

2020

Por una ciudad justa

CHO  
PARA CHILE



# Sustainability Report



# About this Report

(102-45; 102-50; 102-51; 102-52;  
102-53; 102-54)

This is Sodimac Chile's 14th Sustainability Report. It provides an account of the company's economic, social and environmental performance between 1 January and 31 December 2020 (previous reports are available at [www.sodimac.cl](http://www.sodimac.cl)). It does not cover the company's Imperial S.A. subsidiary in Chile or the company's business units in other countries, which publish their own Sustainability Reports (available on their websites).

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

The Report was prepared in accordance with the Core option of the Guidelines of the Global Reporting Initiative (GRI).

We would appreciate your comments and suggestions:

**Juan Carlos Corvalán R.**

Legal Affairs and Sustainability Manager  
E-mail: [jcorvalan@sodimac.cl](mailto:jcorvalan@sodimac.cl)

**Pablo Urbina M.**

Assistant Sustainability Manager  
E-mail: [purbina@sodimac.cl](mailto:purbina@sodimac.cl)





(102-1; 102-3; 102-56)

**Sodimac S.A.**

RUT: 96.792.430-K  
Address: Av. Presidente Eduardo Frei Montalva N° 3092  
Renca, Santiago, Chile.  
[www.sodimac.com](http://www.sodimac.com)

**Coordination and content:**

Pablo Urbina M.  
Marcela Erazo P.

**Editing:**

Transparentia Consultores

**External Assurance:**

This Sustainability Report was externally assured by EY's CC&SS Assurance to ensure the accuracy and reliability of the information reported. A copy of EY's Assurance Statement can be found on page 134 of this Report.

**Design:**

Espacio Vital

**Photographs:**

Sodimac Archive

# Contents

|   |           |  |  |
|---|-----------|--|--|
| Letter from the General Manager<br>of Sodimac Chile   | <b>5</b>  | Our Suppliers  | <b>74</b>  |
| Sodimac and its Context   | <b>8</b>  | Our Customers  | <b>85</b>  |
| <ul style="list-style-type: none"> <li>• Retail Industry</li> <li>• Strategic Framework</li> <li>• Sodimac in Latin America</li> <li>• Value Chain</li> </ul>                                     |           | Commitment to the Environment  | <b>95</b>  |
| Responsible Growth  | <b>18</b> | Commitment to the Community  | <b>109</b>   |
| <ul style="list-style-type: none"> <li>• Responsible Growth in Chile</li> <li>• Building the House of the Future</li> <li>• Commitment to Sustainability</li> <li>• Internal Structure</li> </ul> |           | Appendices   | <b>118</b>   |
| Corporate Governance<br>and Business Ethics   | <b>42</b> | <ul style="list-style-type: none"> <li>• Economic Development</li> <li>• Sodimac Chile Workforce</li> <li>• Inventory of GHG Emissions</li> <li>• GRI Index</li> <li>• External Assurance Statement</li> <li>• Feedback Questionnaire</li> <li>• Glossary</li> </ul> | <b>119</b><br><b>121</b><br><b>126</b><br><b>128</b><br><b>134</b><br><b>135</b><br><b>136</b> |
| Our Employees   | <b>55</b> |  |  |



# Letter from the General Manager of Sodimac Chile

(102-12; 102-14)



*After a year that was very difficult for people and companies too, we want to share with you Sodimac Chile's 14<sup>th</sup> Sustainability Report which, in accordance with the undertakings we have entered into with our different stakeholders under our Sustainability Policy, provides an account of our economic, social and environmental performance during the year.*

**Eduardo Mizón**  
General Manager Sodimac Chile

At the beginning of 2020, we never imagined that a pandemic would hit us with all its force and we would face one of the most difficult moments in recent history, not only in Chile but also globally.

After a year that was very difficult for people and companies too, we want to share with you Sodimac Chile's 14<sup>th</sup> Sustainability Report which, in accordance with the undertakings we have entered into with our different stakeholders under our Sustainability Policy, provides an account of our economic, social and environmental performance during the year.

The pandemic tested the resilience of each one of us and, as in other emergencies, our company did its utmost to support the population by supplying essential goods whilst, at the same time, operating responsibly, always giving priority to the health of our employees, customers and suppliers. To this end, we implemented measures and strict protocols that included safeguards beyond those required by the authorities.

I want to thank each of the people who work at Sodimac for their enormous commitment during these months in which, despite all the safeguards, there were understandably times when they felt frightened and uncertain. In response, we have been attentive to their personal situation and that of their families during the pandemic and provided support. Many of the measures we adopted arose from suggestions put forward by our fellow team members. In addressing the emergency, we worked with the support of our unions, always on the basis of dialogue, collaboration and trust.

We value this enormously, along with our work together with suppliers, who helped ensure the availability of essential goods.

Customers' consumption habits have changed. In the pandemic, the home took on transcendental importance, becoming a place of refuge and a place of work, schooling and entertainment. Consequently, demand for construction materials and products to improve and adapt homes increased. This was, moreover, accompanied by exponential growth of the use of online and other remote channels, with customers also demanding shorter delivery times.

The restrictions on our operations put an unprecedented level of stress on our capabilities and the commercial, operations and logistics teams worked to expand capacity in inventory supply sources and improve delivery fulfillment, implementing express dispatch from stores as well as same-day and 48-hour services. We implemented special protocols for contactless home delivery, improved store collection points and developed new forms of collection such as a service to the car so that customers could pick up products directly.

In some cases, despite all these efforts, we failed. We are very sorry that we have not always been able to maintain the levels of service to which we were accustomed in normal times. We are making every effort to resolve the difficulties, taking measures to allow us to raise fulfillment levels going forward. Our teams strive daily to improve the experience we offer customers, taking a series of corrective measures, and, in 2021, complaints have dropped back to their level before the pandemic.

Although our operation made it possible to supply people with essential goods, we are very aware that

**“Although our operation made it possible to supply people with essential goods, we are very aware that our contribution does not end there. Large companies, such as ours, must collaborate and act responsibly throughout the value chain and we strive to do this through concrete actions.”**

our contribution does not end there. Large companies, such as ours, must collaborate and act responsibly throughout the value chain and we strive to do this through concrete actions.

During the first three months of the pandemic, we froze the prices of hygiene and cleaning products to avoid speculative increases and limited the number of units customers were allowed to buy.

Through our *Hágalo Usted Mismo* (Do It Yourself) videos, we were present in homes with advice on how to save and implement projects of different types. By adopting a digital format, we also continued to provide training for tradesmen through the Sodimac Tradesmen's Circle (CES). A surprising virtual audience of over 200,000 people,

of whom some 12,000 were women, participated in the Great Online Training Fair during which over 305,000 people received training.

We also continued to innovate together with various start-ups, focusing on customers' needs and their experience. This led, for example, to the implementation of assisted online sales and online decoration services using video calls. In this way, without leaving their homes, customers could obtain the expert help of a salesperson when selecting and buying products and could access the personalized advice of expert decorators on adapting their homes to the new demands of life and work. Together with the start-up Lazarillo, the assisted sales service was also made available to people with visual impairment, offering them guidance and improving their online experience.

2020 was a very challenging year as regards procurement and we interviewed over 30 suppliers in order to understand their problems in the pandemic, identify areas for improvement in their relationship with Sodimac and develop a support strategy. We also provided advice and space to help micro-entrepreneurs expand their customer base, allowing them to sell their products through our Marketplace without commission charges for three months.

On the social front, we supported the community through different initiatives implemented with organizations with which we have an alliance. We participated in campaigns deployed by Movidos x Chile and Techo that benefited vulnerable families. With Techo, we also completed three definitive housing projects in Santiago, Valparaíso and Copiapó, designing and building apartments with the families themselves and benefiting some 1,100 people. We

also contributed to the *Red de Alimentos* (Food Network) campaign and the donation of boxes of food organized by the Confederation of Production and Commerce (CPC). Similarly, we donated materials and products to the *Plan Protege Calle* (Street Protection Plan) of the Ministry of Social Development and the Family as well as to the hospitals of Valdivia and La Calera and the Huechuraba Emergency Hospital in Santiago. Sadly, given the health situation, the company's *Construyendo Sueños de Hogar* (Building Dreams of Home) volunteer program could not be implemented in 2020. This program seeks to contribute to the development of communities near our operations and we hope to resume it as soon as possible.

During the health crisis, we have not neglected our long-term undertakings. In 2020, we continued to make progress towards meeting the Sustainable Development Goals (SDGs) in line with which we are committed to managing and reducing the business's negative impacts and generating value for the environment.

During the year, we implemented an investment plan for 46,000 million Chilean pesos. It included the opening of three new stores to better serve areas with new real estate developments in the Quilín and Chicureo districts of Santiago and the city of Antofagasta. At the same time, we continued to integrate our physical stores and digital channels, incorporating spaces to surprise and inspire customers and allow them to touch and try products, thereby complementing their online experience. We are increasingly digitizing our offer of products and services, expanding our technological capabilities, moving towards automation, strengthening our logistics processes and enhancing our interaction with consumers.

The integral training of our employees is fundamental and we were particularly concerned to avoid its interruption by the pandemic. Numerous courses were converted to e-learning and, as a result, we provided over 108,000 hours of training, benefiting more than 6,000 employees.

Another focus of our activities in 2020 was diversity and inclusion. We participated in the Pride Connection Mentoring Program and launched a Gender Transition Protocol. The company also provided support for the transition process through its complementary health insurance coverage. In addition, we adhered to the United Nations Target Gender Equality (TGE) program in order to develop new gender equality practices and launched a new protocol on gender violence, along with a campaign to prevent all forms of violence against women. Sodimac has an Inclusion Program for Persons with Disabilities, which provides the conditions so that any person can work at the company on equal terms. Thanks to this effort to provide job opportunities for people with disabilities, the Best Buddies Chile Foundation awarded Sodimac its Inclusive Company seal in 2020.

During the year, we maintained permanent dialogue with our unions. In a non-regulated bargaining process, we reached an agreement with the Homecenter Union that covers 37.4% of the company's workforce.

We have not neglected the urgent fight against climate change. In line with our goal of reducing our direct emissions by 30% by 2021 and becoming carbon neutral by 2030, we have continued to increase our use of

renewable energy. In 2020, we installed photovoltaic panels in a further 20 stores, taking the total to date to 48. This process will continue in 2021.

