation of experiences, teams and technologies. In this area, the

migration of over 500 controls of its ERP system was carried out, updating the technology to Java. This helped to mitigate obsolescence and, among other advantages, substantially improved users' visual experience.

Marketing and customer satisfaction

In this challenging year, Imperial sought more than ever to maintain customers' perception of the chain as an expert in supporting their work and projects. Key marketing campaigns included *Mes Mueblista* (Furniture Month), *Temporada de Pinturas* (Paint Season) and *Orgullo Mueblista* (Furniture Pride). Once again, the company participated in the important Cyber Day, Cyber Monday and Black Friday e-commerce events.

According to surveys of customers' physical and digital shopping experiences, the likelihood that they would recommend Imperial continued to increase, as did satisfaction indicators.

Studies indicated that people particularly value the knowledge



of the company's salespeople and also showed overall satisfaction with the payment process, in-store pickup and cut-to-size and veneering services.

Integral employee development

In 2023, the company continued to implement its talent and development training programs for employees, which seek both to support their professional growth and the company's strategy. During the year, over 71,000 hours of training were provided.

The Virtual Campus, which offers online technical and skills development courses, was further strengthened. It offers individual training programs, downloadable supplementary materials and evaluations for each part of the content, providing information about participants' level of satisfaction, which is used to generate improvements. In 2023, new content was added on sustainability, compliance and quality of life.

In talent management, the performance of all employees was evaluated for the third consecutive year in line with the corporate model. This has permitted progress on a model

of conversation between employees and their managers, with action plans agreed upon by both parties.

Employee mobility and career development are part of Imperial's value proposition. In 2023, 34 employees moved to new positions within the company and 30 scholarships were awarded for undergraduate and postgraduate studies.

The company recognizes the best performers in each team through the Imperial Spirit Recognition Program, which reached its sixth version in 2023 when 90 employees received recognition for their good performance.

In compliance and integrity, the company continued to strengthen its Integrity Code, a fundamental guide for promoting a workplace and communications based on respect for employees and their dignity. The company prepared a Short Version of the Integrity Code, implemented an ethics week, produced audiovisual material on the prevention of sexual and workplace harassment and updated and sought to increase knowledge of its compliance-related policies and models.

Imperial offers a range of benefits for employees. They include complementary health plans, the *+Días para Ti* (+Days for You) program, which gives employees more



time for themselves during the year, and leisure activities.

Another ongoing initiative, the Cycle of Talks, seeks to foster internal integration and reflection through the different topics addressed by speakers. In 2023, the program, which comprised eight talks, incorporated new themes and attracted a high level of participation.

The company declares that it is a diverse and inclusive organization, a commitment that was reflected in various initiatives related to people with disabilities and its training program on Diversity, Inclusion and Gender Equity for all employees.

Importantly, the work climate study carried out through the company's Culture Survey achieved a response rate of 91% and showed an increase of four percentage points in the

Employee Net Promoter Score (eNPS). The results of this listening tool enable the company to identify areas of focus and opportunities for improvement as regards employees.

Commitment to sustainability

Imperial views sustainability as an integral part of its development and, within this framework, takes measures to care for the environment.

In 2023, it continued to promote the commercialization of sustainable products such as melamine produced by companies that undertake reforestation, lead-free tapware and products that help save water and energy. During the year, the company also incorporated new items such as



*Imperial strengthened its ties with the communities of which it forms part. It held a third version of its **Construyamos tu Idea (Let's Build Your Idea)** program, which enables social organizations to improve their facilities. Together with the **Junto al Barrio Foundation**, it also launched the **Imperial Sports Schools**, which benefited 100 boys and girls from five municipal districts in the Santiago Metropolitan Region.*

ceramic adhesives with recyclable packaging, sustainably produced laminate flooring and water-based enamel paint that is free of volatile organic compounds (VOCs).

At the same time, the company took ongoing sustainability measures at its facilities, such as the use of LED lighting, water saving and a limit on the use of printed communications, preferring digital channels in 80% of cases.