We received certification under the Clean Transport program of the Energy Sustainability Agency (AgenciaSE). This certification is awarded to companies that transport at least 50% of their freight in trucks with the Clean Transport seal or, in other words, belong to transport companies that are committed to energy efficiency and emissions reduction. Our aim is to move progressively towards electromobility and AgenciaSE also selected us to participate in the Electromobility Accelerator 2020.

In recognition of our measures to reduce the impact of emissions, we once again received the Quantification and Reduction Seals of the *Chile Huella* (Chile Footprint) program of the Environment Ministry and, for the second year, its Seal of Excellence. We were the only company in the retail sector to receive this latter recognition.

For a few months, the pandemic forced us to close our Clean Points facilities. Located from Arica in the north of Chile to Chiloé in the south, they are operated by TriCiclos and are normally open to the community to facilitate recycling and responsible waste disposal. However, they were subsequently recognized by the government as an essential service and were gradually reopened in different municipal districts under a safe protocol to protect the health of users and the facilities' personnel. Despite the temporary closure, the Clean Points performed well in 2020, receiving over 268,000 visits and recycling more than 2.4 million kilos of waste.

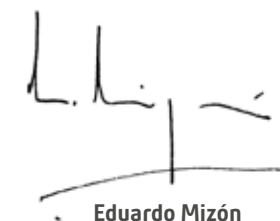
In 2020, we continued to implement the *Haciendo ECO* (Being ECO) initiative, offering customers over 4,400 sustainable products, some of which were made with recycled material from our Clean Points.

We have continued to strengthen our corporate governance. We adjusted our risk matrices in line with the new situation created by the pandemic and took important preventive measures. We accelerated the development of different indicators for audit and continuous control for permanent monitoring through internal audit surveillance panels, financial-accounting processes and the management of human resources, suppliers and infrastructure. This enabled us to review the different risk situations that could affect the company and take the corresponding measures.

I would like to take advantage of this letter to reiterate our firm commitment to the UN Guiding Principles on Human Rights and the Global Compact, the OECD's Guidelines for Multinational Enterprises and the protocols of the Global Reporting Initiative (GRI) as well as the voluntary undertakings we have entered into in pursuit of the Sustainable Development Goals (SDGs). We would appreciate any comments or suggestions you have to help us narrow gaps and continue advancing in the integration of sustainability in Sodimac.

We hope that, in 2021, our country gradually leaves the health crisis behind, but we are aware that its serious effects will remain with us for years and can only be confronted collaboratively. In the post-pandemic period, we will focus all our capabilities on contributing to the

country's economic, social and environmental reactivation and will continue to strive to correct our mistakes, improve and respond to the expectations of our different stakeholders in a world that will remain in permanent transformation.



**Eduardo Mizón**  
General Manager Sodimac Chile



## Sodimac and *its Context*





## Retail industry

(102-15)

The pandemic accelerated the profound transformations that are occurring in the retail sector, producing drastic changes in the capacity for consumption and its dynamics and a renewed appreciation of the importance of the home. It also meant strict restrictions for the operation while distribution centers operated at maximum capacity in order to satisfy the exponential growth of e-commerce.



### Acceleration of use of digital channels and changes in consumption

In terms of consumer behavior, 2020 brought an acceleration of the use of digital channels that had previously been expected to occur over a period of around five years. In the face of lockdowns and restrictions on movement, Internet sales grew exponentially. Customers saw e-commerce as a better way of satisfying their needs, an alternative that was just

one click away, without requiring them to leave their homes or expose themselves unnecessarily. This was accompanied by a tendency to demand shorter delivery times and higher levels of fulfillment and service, calling on companies to accelerate the development of new capabilities.

### The home takes center stage

In the health crisis, the home took on a key role, a trend that, according to different customer studies, will persist. We spent much more time at home and the dynamics of families changed, prompting them to adapt their homes to improve conditions for working, studying, exercising, cooking, resting or entertaining and to make them multifunctional.

## Citizen consumers

Customers' decisions have continued to have a citizen dimension. Customers are very aware of their rights and expect companies to go well beyond their traditional economic role, committing to causes that mobilize people and contributing decidedly to the fight against climate change and the solution of social problems that affect the country and the planet.

In response to these changes, Sodimac has focused on embedding sustainability ever more deeply into its strategy and accelerating its digital transformation in order to develop its value proposition and offer customers an ever better experience.

For some years, the company has been working to digitize its offer of products and services, integrate its stores and online capabilities, improve its logistics processes and strengthen its interaction with consumers. In this context, the pandemic became an opportunity to intensify and accelerate these processes.

In its digital transformation, Sodimac is working on areas that include strategy and innovation, decision-making based on the customer's shopping journey, the development of an agile culture, the expansion of its technological capabilities, automation and the incorporation of artificial intelligence in processes and decisions, business intelligence and data-based decision-making. In all these fields, Sodimac is always guided by its purpose, which permeates everything it does: Together we build dreams and home improvement projects.



## Pandemic-related measures

(102-10)

During the pandemic, Sodimac implemented a series of measures through which to address the needs of its different stakeholders:

- The company focused on maintaining its operations whilst protecting the health of employees, customers and suppliers in order to provide customers with basic necessities as well as more general products.
- Under the Healthy Store concept, it established a series of measures and strict protocols for the operation of stores that, as well as meeting official requirements, included additional safeguards. At the same time, priority was given to e-commerce with a protocol for contactless delivery of orders.
- Priority was given to remote working while store opening hours were reduced to adapt shifts and enable employees in risk groups to stay at home.
- In response to customers' need for better delivery times, the company strove to expand its capacity in terms of sources of supply and improve the fulfillment of orders. Express dispatch from stores and a same-day delivery service were introduced and advances were achieved in new forms of pick-up, improving click & collect spaces in stores and establishing a click-to-car service, to allow customers to collect products directly without needing to interact with company personnel.

In addition, to provide more alternatives, Sodimac customers were able to pick up orders from the click & collect points of other companies in the Falabella group.

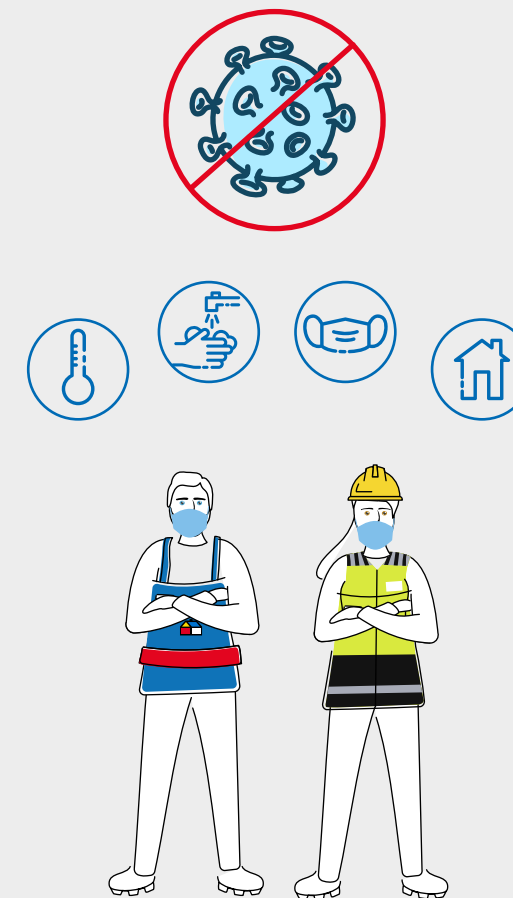
- The prices of hygiene and cleaning products were frozen to avoid speculative increases and a limit was placed on the number of units customers were allowed to buy.
- In the case of consumer rights, the deadlines for filing complaints and activating guarantees were lifted and the company compensated customers when it was unable to fulfill its promises.
- Sodimac opened its Marketplace to micro-entrepreneurs as a means of supporting them during the health crisis, providing free training and support and eliminating commission charges on their sales for three months.
- Assisted Online Sales (VOA) and Online Decoration Advice (ADO) services were deployed, helping to enhance customers' experience of shopping from home:

Through the VOA, a salesperson advises customers by means of a video call. Together with Lazarillo, a start-up, the company also made this innovation available to people with visual impairment, enabling it to guide their browsing and online shopping experience. The VOA had

the added advantage of allowing the sales force to work remotely, keeping them active and safe in their homes.

The ADO service, in turn, makes home design available to a broader public. Using a video call, expert decorators provide customers with personalized advice on adapting their homes to the new demands of life and work.

- Sodimac accompanied its audiences and customers during lockdowns when they required advice on how to carry out activities and improve their homes or, in the case of tradesmen, on their work. Special advisory content was developed for the company's YouTube channel and the LiVES videos of the Hágalo Usted Mismo (Do It Yourself) program. In 2020, 98 new videos were released on the YouTube channel and were viewed more than 90 million times.
- The online version of the Great Training Fair was one of the milestones of the year. It attracted more than 200,000 visitors from the world of construction of whom 12% were women. Visitors had the opportunity to participate in over 100 online courses, given by suppliers companies, and over 305,000 people received training on topics that included tax issues, entrepreneurship and SENCE courses.
- In 2020, 40 events were held in the LiVES format as a vehicle for technical training. Some of these events



were viewed by over 4,000 people as well as being reproduced more than 2 million times.

- 6,723 tradesmen received training through nine online courses and six mixed online/in-person courses, provided together with the INACAP training organization. This represented an increase of 270% on 2019.
- Sodimac's National Clean Points Network was defined by the authorities as an essential service and continued to operate under a special protocol.
- The company continued to file declarations to the Environment Ministry's Register of Emission and Transfer of Pollutants (RETC), a system that facilitates citizens' access to information about organizations' emissions, waste and transfer of pollutants.
- Sodimac worked in coordination with the social organizations with which it has an alliance to support communities' needs and provide assistance.
- In the case of Techo, the company supported the Chile Comparte Vivienda (Chile Shares Housing) campaign, implemented together with Fundación Vivienda, to build 500 basic homes while, in the case of Movidos x Chile, it collaborated in its campaign to help vulnerable people and families. Together with other Falabella companies, it also supported the Red de Alimentos (Food Network)

and the donation of boxes of food organized by the Confederation of Production and Commerce (CPC). In addition, the company donated materials and products to the Plan Protege Calle (Street Protection Plan) of the Ministry of Social Development and the Family as well as to the hospitals of Valdivia and La Calera and the Huechuraba Emergency Hospital in Santiago.

- In 2020, Sodimac's alliance with Techo-Chile resulted in the implementation of three housing projects, consisting of apartments designed and built with the families themselves, benefiting some 1,100 people.
- In the case of prevention, Sodimac sought to identify risks related to the pandemic, its effect on work teams, work in stores, distribution centers and the company's relations with its customers. Its risk matrices were adjusted in line with the new situation and preventive measures were taken at all levels of the company.



# Strategic Framework

(102-16)

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



## Our Purpose

*Together we build dreams and home improvement projects.*

## Our Mission

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

## Our Vision

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

## Our values and how we put them into practice



### Respect

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

### Excellence

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

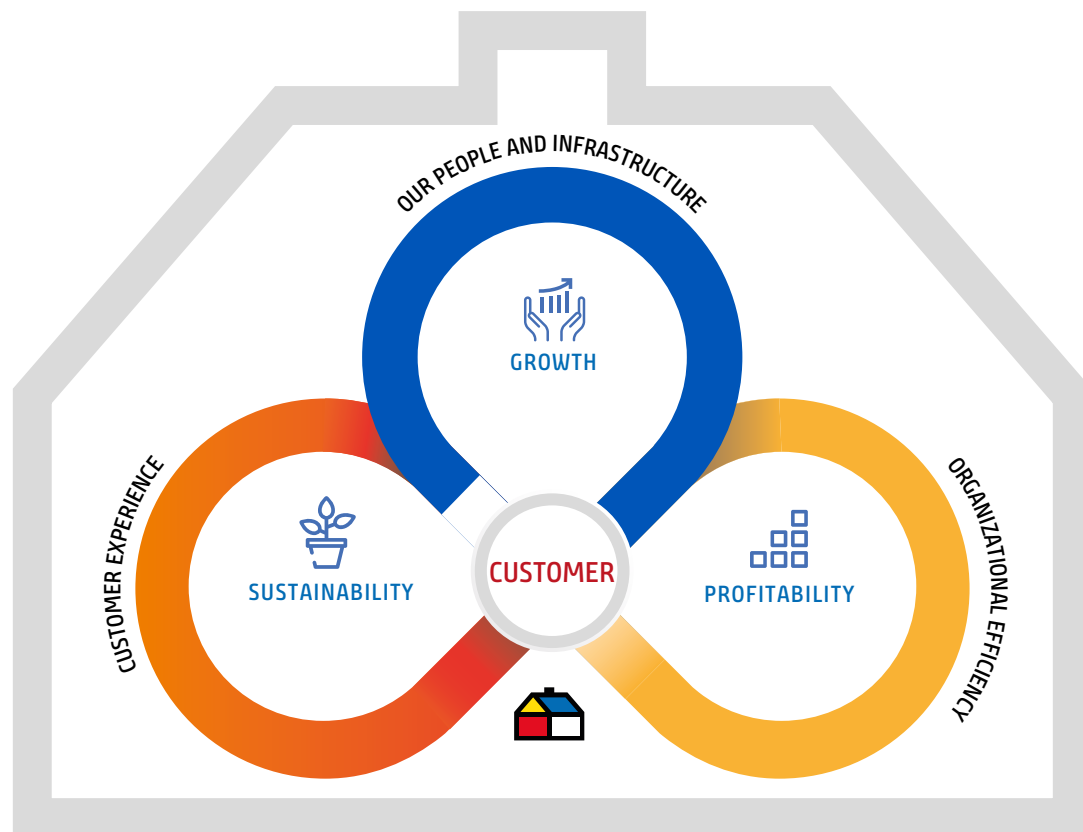
### Integrity

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

### Responsibility

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

# Strategic priorities



## EXPERIMENTATION AND SPEED

- Make things happen
- Grow through our achievements
- Dare to try different things

## CUSTOMER AT THE CENTER

- Exceed customers' expectations
- Get to know and listen to the customer
- Take data-based decisions

## COLLABORATION

- Be a single team
- Learn from others
- Generate the best solutions together

## MENTALITY OF CHANGE

- Act with meaning
- Learn and unlearn
- Incorporate new methodologies and knowledge

## Sodimac in Latin America

(102-2; 102-4; 102-5)



Sodimac is the home improvement subsidiary of Falabella, one of Latin America's principal retail platforms. It controls 100% of Sodimac through two companies: Inversiones y Prestaciones Venser Seis Limitada (99.9999986%) and Inversiones Parmin SpA (0.0000014%).

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

| Colombia                     | 2018    | 2019    | 2020    |
|------------------------------|---------|---------|---------|
| Stores                       | 40      | 40      | 40      |
| Employees                    | 8,933   | 9,039   | 9,121   |
| Sales area (m <sup>2</sup> ) | 385,290 | 386,256 | 386,256 |

| Peru                         | 2018    | 2019    | 2020    |
|------------------------------|---------|---------|---------|
| Stores                       | 56      | 55      | 56      |
| Employees                    | 9,684   | 9,891   | 9,738   |
| Sales area (m <sup>2</sup> ) | 372,382 | 376,264 | 385,217 |

| Argentina                    | 2018   | 2019   | 2020   |
|------------------------------|--------|--------|--------|
| Stores                       | 9      | 9      | 8      |
| Employees                    | 1,696  | 1,295  | 807    |
| Sales area (m <sup>2</sup> ) | 94,073 | 94,073 | 84,826 |

| Brazil                       | 2018    | 2019    | 2020    |
|------------------------------|---------|---------|---------|
| Stores                       | 53      | 53      | 53      |
| Employees                    | 3,320   | 3,530   | 3,434   |
| Sales area (m <sup>2</sup> ) | 163,746 | 172,112 | 174,280 |

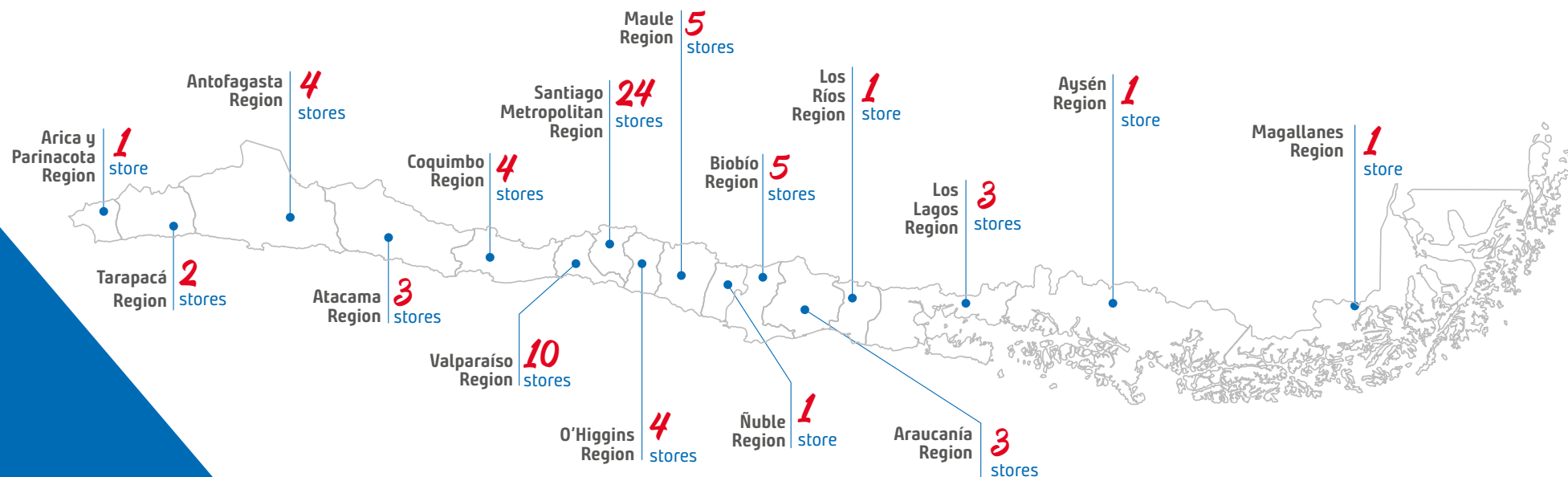
| Uruguay                      | 2018   | 2019   | 2020   |
|------------------------------|--------|--------|--------|
| Stores                       | 3      | 3      | 3      |
| Employees                    | 441    | 449    | 830    |
| Sales area (m <sup>2</sup> ) | 24,849 | 24,849 | 24,849 |

| Mexico                       | 2018   | 2019   | 2020   |
|------------------------------|--------|--------|--------|
| Stores                       | 3      | 5      | 6      |
| Employees                    | 800    | 1,132  | 988    |
| Sales area (m <sup>2</sup> ) | 34,610 | 57,209 | 65,628 |

## Operational development of Sodimac Chile

(102-4; 102-6; 102-7; 102-10)

Sodimac has **72** stores in **42** cities around Chile.



|                              | 2018    | 2019    | 2020    |
|------------------------------|---------|---------|---------|
| Points of sale               | 74      | 74      | 72      |
| Employees                    | 18,156  | 18,020  | 15,145  |
| Sales area (m <sup>2</sup> ) | 669,775 | 686,258 | 689,678 |

**Notes:**

- The workforce includes Sodimac, Sodilog and Traineemac.
- These figures do not include the company's Imperial subsidiary, which has 13 stores and a sales area of 71,302 m<sup>2</sup>.
- In 2020, the Open Kennedy, Plaza Vespucio and Plaza Egaña Homy stores were closed as part of the process of launching the Ikea franchise. The Constructor Talcahuano store was also closed as part of an efficiency process.
- The figure for points of sale in 2020 does not include the two stores that suffered fires in 2019.



# Value chain

(102-2; 102-6; 102-7; 102-9)

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

## Supply chain

**5,851** suppliers of products and services from different sectors and of different sizes.

**81%** of suppliers of products from Chile.

**313** suppliers registered with Sedex.

**12** social audits of workplace health and safety, human rights and environmental and labor standards.

Support for **micro-entrepreneurs:** **1,800** different products in Marketplace.

## Logistics

Click & collect areas in **100%** of stores, **5** stores with click-to-car service and **69** click & collect points in other Falabella installations.