The chain also strengthened its waste recycling policy for distribution centers, contributing to the avoidance of the emission of 115 tonnes of CO₂. Similarly, it negotiated a new operating contract that will expand its fleet of electric cranes.

As part of its sustainability strategy, Imperial implemented the second version of its *Construyamos tu Idea – Versión Colaboradores* (Let's Build Your Idea – Employee Version) program. This initiative seeks to positively impact the quality of life of employees and their families through a fund to which they can apply for support in the purchase of materials to improve their homes. In 2023, the number of employees benefited increased from three to six.

The company also held the third version of the *Construyamos*

tu Idea (Let's Build Your Idea) program, which provides funding for which social organizations can apply to finance products and materials for infrastructure improvements.

In alliance with the **Junto al Barrio Foundation**, the company launched the **Imperial Sports Schools**, benefiting 100 boys and girls from five municipal districts in the Santiago Metropolitan Region. This project, which chose football as its training discipline, seeks to boost participants' social skills and self-esteem.

In 2023, the company continued to measure its carbon footprint as an indicator of the operation's impact on the environment.

It also implemented two webinars, one of which focused on sustainability in general and the other specifically on environmental topics. Together, they were attended by 188 people.

Imperial was invited to talk about the progress of its sustainability program in the diploma course of the Catholic University of Valparaíso. The presentation was very well received by the students.

Challenges for 2024

In pursuit of its growth goals, Imperial will continue striving to offer customers the best experience, working in alliance with its suppliers in a constant quest for innovative products.

The company will also continue to convert its stores to the self-service format whilst also seeking opportunities for improvement in stores already operating under this model. In addition, the Furniture Experience Center (CEM) will be extended to additional stores.

New functionalities focusing on sales and a better customer experience will be incorporated. The Hardware Portal will also be further enhanced, expanding the service to all regions and increasing its market share.

Another challenge will be to achieve further

reductions in delivery times to customers, accompanied by efficiency and profitability gains achieved through lower logistics costs. To this end, the Transport Management System (TMS) will be fully implemented, along with centralized coordination of transport operations and the consolidation of the hub store project, in a bid to substantially reduce costs and improve delivery times and service quality.

The company will continue to strive to position itself among the best companies for which to work. With this aim, it will seek to advance in talent attraction and the development of employees' potential and leadership skills whilst also building a collaborative, diverse, inclusive and sustainable culture. In addition, it will continue to implement initiatives that foster employees' quality of life and strengthen internal communications.



Imperial Management Team



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Legal Compliance Manager



Francisca Andrea Gutiérrez Morales
Human Resources Manager



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Digital Channels Manager



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Sebastián Vocke Vieille
Administration and Finance Manager



Sustainability





Sustainability

A commitment across the organization

In 2023, Sodimac continued to implement its strategy for sustainability which, along with growth and profitability, is one of the three pillars of its development. The organization's determination to manage its social and environmental impacts and strengthen corporate governance involves all the different areas of the company and its value chain. In these efforts, the company is guided by best local and international sustainability practices.

In 2023, Sodimac continued to work on the commitments it assumed voluntarily as part of the UN Sustainable Development Goals (SDGs) in terms of managing and reducing the business's negative impacts and creating value for the context in which it operates. In the management of its business, the company also takes into account 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; ISO 26000; and the Global Reporting Initiative (GRI).

In all the countries where it operates, Sodimac uses a Sustainability Index to measure its integration of sustainability into the management of its business, using concrete indicators of its economic, social and environmental performance to identify gaps or opportunities for improvement, with an emphasis on the areas that are most critical for the business's sustainable development.

In 2023, Sodimac's parent company, Falabella, ranked as one of the five retailers with the best environmental, social and governance (ESG) performance internationally, according to the Dow Jones Sustainability Index (DJSI), one of the world's most respected measurements of companies' management of sustainability. In a context in which companies face increasing ESG demands, Falabella achieved a record score of 73 points out of 100 and climbed three places on 2022, standing out among the 13,000 companies from different industries that participate in the DJSI each year.