**546,478** m<sup>2</sup> of warehousing space (**147,263** m<sup>2</sup> owned).

**100%** of last-mile deliveries to customers of Sodimac Chile are carbon neutral.

In Chile: **9** distribution centers and warehouses.

Carbon footprint: **40%** of the GHG emissions of Sodimac S.A. generated by the transport of products. Huella Chile Seal of Excellence (Environment Ministry) for management of GHGs and Clean Transport certification (AgenciaSE) for more than **50%** of freight transported in certified trucks.

## Commercial

**+120,000** different products and services (SKUs) in stores and on Sodimac.com. **+4,300** sustainable products.

**72** stores.

**689,678** m<sup>2</sup> of sales floor.

**Healthy Store** operation during the pandemic with strict protocols.

Over **42 million** transactions in **2020**.

**New Garden Pro** area in Quilín Homecenter for professional gardener customers and pilot **Sodimac Express** store.

**Markets:** Home improvement and tradesmen.

**5 formats:**

- SODIMAC HOMECENTER
- SODIMAC CONSTRUCTOR
- SODIMAC.COM
- IMP RIAL
- VENTAEMPRESAS

**27 own brands:**

- ht, coso, bonito, gear, kela, topex, Baufer, REILINE
- usapman, AUTO STYLO, HALUX, DAR, ozim, paxan, macedo
- Würden, völkler, humboldt, ERQ, qp, koch, Alimor-Q
- MeBeef, ddbquo, ddbquo, hólter, hólter, MOMY, hólter, hólter

Sodimac.com: **+235** million visits and **+3.3** million transactions.

Sodimac App: **+2.5** million visits and **+600,000** downloads.

**Innovations in services in 2020:** Online Decoration Advice (personalized advice on decoration) and Assisted Online Sales (advice from salesperson through video call). Together with Lazarillo, this latter service was also made available to people with visual impairment.

## Use and post-consumption

**20** Sodimac Clean Points: **2,409,822** kilos of waste recycled and **+268,000** visits by members of the community.

**NPS** management model in stores and channels of contact to measure customer satisfaction and experience.

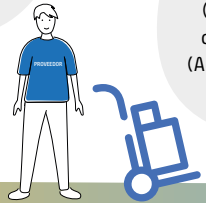
Complaints represented **1.04%** of total transactions.

**+1.9** million subscribers to Sodimac's YouTube tutorials channel.

Online Great Training Fair brought together **+200,000** tradesman, with **+100** courses.

**+250,000** members of Sodimac Tradesmen's Circle (CES) in Chile; **+4,000** tradesmen trained.

**Customers:** Families; contractors and small tradesmen; mid-sized and large construction companies.





# Responsible Growth



# Responsible Growth in Chile

(102-11; 102-26; 102-29; 103-2)

In response to the health contingency, Sodimac Chile had to change the center of gravity of its actions as regards growth, profitability and sustainability, devising short-term initiatives to address the pandemic and designing a new strategic plan with goals through to 2025.

## Sodimac's strategy through to 2025

Before the pandemic, Sodimac was implementing a series of measures under a Five-Year Strategic Plan for the period through to 2023. It had three main pillars: the best customer experience, the company's digital transformation and organizational efficiency.

However, the company concluded that, in a year with the volatility and uncertainty caused by the pandemic, managing a medium to long-term strategy implied rethinking and adapting the model. Consequently, the company opted to take short-term measures in a bid to support and guide the business in the midst of an unexpected and challenging scenario and, finally, to refresh its long-term strategy.

In October 2020, the company, therefore, launched a new plan looking ahead to 2025. It reflects the changes experienced by the business as well as complementing and having synergies with the corporate ecosystem.

In response to the pandemic, the company applied a four-month Contingency Plan based on three pillars: the Health and Safety of People, Care for the Business and Financial Management.

When the health crisis began, the company sought, under these guidelines, to ensure its levels of liquidity whilst, at the same time, taking measures focusing on its stakeholders (for details, see the chapter on Sodimac and its Context and the corresponding chapters of this Report).



## The importance of the "SWAT Team"

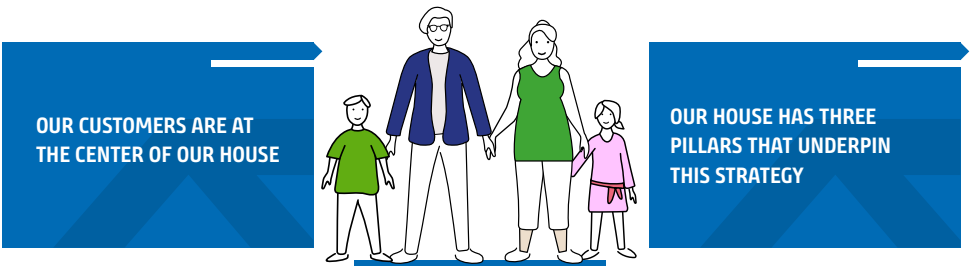
During the pandemic, the company adopted a model of work led by the company's managers, a group that became known as the "SWAT Team".

This multidisciplinary team from different levels of the organization met frequently, maintaining direct channels of communication at both the group level and with the rest of the company. Through the application of criteria based on flexibility, this permitted agile decision-making and the clear assignment of responsibilities.

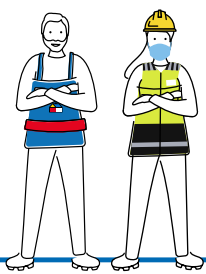
The model included comprehensive monitoring of agreements and measurement of the effective impact of decisions.

As a result, all the day-to-day actions taken by Sodimac during the health crisis had the backing and active support of the SWAT team.

# Building the House of the Future



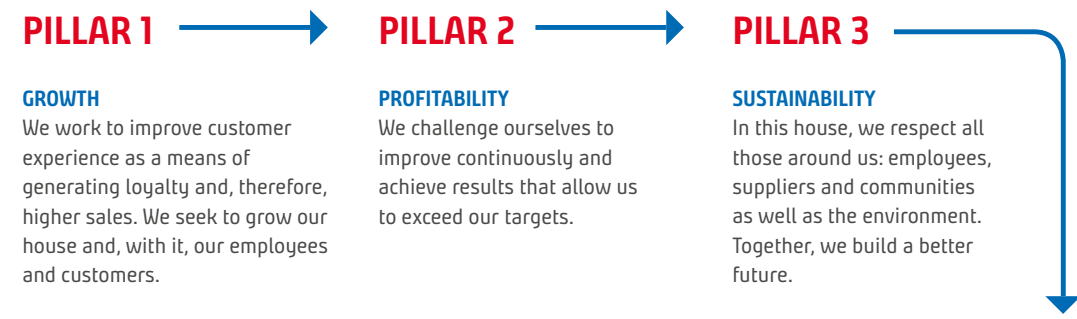
This is why we work with passion to offer them a better quality of life and an experience of service that surpasses their expectations.



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

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

**WE COULD NOT ACHIEVE THIS WITHOUT...**



**Together we build dreams and home improvement projects.**



## Commitment to sustainability

(102-11; 103-2)

### Evolution of sustainability at Sodimac

Independently of the contingency, sustainability is an integral part of Sodimac's growth strategy and is, therefore, backed by a permanent formal management structure, with measurements and indicators that form part of annual performance agreements with the organization's leaders.

In this framework, the company adopted a range of measures related to sustainable development in 2020.

### Roadmap of Chilean Plastics Pact

Together with more than 50 other organizations, Sodimac participated in the launch of the Roadmap of the Chilean Plastics Pact, a public-private initiative led by Fundación Chile and the Environment Ministry that seeks to foster progress towards a circular economy, providing specific guidelines on the use of plastics in the country. The Roadmap identifies 18 challenges, 35 solutions and 81 initiatives.



### AgenciaSE Clean Transport Certification

For the first time, the company received certification under the Clean Transport Program of the Energy Sustainability Agency (AgenciaSE). This certification is awarded to companies that transport at least 50% of their freight in trucks that have the Clean Transport seal and, in other words, belong to transport companies committed to energy efficiency and emissions reduction.

## Electromobility Accelerator 2020

Sodimac was selected to participate in the Electromobility Accelerator 2020, a project implemented by the Energy Ministry and AgenciaSE to promote the incorporation of technologies or strategies for efficient and electrified transportation. The project's aim is for participants in the Accelerator to define solutions to address uncertainties and opportunities related to electromobility.

Sodimac is gradually implementing an electromobility plan for both the delivery of products and the operation of its distribution centers and stores.

In line with this plan, March 2020 marked the first full year in which all product deliveries to customers in Chile were categorized as carbon neutral.

## Incorporation of renewable energies

In 2020, further progress was achieved on the use of non-conventional renewable energies (NCRE), with the installation of photovoltaic panels on the roofs of an additional 20 stores, taking the total equipped in this way to 48.

## Huella Chile Seal of Excellence

For the second consecutive year, Sodimac was awarded the Seal of Excellence of the Environment Ministry's *Huella Chile* (Chile Footprint) program. This is the highest distinction awarded by this voluntary program, which promotes the measurement, reporting and management of greenhouse gas (GHG) emissions by public and private organizations.





## Sodimac Tradesmen's Circle

In 2020, the Sodimac Constructor Tradesmen's Circle (CES), an emblematic inclusive business program that has now been in existence for 15 years, underwent renewal, with the incorporation of new black, gold and silver levels, each of which rewards members' loyalty with exclusive benefits. The program has over 260,000 members from Arica in the north of Chile to Punta Arenas in the south.

Its calendar of activities and job bank were strengthened while, due to the pandemic, the Great

Training Fair, an annual event, was held 100% digitally for the first time. Over three days, it offered over 100 online courses, with more than 50 interactive stands, and presented the latest developments in construction, content that was then posted on the CES platform.

During the year, more than 4,000 tradesmen and contractors were able to access virtual training thanks to CES. This represented an almost six-fold increase in five years.

## Construyendo Sueños de Hogar

Construyendo  
**Sueños**  
de Hogar 

*Construyendo Sueños de Hogar* (Building Dreams of Home) is the company's most important volunteer program. However, in 2020, the coronavirus pandemic prevented implementation of its activities on the ground. To continue contributing to the community, despite this impediment, Sodimac supported 21 cases of housing improvement through the *Aquí Somos Todos* (Here We Are All) program of the Canal13 television channel. In addition, the company's teams continued to support the Techo, Junto al Barrio and Movidos x Chile organizations.

Sodimac also donated different materials and products to institutions that included the hospitals of Valdivia and La Calera and the Huechuraba Emergency Hospital in Santiago.

In the framework of the Social Development Ministry's *Plan Protege Calle* (Street Protection Plan), the company donated blankets for people living on the streets.

Together with other Falabella companies, it also supported the *Red de Alimentos* (Food Network) campaign and the donation of boxes of food organized by the Confederation of Production and Commerce (CPC).

## Sustainability guidelines

(102-11; 102-12; 103-2)

Sodimac has a Corporate Sustainability Policy that encompasses its undertakings across all its business units. This Policy identifies priority stakeholders and defines explicit undertakings towards them. In this way, in its engagement with them, the company can directly address the issues that are most relevant for each group and, at the same time, align its work with international sustainability standards.

2006 - 2009

### FIRST SOCIAL RESPONSIBILITY GUIDELINES



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

2010 - 2014

### SUSTAINABILITY AND THE STRATEGIC PLAN



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

2015 - 2020

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



- Sustainability indicator to measure the integration of this criterion in all areas of the business
- Close coordination with the units in each country
- Re-targeting of the social investment and community relations strategy through the Building Dreams of Home program
- Update of the Human Rights Policy and human rights due diligence
- ESG measurements with stakeholders
- Consolidation of use of the Intelligent Territorial Early Warning Matrix (MIATT) in project evaluation to reinforce the capacity to listen and foresee possible territorial conflicts
- Progress in reducing the carbon footprint of e-commerce: all deliveries to customers in Chile have been carbon neutral since 1 March 2019.
- Update of the Corporate Sustainability Policy and material strategic issues (guidelines for all the business units in Latin America).





## Our employees

We strive to be a good place to work that provides opportunities for workplace development, based on respect for people's dignity and diversity and inclusion. We also seek to maintain fluid and transparent relationships anchored in dialogue and respect for freedom of association, with an emphasis on constant learning and development, quality of life, integral wellbeing and care for our employees and their safety.

## Our customers

We put the customer at the center of what we do, promoting responsible communication that ensures quality, availability and safety, as well as a growing offer of products and services that are sustainable and/or based on circular economy principles. We respect customers' rights and pay attention to their expectations, keep our promises, apply fair and transparent commercial policies and provide clear and complete information and the best service experience.

## Our suppliers

We view our suppliers as strategic partners in our value chain. We seek to develop long-term and mutually beneficial relations of trust with them, based on dialogue, clear and transparent rules and responsible management policies that promote, value, communicate and give priority to suppliers' responsibility on economic, social and environmental matters, under a relationship model that contributes to shared business success and sustainable development.

## Corporate governance and business ethics

Our company's sustainability begins with responsible leadership from the highest level and is integrated into all areas and levels of the organization. We promote ethical behavior, based on our code of ethics, integrity system and complaints channels, fostering respect for human rights and transparency in order to prevent, identify and address situations that may affect safety, our reputation or the trust placed in us by our stakeholders.

## Commitment to the environment

We actively promote care for the environment and work to reduce and mitigate our environmental impacts and promote the efficient use of natural resources, water and energy, along with transparency about our environmental performance and the circular economy throughout our operation. We are actively committed to combating the effects of climate change and becoming carbon neutral by 2030 and we foster awareness of the importance of care for the environment in our organization and among all those with whom we interact.

## Commitment to the community

We seek to build a relationship of trust and openness, based on dialogue and the responsible management of our impacts on the communities where we are present. We promote actions and participatory social investment that, reflecting our very nature, allow us to effectively improve communities' quality of life and foster local employability, encouraging our employees to participate in corporate volunteer activities and strengthening alliances with institutions with which we share common interests and objectives.

## Sodimac parent company in DJSI World

In November, Sodimac's parent company, Falabella, became the only Chilean retailer selected for inclusion in the Dow Jones Sustainability World Index (DJSI World), alongside listed multinational companies considered leaders on sustainability according to economic, social and environmental criteria. In the retail category, Falabella ranked fifth worldwide.

Falabella was also selected for the equity portfolios of the other indices in which it was invited to participate. It is the only Chilean company that is part of four indices (World, Emerging Markets, MILA Pacific Alliance and Chile).

These recognitions reflect the group's sustainable growth strategy, which puts the customer at the center and is based on mitigating the environmental impact of its operation, with a focus on reducing its carbon footprint and the management of waste and packaging; ensuring that its supply chain also complies with environmental and social standards; supporting the development of the places where it operates through social investment programs that give priority to education and entrepreneurship; and implementing a diversity and inclusion policy across all its business units.

## Commitment to the Sustainable Development Goals (SDGs)

(102-11; 102-12)

Sodimac is committed to the Sustainable Development Goals (SDGs), a United Nations global initiative that, between 2015 and 2030, seeks to eradicate poverty, protect the planet and ensure prosperity for all as part of a new growth agenda based on sustainability. Chile has adhered to its own SDGs, defining priorities aligned with the global vision and establishing objectives and goals on which the public and private sectors and civil society must work together.

In this framework, Sodimac has analyzed the objectives and goals as they relate to its business in order to manage and reduce its negative impacts. The organization's SDGs are related to material sustainability issues. Their management is discussed in the corresponding chapter of this Report.

In line with this, Sodimac has systematized four emblematic programs: the Sodimac School of Excellence, the Sodimac Tradesmen's Circle (CES), the Environmental Management program and the Building Dreams of Home program, which were offered to the National Council for the Implementation of the 2030 Agenda for use in preparing Chile's National Voluntary Review.







Thanks to these efforts, Sodimac's work has been highlighted each year by *Sumando Valor* (Adding Value), an initiative created by Chile's Confederation of Production and Commerce (CPC), the country's Manufacturers'



Association (SOFOPA), Global Compact and ACCIÓN Empresas, an organization that fosters transparency and reporting among companies in Chile. Each year, the platform draws attention to cases of business practices that contribute directly to achievement of the 17 SDGs. In 2020, it highlighted actions on the part of Sodimac in six areas: renewable energy, suppliers, inclusive business, responsible consumption, inclusion and waste recycling collection. For further information, see [www.sumandovalor.cl](http://www.sumandovalor.cl).



### Global Compact recognizes Building Dreams of Home program



As part of the celebration of the 20<sup>th</sup> anniversary of the United Nations Global Compact, the Chilean section of this initiative recognized Sodimac in the Prosperity category for the contribution of the *Construyendo Sueños de Hogar* (Building Dreams of Home) program to the UN Sustainable Development Goals by helping to reduce inequalities and make cities more inclusive, safe, resilient and sustainable.



| SDG   | OBJECTIVE  | HOW SODIMAC CONTRIBUTES   |
|---|--|---|
|    | End poverty in all its forms everywhere  | Sodimac supports the work of foundations such as Techo, Junto al Barrio, Movidos x Chile and Santiago+B that help improve the living conditions of vulnerable sectors of the community. Given the importance of having a permanent means of coordinating disaster response, Sodimac forms part of Movidos x Chile, an initiative promoted by the Community of Solidarity Organizations to strengthen collaboration between different bodies in addressing disasters/crises in the country. For further details, see the Commitment to the Community chapter (page 109).   |
|    | Ensure healthy lives and promote well-being for all at all ages                                      | Sodimac seeks to generate a culture that promotes employees' mental health and general wellbeing through its quality of life programs. In particular, it fosters self-care, stress management and healthy eating and offers talks on prevention of consumption of alcohol and other drugs. For further details, see the Our Employees chapter (page 55).  |
|    | Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all | <p>Sodimac offers training programs through the Sodimac School of Excellence in order to provide employees with integral training as retail professionals through a structure of courses that allows them to know which to take in order to further their long-term career development. For further details, see the Our Employees chapter (page 55).</p> <p>Sodimac also has its Tradesmen's Circle (CES), an emblematic inclusive business program. It has now been in existence for 14 years and enables the company to tighten ties with a key group of regular customers, training tradesmen and contractors and equipping them with tools to improve their work and the management of their businesses. For further details, see the Our Customers chapter (page 85).</p> |
|    | Achieve gender equality and empower all women and girls  | <p>Sodimac is committed to generating an inclusive, diverse and non-discriminatory workplace. It seeks to identify gender gaps and implements initiatives that promote its women employees' development. For further details, see the Our Employees chapter (page 55).</p> <p>It is also committed to ensuring respect for the UN Guiding Principles on Business and Human Rights in all its activities and at all its operations (Human Rights Policy). For further details, see the Corporate Governance and Business Ethics chapter (page 42).</p>   |
|   | Ensure availability and sustainable management of water and sanitation for all                       | Sodimac measures and seeks to reduce and mitigate the environmental impacts of its operations, managing and using water efficiently. It will also intensify its development of content for customers about responsible consumption and broaden access to products that enable households to save water. For further details, see the Commitment to the Environment chapter (page 95).   |
|  | Ensure access to affordable, reliable, sustainable and modern energy for all                         | <p>In the construction of its stores, Sodimac adheres to environmental standards based on the guidelines of the US Green Building Council.</p> <p>Stores also have an eco-efficient design that takes advantage of natural light and, among other measures, makes extensive use of LED technology. The company has also progressed in the use of non-conventional renewable energies (NCRE). For further details, see the Commitment to the Environment chapter (page 95).</p>  |