This was in line with Falabella's performance in other rankings and evaluations: in the MSCI ESG ratings, its classification improved from BBB to A; it took fourth place in the IPSA Ranking of Companies' Sustainability published by Chile's Adolfo Ibáñez University; and it was the only Chilean company in the Gender Benchmark of the World Benchmarking Alliance, in which it took 12th place.

Listening to and supporting customers

Sodimac seeks to understand customers' needs and expectations. It has in place a series of channels for contact with them and feedback. They include mystery shoppers, surveys of satisfaction and the *Contacto Sodimac* (Contact Sodimac) listening channels. Based on this information, which it analyzes daily, the company introduces changes and improvements.

It also uses the Net Promoter Score (NPS) management model to measure customers' satisfaction and their perceptions of the quality of their shopping experience. This indicator showed improvements in 2023.

These efforts were recognized in studies

published by prestigious organizations such as Merco, Cadem and GfK. They reflected consumers' appreciation of the brand and trust in it, which position the company in leading places in the home improvement category of different rankings.

In the face of the slowdown in the retail and construction sectors of different countries, Sodimac launched initiatives to assist its home and professional customers. They began in Chile with the *Para volver a construir* (To build again) campaign under which, in a joint effort with suppliers, it lowered and froze the prices of over 1,000 different construction and home improvement products.

Together with its suppliers, Sodimac constantly seeks to support tradesmen by offering them training opportunities. These take the form of free fairs, workshops, courses and factory visits, among other initiatives.

In 2023, Sodimac Chile trained over 120,000 people through its Tradesmen's Circle (CES) program and its annual Great Training Fair. In addition, the Great Digital Training Fair in Peru brought together 27,000 people from 150 locations around the country while Colombian construction professionals received 330,000 hours of training.

In the case of home customers, Sodimac sought to enhance the in-store experience, incorporating new spaces for inspiration and experimentation and new innovative products and strengthening its own brands as well as implementing technological innovations that contribute to better customer service.

Sodimac's marketing communications are governed by strict ethical parameters based on good faith, fair competition and correct promotional practices. The company voluntarily adheres to advertising codes of ethics and self-regulation principles.

In this framework, it implements marketing campaigns focused on sustainability to foster awareness of the importance of care for the home, savings and protection of the environment. Campaigns are also aligned with the

company's commitment to respect, non-discrimination and the promotion of diversity.

Responsible trading

Sodimac has a Responsible Trade Policy to safeguard the quality and safety of its products and ensure they are produced sustainably. Under this, suppliers must meet requirements on compliance with regulation, workplace safety, verification of product labeling and care for the environment. The company carries out inspection visits to production plants and tests products and their compliance with minimum technical standards (SPEC).

The company also seeks to ensure that customers have a good user experience. It is the only retailer in Chile with an internal quality control laboratory to test products' safety and functionality. This laboratory is certified under the LEAN 5S philosophy and has areas for mechanical, electrical, chemical and materials testing of its own-brand products as well as installation, assembly and application areas.

Sodimac's suppliers are a fundamental part of its sustainability policy and it has built long-term, transparent



and mutually beneficial ties with them, seeking to achieve rigorous compliance with the agreements signed on matters relating to commercial relations.

The company uses all the information services available in the market to ensure suppliers' ethical standards. It also makes a point of communicating its best practices and knowledge about responsible production to its supplier base, particularly small and mid-sized companies.

Its responsible procurement policy is designed according to the guidelines suggested by the Supplier Ethical Data Exchange (Sedex). This international non-profit organization seeks to promote improvements in business practices as regards supply-chain ethics and responsibility. Its

platform also allows suppliers themselves to evaluate their performance in different fields.

Sodimac's aim is for entrepreneurs to grow alongside the company in a joint quest to develop innovative and sustainable alternatives for customers. It seeks particularly to offer opportunities for small and medium-sized companies. In one example of this commitment, Sodimac Peru reinforced its *Creciendo Juntos* (Growing Together) program for the sustainable development and growth of micro, small and mid-sized companies.

The combat and eradication of child labor is a matter of great importance to the company, which implements internal awareness-raising policies that include suppliers who, in



order to operate with Sodimac, must not employ children.

Together with communities

Contributing to the quality of life of the communities where it operates and, particularly, the most vulnerable people is an essential part of Sodimac's sustainability strategy.

In 2023, the company came to the aid of families impacted by various emergencies around the region. In Brazil, it made its stores available to the authorities as collection points for receiving food for those affected by the intense rains on the northern coast of São Paulo. Similarly, the Chilean

team mobilized to support communities in the central and southern part of the country hit by fires and storms. It provided hygiene and household sanitation kits, debris cleaning services and water pumps as well as supporting employees who had been affected.

Thanks to the commitment of company volunteers, the home improvement chain was also able to strengthen programs through which it provides support for the improvement of homes and the infrastructure of social organizations.

The *Mi Hábitat* (My Habitat) initiative in Colombia benefited more than 13,000 highly vulnerable people through the enhancement of homes in various municipal districts. In this country, the company also launched the *Juntos por tu*

In the face of the slowdown in the retail and construction sectors of different countries, Sodimac launched initiatives to assist its home and professional customers. They began in Chile with the Para volver a construir (To build again) campaign under which, in a joint effort with suppliers, it lowered and froze the prices of over 1,000 different products.

Hogar (Together for Your Home) program, an initiative that mobilized different actors to improve employees' homes, benefiting 300 families.

For the first time, Sodimac Peru carried out a territorial management project in communities around its stores in Lima. In addition, its volunteer program contributed over 400 hours of work, with milestones including the cleaning of ecosystems in the cities of Lima, Trujillo and Iquitos.

With 16 years of existence, Chile's *Construyendo Sueños de Hogar* (Building Dreams of Home) program positively impacted over 33,000 people through 81 projects as well as repairing the homes of 54 employees through 73 projects.

As part of its volunteer program, the team in Uruguay continued to support the Forge Foundation, which provides employment assistance to economically vulnerable young people. In addition, it provided ongoing support for the TECHO organization through the construction of housing.

In Argentina, the company worked in alliance with the Sí Foundation, which fosters the social inclusion of the most vulnerable sectors. In a volunteer initiative, company

employees helped the foundation's toy factory to assemble puppets and toys for children.

Talent and diversity

Sodimac continued to seek to increase employees' well-being. Their training is a key focus and, in 2023, the company provided over 1.4 million hours of training around the region.

As part of this effort, it worked to foster talent and leadership skills through programs such as Leaders in Development, launched in Mexico.

Progress on gender equity was another priority in the framework of Sodimac's commitment to equality of opportunity and conditions for men and women. Internal training sessions took place and information about the company's measures in this area was reinforced. Since 2021, Sodimac has been implementing a mentoring program in Chile to support women employees with potential, providing them with leadership tools under the guidance of mentors from within the organization.

For Sodimac, it is an imperative to reduce the impact of its operations on the environment and play an active role in climate action. In line with this, it progressed in recovery of the waste generated by its operations and the promotion of circularity in society, expanded its use of electromobility for customer deliveries and increasingly used renewable energies.

The company is firmly committed to diversity, inclusion and non-discrimination and has policies in this field that govern its actions both internally and in relation to society.

In 2023, Sodimac Peru's Equity, Diversity, Inclusion and Prevention of Violence Strategy (EDIPVI) not only emphasized the combat of gender-based violence and discrimination in society but also sought to highlight the benefits of diversity and equal opportunity. To offer customers a more inclusive service, Sodimac Chile launched Silent Hour, an initiative to support and raise awareness of people on the autism spectrum.

The measures taken to support employees' well-being placed important emphasis on emotional health. Courses, workshops and talks were offered to provide practical tools for self-care.