| SDG   | OBJECTIVE   | HOW SODIMAC CONTRIBUTES  |
|---|---|--|
|    | <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> | <p>Sodimac is committed to ensuring respect for the UN Guiding Principles on Business and Human Rights in all its activities and at all its operations (Human Rights Policy). For further details, see the Corporate Governance and Business Ethics chapter (page 42).</p> <p>Sodimac offers training programs through the Sodimac School of Excellence in order to provide employees with integral training as retail professionals through a structure of courses that allows them to know which to take in order to further their long-term career development. For further details, see the Our Employees chapter (page 55).</p> <p>In line with its awareness of the importance of caring for its employees, customers and contractors' employees in the daily management of its business, Sodimac has defined a Safety and Occupational Health Policy whose fundamental principles are the permanent strengthening of a culture of prevention and constant improvement of safety standards. For further details, see the Our Employees chapter (page 55).</p> <p>Sodimac prefers to hire full-time employees and its wage policy establishes an entry-level wage that is equal to or above the legal minimum in the country. For further details, see the Our Employees chapter (page 55).</p> <p>Sodimac is committed to generating an inclusive, diverse and non-discriminatory workplace. It seeks to identify gender gaps and implements initiatives that promote its women employees' development. For further details, see the Our Employees chapter (page 55).</p> <p>Sodimac also has its Tradesmen's Circle (CES), an emblematic inclusive business program. It has now been in existence for 14 years and enables the company to tighten ties with a key group of regular customers, training tradesmen and contractors and equipping them with tools to improve their work and the management of their businesses. For further details, see the Our Customers chapter (page 85).</p> <p>Sodimac also asks its suppliers to sign a declaration - available in Spanish, English and Mandarin - about aspects such as business ethics, human rights, workplace health and safety, their selection of their own suppliers, product labeling and advertising, the environment and commitment to the community. For further details, see the Our Suppliers chapter (page 74).</p> |
|  | <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>            | <p>In the construction of its stores, Sodimac adheres to environmental standards based on the guidelines of the US Green Building Council.</p> <p>Stores also have an eco-efficient design that takes advantage of natural light and, among other measures, makes extensive use of LED technology. The company has also progressed in the use of non-conventional renewable energies (NCRE). For further details, see the Commitment to the Environment chapter (page 95).</p> <p>The initiatives that Sodimac implements to protect the planet include the more than 4,000 sustainable products and services it offers; its decision at the beginning of 2018 to cease providing disposable plastic bags in its stores; its National Network of Clean Points; its Haciendo ECO (Being Eco) campaigns; special catalogues; the Hágalo Usted Mismo (Do It Yourself) videos to promote the recycling and reuse of disused articles; progress on the use of clean energy through solar panels at the company's installations; and household eco-efficiency measures. For further details, see the Commitment to the Environment chapter (page 95).</p>  |

| SDG   | OBJECTIVE   | HOW SODIMAC CONTRIBUTES   |
|---|---|---|
|  | <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p> | <p>Sodimac has consolidated its Construyendo Sueños de Hogar (Building Dreams of Home) program. This initiative, which is of great importance to the company, seeks to contribute to the development of communities where it is present and, since its creation 13 years ago, has implemented 705 projects, which have benefited over 158,000 people and on which 15,000 company volunteers have worked. For further details, see the Commitment to the Community chapter (page 109).</p> <p>Each year, Sodimac supports the work of foundations such as Techo, Junto al Barrio, Movidos x Chile and Santiago+B that help improve the living conditions of vulnerable sectors of the community. Given the importance of having a permanent means of coordinating disaster response, Sodimac forms part of Movidos x Chile, an initiative promoted by the Community of Solidarity Organizations to strengthen collaboration between different bodies in addressing disasters/crises in the country. For further details, see the Commitment to the Community chapter (page 109).</p> <p>Sodimac forms part of Santiago+B. Through this alliance, it participates in collaborative work to develop and implement solutions to concrete problems that affect Chile's capital, Santiago, encouraging citizens to become the main agents of its transformation into a more prosperous, sustainable resilient and inclusive city. For further details, see the Commitment to the Community chapter (page 109).</p>  |
|  | <p>Ensure sustainable consumption and production patterns</p>                       | <p>Sodimac believes that transparent, verifiable and comparable communication of an organization's economic, social and environmental performance is an important part of the organization's long-term sustainability. For further details, see the Responsible Growth chapter (page 18).</p> <p>In the construction of its stores, Sodimac adheres to environmental standards based on the guidelines of the US Green Building Council.</p> <p>Stores also have an eco-efficient design that takes advantage of natural light and, among other measures, makes extensive use of LED technology. The company has also progressed in the use of non-conventional renewable energies (NCRE). For further details, see the Commitment to the Environment chapter (page 95).</p> <p>The initiatives that Sodimac implements to protect the planet include the more than 4,000 sustainable products and services it offers; its decision at the beginning of 2018 to cease providing disposable plastic bags in its stores; Its National Network of Clean Points; its Haciendo ECO (Being Eco) campaigns; special catalogues; the Hágalo Usted Mismo (Do It Yourself) videos to promote the recycling and reuse of disused articles; progress on the use of clean energy through solar panels at the company's installations; and household eco-efficiency measures.</p> <p>In 2018, Sodimac joined the Circular Economy 100 (CE100) network of the Ellen MacArthur Foundation and went on to join the Chilean Plastics Pact of the Fundación Chile technology transfer institute. In 2019, together with its suppliers, the company set itself the goal of doubling the offer of eco-sustainable articles and services in its stores and ensuring that 100% of the containers and packaging of products it sells were recyclable by 2020, starting with its own brands. For further details, see the Commitment to the Environment chapter (page 95).</p> |

| SDG  | OBJECTIVE  | HOW SODIMAC CONTRIBUTES  |
|--|--|--|
|   | <p>Take urgent action to combat climate change and its impacts</p> | <p>Since 1 March 2019, all deliveries of products acquired by customers online have been carbon neutral, positioning Sodimac as the first company in Chile to make this a permanent commitment. For further details, see the Commitment to the Environment chapter (page 95).</p> <p>Sodimac was awarded the Huella Chile (Chile Footprint) Quantification seal for the measurement of its carbon footprint and, in 2019, also received the seals for Reduction and Excellence in recognition of its commitment and continuous improvement. For further details, see the Commitment to the Environment chapter (page 95).</p> <p>In the construction of its stores, Sodimac adheres to environmental standards based on the guidelines of the US Green Building Council. Stores also have an eco-efficient design that takes advantage of natural light and, among other measures, makes extensive use of LED technology. The company has also progressed in the use of non-conventional renewable energies (NCRE). For further details, see the Commitment to the Environment chapter (page 95).</p> <p>The initiatives that Sodimac implements to protect the planet include the more than 4,000 sustainable products and services it offers; its decision at the beginning of 2018 to cease providing disposable plastic bags in its stores; Its National Network of Clean Points; its Haciendo ECO (Being Eco) campaigns; special catalogues; the Hágalo Usted Mismo (Do It Yourself) videos to promote the recycling and reuse of disused articles; progress on the use of clean energy through solar panels at the company's installations; and household eco-efficiency measures. For further details, see the Commitment to the Environment chapter (page 95).</p> <p>In 2018, Sodimac joined the Circular Economy 100 (CE100) network of the Ellen MacArthur Foundation and went on to join the Chilean Plastics Pact of the Fundación Chile technology transfer institute. In 2019, together with its suppliers, the company set itself the goal of doubling the offer of eco-sustainable articles and services in its stores and ensuring that 100% of the containers and packaging of products it sells were recyclable by 2020, starting with its own brands. For further details, see the Commitment to the Environment chapter (page 95).</p> |
|  | <p>Promote peaceful and inclusive societies</p>                    | <p>Sodimac believes that transparent, verifiable and comparable communication of an organization's economic, social and environmental performance is an important part of its long-term sustainability. For further details, see the Responsible Growth chapter (page 18).</p> <p>In its activities, Sodimac seeks to comply fully with legal provisions and people's civil and labor rights. It has implemented a Corporate Integrity System to prevent, identify and address situations that could affect safety, the company's image and sustainability and the trust placed in it by its different stakeholders. For further details, see the Corporate Governance and Business Ethics chapter (page 42).</p> <p>Sodimac forms alliances and establishes relations with different business associations and other organizations and participates in working groups where it shares best practices and contributes its experience and knowledge as a means of collaborating in producing better public policies and solving social and environmental problems that affect the country. For further details, see the section on Our Alliances (page 37).</p>   |

## Stakeholder Relations

(102-11; 102-40; 102-42; 102-43; 102-44)

Sodimac strives to generate economic value, contributing to the integral development of its employees, customers, suppliers, shareholders, the financial community, the authorities and citizens in general. To this end, the company has a stakeholder engagement policy, which clearly sets out the principles that guide the relations established with each stakeholder as well as the responsibilities of each member of the company in this area.

Stakeholder relations are governed by four values that are intrinsic to Sodimac:

- Respect
- Excellence
- Integrity
- Responsibility





## Vehicles for communication with stakeholders

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

(D) Daily, (W) Weekly, (M) Monthly, (Q) Quarterly, (HY) Half-yearly, (A) Annually.

|            | Stakeholders   | Vehicle  | Objectives | Principal Undertakings  |  |
|------------|--|--|------------|---|--|
| Our people | All employees at stores, logistics centers and support offices and our unions    | - Open door policy   | (D)        | <ul style="list-style-type: none"> <li>- Foster a good work climate</li> <li>- Provide opportunities for training and integral development</li> <li>- Strengthen the culture of responsibility and sustainability and ethical conduct</li> <li>- Work together with unions</li> </ul> | <ul style="list-style-type: none"> <li>- Dignified and fair treatment</li> <li>- Integral development</li> <li>- Respect for human and labor rights</li> <li>- Diversity and inclusion</li> <li>- Workplace health and safety</li> </ul>                                 |
|            |  | - Internal channels of communication (TV channel, intranet, Workplace)     | (D)        |   |  |
|            |  | - Weekly "walks"   | (W)        |   |  |
|            |  | - Meetings in stores and other installations                               | (D)<br>(Q) |   |  |
|            |  | - Sodimac School of Excellence and other training programs                 | (D)        |   |  |
|            |  | - Performance evaluation with feedback                                     | (A)        |   |  |
|            |  | - Integrity Councilors and Integrity Channel                               | (D)        |   |  |
|            |  | - Dialogue with unions   | (M)        |   |  |
|            |  | - Feedback process with stakeholders                                       | (A)        |   |  |
|            |  | - Sustainability Report  | (A)        |   |  |
|            |  | - GPTW Survey  |            |   |  |
| - LinkedIn |  |  |            |   |  |
| Customers  | Existing and potential customers who acquire the company's products and services | - Physical stores and online channels                                      | (D)        | <ul style="list-style-type: none"> <li>- Continuous improvement in customer satisfaction (measured through NPS)</li> </ul>  | <ul style="list-style-type: none"> <li>- Offer safe products with high-quality standards</li> <li>- Listen constantly and provide the best quality of service</li> <li>- Responsible marketing</li> <li>- Protection of security and privacy of personal data</li> </ul> |
|            |  | - Customer service channels  | (D)        |   |  |
|            |  | - Surveys of satisfaction and channels of contact                          | (D)        |   |  |
|            |  | - SERNAC and channels for complaints in traditional media                  | (D)        |   |  |
|            |  | - Social networks  | (D)        |   |  |
|            |  | - TV program   | (W)        |   |  |
|            |  | - Catalogues   | (W)        |   |  |
|            |  | - CES  | (D)        |   |  |
|            |  | - Feedback process with stakeholders                                       | (A)        |   |  |
|            |  | - Sustainability Report  | (A)        |   |  |
|            |  | - Feedback through measurements of corporate reputation (Merco and others) | (A)        |   |  |

|                         | Stakeholders  | Vehicle   | Objectives | Principal Undertakings  |   |
|-------------------------|---|---|------------|---|---|
| Suppliers               | The company's strategic partners throughout the value chain, who provide it with goods and services | - Annual Suppliers' Meeting                                       | (A)        | <ul style="list-style-type: none"> <li>- Promote responsible production practices throughout the value chain</li> <li>- Develop capabilities and collaborative work to the benefit of customers</li> </ul>          | <ul style="list-style-type: none"> <li>- Fair treatment in accordance with norms of TCS code of self-regulation</li> <li>- Ensure compliance with labor and human rights norms and sustainable production environments</li> </ul> |
|                         |   | - Meetings with commercial team                                   | (D)        |   |   |
|                         |   | - Direct lines of attention, telephone and e-mail                 | (D)        |   |   |
|                         |   | - Surveys   | (A)        |   |   |
|                         |   | - Regular meetings with Quality Control area                      | (W)        |   |   |
|                         |   | - Supplier Innovation Center (CIP)                                | (D)        |   |   |
|                         |   | - Sedex program   | (D)        |   |   |
|                         |   | - TCS legal compliance area for enquiries and complaints          | (D)        |   |   |
|                         |   | - Product fair  | (M)        |   |   |
|                         |   | - Line reviews  | (Q)        |   |   |
|                         |   | - Feedback process with stakeholders                              | (A)        |   |   |
| - Sustainability Report | (A)   |   |            |   |   |
| Communities             | The communities in the vicinity of stores and other installations                                   | - Direct dialogue through meetings, letters, e-mail and telephone | (D)        | <ul style="list-style-type: none"> <li>- Increase the reach and impact of the programs implemented</li> <li>- Boost the positive impacts of the operation and assume responsibility for negative impacts</li> </ul> | <ul style="list-style-type: none"> <li>- Be a good corporate citizen with close ties with the community, contributing to the development and quality of life of the places where the company is present</li> </ul>                |
|                         |   | - Building Dreams of Home program                                 | (D)        |   |   |
|                         |   | - Work in the field and Pulso study prior to opening stores       | (Q)        |   |   |
|                         |   | - Sustainability Report   | (A)        |   |   |
|                         |   | - Volunteer activities and response to emergencies                | (D)        |   |   |
| Authorities             | Authorities who define the legal and regulatory framework for the sector and its development        | - Regular and/or occasional meetings                              | (D)        | <ul style="list-style-type: none"> <li>- Joint work to address problems of the country</li> <li>- Contribute experience for the improvement of regulation and standards</li> </ul>                                  | <ul style="list-style-type: none"> <li>- Regulatory and ethical compliance</li> <li>- Efficient use of resources and respect for the environment</li> </ul>   |
|                         |   | - Multi-stakeholder initiatives                                   | (D)        |   |   |
|                         |   | - Direct line with CMF  | (D)        |   |   |
|                         |   | - Direct line with SERNAC   | (D)        |   |   |
|                         |   | - Work with SEC on certifications                                 | (M)        |   |   |
|                         |   | - Specific reports  | (M)        |   |   |
|                         |   | - Annual Report   | (A)        |   |   |
|                         |   | - Feedback process with stakeholders                              | (A)        |   |   |
|                         |   | - Sustainability Report   | (A)        |   |   |

| Stakeholders   |  | Vehicle  | Objectives | Principal Undertakings   |   |
|--|--|--|------------|--|---|
| Industry   | Business associations and other bodies in which the company participates that seek to raise business standards   | - Participation in business associations and organizations                 | (M)        | - Work together to address common problems<br>- Foster public-private collaboration  | - Improve business standards<br>- Compliance with fair competition regulation               |
|  |  | - Business events  | (Q)        |  |   |
|  |  | - Multi-stakeholder initiatives  | (M)        |  |   |
|  |  | - Annual Report  | (A)        |  |   |
|  |  | - Sustainability Report  | (A)        |  |   |
|  |  | - Feedback through measurements of corporate reputation (Merco and others) | (A)        |  |   |
| Academia   | Universities and technical training centers with which the company collaborates, particularly on training and innovation   | - Collaboration through Supplier Innovation Center (CIP)                   | (M)        | - Joint work on innovations of general benefit<br>- Training programs for customers and employees  | - Promote innovation to address challenges and opportunities                                |
|  |  | - Direct dialogue  | (W)        |  |   |
|  |  | - Training programs  | (W)        |  |   |
|  |  | - Annual Report  | (A)        |  |   |
|  |  | - Feedback process with stakeholders                                       | (A)        |  |   |
|  |  | - Sustainability Report  | (A)        |  |   |
| - Feedback through measurements of corporate reputation (Merco and others) | (A)  |  |            |  |   |
| NGOs and other experts   | Civil society organizations with different areas of specialization with which the company collaborates to raise its standards and contribute to the solution of different problems | - Direct communication through letters, e-mail, meetings and telephone     | (D)        | - Active listening in order to understand and anticipate the requirements of the context in which the company operates<br>- Collaboration on matters of common interest<br>- Increase the reach and impact of the programs implemented | - Contribute to quality of life, social and economic wellbeing and care for the environment |
|  |  | - Alliances and joint activities   | (M)        |  |   |
|  |  | - Multi-stakeholder initiatives  | (M)        |  |   |
|  |  | - Annual Report  | (A)        |  |   |
|  |  | - Feedback process with stakeholders                                       | (A)        |  |   |
|  |  | - Sustainability Report  | (A)        |  |   |
| - Feedback through measurements of corporate reputation (Merco and others) | (A)  |  |            |  |   |

| Stakeholders |  | Vehicle   |     | Objectives  | Principal Undertakings  |
|--------------|--|---|-----|---|---|
| Investors    | Holders of Sodimac bonds and shareholders in the parent company which trades on the stock market | - Reports on results and filings to CMF                         | (Q) | - Corporate transparency<br>- Ethical management and compliance with regulation                                     | - Safeguard the interests of all shareholders<br>- Promote ethical conduct at all levels of the organization through the Corporate Probity Program<br>- Proactive risk management |
|              |  | - Investor relations activities organized by parent company     | (Q) |   |   |
|              |  | - Annual Report   | (A) |   |   |
|              |  | - Feedback process with stakeholders                            | (A) |   |   |
|              |  | - Sustainability Report   | (A) |   |   |
| Media        | Journalists and editors, particularly in those countries where the company has operations        | - Contact by telephone and e-mail                               | (D) | - Create a relationship of collaboration through which to communicate matters of interest to different stakeholders | - Respect for the role<br>- Ethics and rigor in providing information   |
|              |  | - Meetings  | (M) |   |   |
|              |  | - Interviews  | (M) |   |   |
|              |  | - Press releases  | (Q) |   |   |
|              |  | - Financial reports   | (Q) |   |   |
|              |  | - Annual Report and Sustainability Report                       | (A) |   |   |
|              |  | - Seminars and other activities attended by the press           | (M) |   |   |
|              |  | - Feedback through measurements of corporate reputation (Merco) | (A) |   |   |

## Our alliances

(102-11; 102-13)

Sodimac forms relations and establishes alliances with different business associations and other organizations and participates in working groups where it shares best practices and contributes its experience and knowledge as a means of collaborating in producing better public policies and solving social and environmental problems that affect the country. In 2020, the company contributed over 85 million Chilean pesos to different organizations in the form of membership fees, mostly to business associations and organizations that promote sustainability, sound labor relations, protection of the environment and business ethics.

### Sphere of action: business associations

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

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

### Sphere of action: social responsibility and sustainability

The company forms part of local and global initiatives that seek to foster social responsibility and sustainable development.

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

### Sphere of action: corporate governance and business ethics

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

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

### Sphere of action: labor relations

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

- Asociación Chilena de Seguridad, ACHS ([www.achs.cl](http://www.achs.cl))
- Great Place to Work Institute Chile, GPTW ([www.greatplacetowork.cl](http://www.greatplacetowork.cl))



- Jesuit Service for Migrants ([www.sjmchile.org](http://www.sjmchile.org))
- Pride Connection Chile ([www.prideconnection.cl](http://www.prideconnection.cl)).

### Sphere of action: environment

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

- Center of Business Leaders against Climate Change, CLG-Chile ([www.clgchile.cl](http://www.clgchile.cl))
- Energy Sustainability Agency, AgenciaSE ([www.agenciase.org](http://www.agenciase.org))
- Chile Green Building Council ([www.chilegbc.cl](http://www.chilegbc.cl))
- Chilean Plastics Pact (PCP) ([www.fch.cl](http://www.fch.cl))
- World Wildlife Fund, WWF Chile ([www.wwf.cl](http://www.wwf.cl)).

### Sphere of action: community

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

- Techo ([www.techo.org](http://www.techo.org))
- Fundación Junto al Barrio ([www.juntoalbarrio.cl](http://www.juntoalbarrio.cl))
- Movidos por Chile ([www.movidosxchile.cl](http://www.movidosxchile.cl)).

# Management of Sustainability

(102-11; 102-15; 102-43; 102-44; 102-46; 102-47; 103-1)

## Strategic Issues

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

In 2020, the company updated its materiality process and sustainability policy, a task in which it was supported by the Vincular Center of the Catholic University of Valparaíso. For each material issue, the process identified the positive and/or negative impacts of the business on its different stakeholders, using the methodological framework recommended by the Organisation for Economic Co-operation and Development (OECD).

Interviews and workshops were held to learn about the different points of view. They included the sustainability areas of the different countries where Sodimac operates and senior executives from Sodimac and its Falabella parent company. The process used benchmarking against the main

global retailers, the results of ESG measurements with the company’s main stakeholders (employees, customers, suppliers, the community and expert bodies) and the analysis of secondary information about the business.