Employees value the company's concern for their quality of life and this was reflected in different recognitions. In Mexico, Sodimac obtained Super Company 2023 certification in a ranking of The Places where Everyone Wants to Work. Other distinctions included the company's eighth place in

the Great Place to Work's ranking of the Best Places to Work in Chile.

Corporate integrity

The value of the human person and consideration for a person's dignity and fundamental rights are at the core of the behavior of Sodimac, its executives and employees. The company seeks to establish and strengthen mechanisms that safeguard respect for human rights in all their dimensions. It carries out its activities in accordance with ethical values and principles.

Sodimac rejects all forms of discrimination and corruption in accordance with the ten principles to which it voluntarily adhered when it signed the UN Global Compact. In addition, the company forms part of the GOLD Community of the Global Reporting Initiative (GRI), which seeks to foster transparency in companies around the world.

The company has a Corporate Integrity Program to identify, prevent and address any situations at odds with its values.



Its different norms and controls include the Code of Ethics; Regulation on Order, Hygiene and Safety; the Sodimac Commercial Transparency Policy (TCS), which governs relations with suppliers; and a Corporate Transparency Platform to which employees and other stakeholders can submit complaints or queries on integrity issues. This platform ensures confidentiality, the investigation of each case and an appropriate solution.

In 2023, the company made various efforts across countries to strengthen corporate governance guidelines and business ethics. They included both the reinforcement of

existing commitments and new undertakings as well as the strengthening of internal communications and training in this area.

As part of this effort, Sodimac Chile implemented its second Human Rights and Business Due Diligence process on the basis of which it updated and improved its risk matrix. This process was highlighted by Global Compact Chile in its 2023 Conecta Business Recognitions, awarded for actions that have a concrete positive impact on progress towards the UN Sustainable Development Goals.



For climate action

For Sodimac, it is an imperative to reduce the environmental impact of its operations and play an active role in climate action.

With the support of its suppliers, the company increased the number of different sustainable products it markets around the region to over 12,000 and achieved the goal of ensuring that all packaging and packing of its own-brand products was recyclable. It obtained FSC certification for its Timbermac own brand of wood, becoming the first retailer in Latin America to do so. FSC certification is one of the most comprehensive and prestigious international standards for responsible forest management and the traceability of processed wood.

The company's goal is to be carbon neutral in Chile by 2023 in Scopes 1 and 2 emissions (direct emissions and those under its operational control). In pursuit of this goal, the company made progress on the recovery of waste generated by its operations and the promotion of circularity in society. Measures under its environmental program also included the use of electromobility for customer deliveries and increased sourcing of energy from renewable sources.

To contribute to compliance with Chile's Extended Producer Responsibility (REP) Law, the company began the gradual transfer of its Clean Points recycling collection facilities to the collective management systems created under this regulation.

In Peru, the company reduced its carbon footprint by 5%, enabling it to obtain the third star awarded by the Environment Ministry's Carbon Footprint Peru platform. Similarly, in Chile, it was awarded the Seal of Excellence of the Environment Ministry's *Huella Chile* (Chile Footprint) program for the fourth consecutive year.

The Peruvian operation implemented energy efficiency projects that included the installation of 196 solar panels at the Cerro Colorado store in Arequipa, the conversion of the San Juan de Lurigancho and Chiclayo stores to bioclimatic systems and the opening of 15 Clean Points around the country.

Sodimac Brazil made progress on the use of renewable energy. In addition, its new distribution center, which opened in 2023, is designed for low energy consumption and has a plant for water reuse and charging points for electric vehicles.

In Colombia, the company reaffirmed its commitment to the environment by offsetting 1,690 tonnes of emissions through agroforestry projects and, for the third consecutive year, was certified as a carbon neutral company in Scopes 1 and 2 emissions. All its stores and distribution centers were also recertified under the ISO-14001:2015 standard and are the only ones in Colombia with this recognition.



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