This work was homologated with the business units in Colombia, Peru, Argentina, Uruguay, Brazil and Mexico and resulted in a list of corporate strategic matters, thereby ensuring that all these different units are working on

the same issues and, through the results obtained, have a clear picture of the issues that need to be managed in each of these operations.

### Material issues: Customers

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

### Material issues: Employees

- Jobs and work climate
- Culture
- Diversity and inclusion
- Training and development
- Social dialogue
- Health and safety

### Material issues: Corporate Governance

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

### Material issues: Suppliers

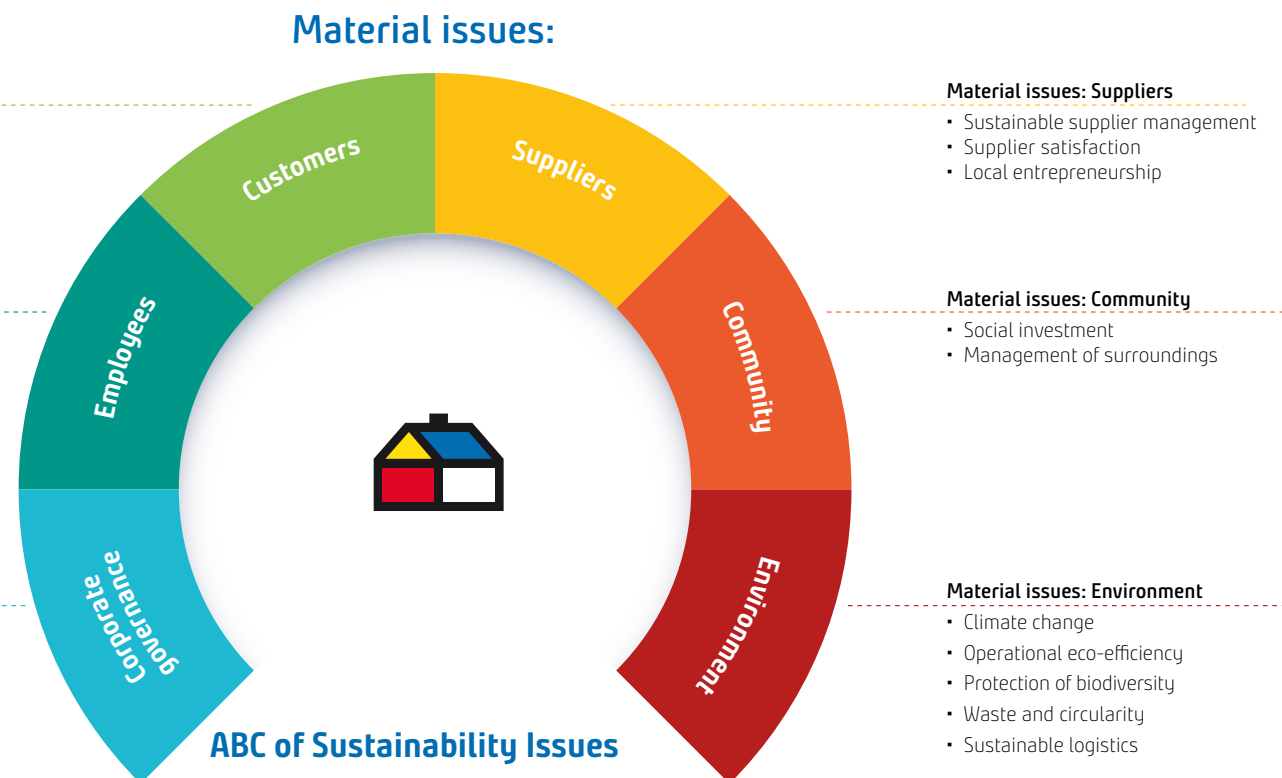
- Sustainable supplier management
- Supplier satisfaction
- Local entrepreneurship

### Material issues: Community

- Social investment
- Management of surroundings

### Material issues: Environment

- Climate change
- Operational eco-efficiency
- Protection of biodiversity
- Waste and circularity
- Sustainable logistics



## ABC of Sustainability Issues

1. Sustainability guidelines and management
2. Stakeholder engagement
3. Accountability and transparency
4. Management of financial and non-financial risks
5. Regulation - Compliance

# Internal Structure

(102-18; 102-20; 102-26; 102-32)

## Sustainability Committee

This Committee was created to coordinate and lead the work of all the company's different areas in this field and is also responsible for approving the Sustainability Report. It is formed by the managers of different areas:

- General Manager (chair)
- Operations
- Commercial, Marketing and Distance Sales
- Human Resources
- IT
- Procurement and Logistics
- Administration, Finance and Prevention
- Development, Planning and Projects
- Legal Affairs and Sustainability

In 2020, meetings of the Sustainability Committee were suspended during the pandemic. However, the company adopted a work model led by the company's managers, a group that became known as the "SWAT Team". The Sustainability team joined these multidisciplinary teams which met frequently, maintaining direct channels of communication at both the group level and with the rest of the company. Through the application of criteria based on flexibility, this permitted agile decision-making and the clear assignment of responsibilities.

## Legal Affairs and Sustainability Area

This area is responsible for leading, coordinating and advising the company's different areas on legal and sustainability matters, seeking to guarantee that the company's current and future projects comply with the law and with local and international norms.

### Manager of Legal Affairs and Sustainability

- Manages the Legal area and draws up Sodimac's Sustainability Policy, incorporating plans and actions into the company's strategy;
- Guarantees alignment of the Sustainability Policy with the ILO's Principles concerning Multinational Enterprises and Social Policy, the UN Guiding Principles

on Business and Human Rights, the Principles of the UN Global Compact, the company's voluntary undertakings under the Sustainable Development Goals (SDGs), the ISO 26000 standard and the guidelines of the Global Reporting Initiative (GRI);

- Coordinates the Sustainability Committee;
- Coordinates the Compliance Committee, which periodically reviews risk management to ensure compliance with regulation in the company's daily activities;
- Participates in programs defined as strategic for the company;
- Participates in Chilean and international organizations that serve to guide and promote sustainability.

### Assistant Sustainability Manager

- Prepares and designs the sustainability strategy of the company in Chile;

- Controls and coordinates implementation and management of the company's sustainability plan;
- Monitors and controls the social and environmental dimensions of the company's compliance matrix;
- Monitors and controls strategic programs;
- Defines, monitors and controls the company's donations policy;
- Prepares and coordinates the content of the company's Sustainability Report, including its Global Reporting Initiative (GRI) indicators;
- Evaluates and coordinates the different processes of rankings and recognitions and studies of the company's social and/or environmental impacts and corporate reputation;
- Participates in the Falabella group's Sustainability Committee, organizations that promote sustainability (including Global Compact, ACCIÓN Empresas and PROhumana) and the committees of business associations and organizations with which the company has alliances.



## Sustainability Coordinator

- Coordinates provision of information from the company's different areas about its economic, social and environmental performance for calculation of the Global Reporting Initiative (GRI) indicators;
- Participates in the selection and monitoring of undertakings and holds periodic meetings with internal and external bodies;
- Manages and supervises Sedex Social Audits of Chilean and overseas suppliers;
- Manages and supervises the *Construyendo Sueños de*

- Hogar* (Building Dreams of Home) community relations program;
- Consolidates the register of requests for donations and supervises compliance with the procedures and internal norms established by the company's donations policy.

## Head of Environment

- Draws up, coordinates and implements environmental guidelines transversally across the company, improving its environmental performance;
- Manages the state of compliance with environmental regulation, standardization of procedures, environmental audits and declarations of emission and transfer of pollutants (RETC);
- Implements operational eco-efficiency policies, strategies and solutions in order to achieve efficient consumption by the company;
- Develops, prepares and consolidates environmental information and indicators.

## Measurement: Sustainability Index

(102-11; 102-28; 102-30; 103-3)

If a company is to integrate sustainability in a strategic manner, it must take two key factors into account:

- I. It must manage sustainability transversally under a 360° approach.
- II. It must bear in mind that sustainability is a moving target and what was an aspiration yesterday may be just the minimum today.

In line with this, Sodimac applies a specific tool (an Index), designed by the Vincular Center of the Catholic University of Valparaíso (PUCV), to evaluate its internal management as follows:

- I. It considers the best practices or processes of world-class companies across different areas in the framework of expectations based on regulatory instruments that are recognized internationally and by the Chilean government. These initiatives evolve in line with changes in the global context.

- II. The integration of material or strategic issues into the management of each area is evaluated based on a management cycle that ensures this is being duly addressed by the company.

The results of the Index form part of the system of incentives for managers and other senior executives of each of the operations, with annual targets associated with this indicator. Each area contributes to the final result, creating a mobilizing effect.

Due to the Covid-19 pandemic, the Sustainability Index was not measured in 2020. However, the company intends to resume this initiative in 2021.







## Prizes and recognitions

In 2020, Sodimac received the following recognitions:

|   |  |  |
|---|--|--|
| Global Compact recognition 2020                                 | Prosperity category, for contribution of the Building Dreams of Home program to SDGs                         | UN Global Compact  |
| GPTW Ranking  | Best Places to Work in Latin America 2020 (1 <sup>st</sup> in home improvement)                              | GPTW   |
| SENCE Training Ranking  | Sodimac's Traineemac ranked as the technical training organization (OTEC) that trains most workers in Chile. | National Training and Employment Service (SENCE )                          |
| <i>Huella Chile</i> (Chile Footprint) recognition               | Quantification, Reduction and Excellence Seals (only retailer)   | Environment Ministry   |
| Customer Experience Ranking                                     | 1 <sup>st</sup> place in home improvement  | Praxis Xperience Index (PXI) - La Tercera                                  |
| Chile 3D, Brands and Life Style                                 | 1 <sup>st</sup> place in home improvement  | La Tercera - GFK   |
| Marketing Hall of Fame  | Great Chilean Brand for its Importance Overseas 2020   | Marketing Hall of Fame   |
| 2020 National Survey of Volunteering and Solidarity             | 1 <sup>st</sup> place  | Fundación Trascender and Criteria  |
| 2020 ICREO Ranking  | 2 <sup>nd</sup> place (after Fire Service)   | Almabrand  |
| Ranking of Responsible Companies with Best Corporate Governance | 3 <sup>rd</sup> place (1 <sup>st</sup> in home improvement)  | Merco - El Mercurio  |
| Corporate Reputation Ranking                                    | 11 <sup>th</sup> place, Gold Group (1 <sup>st</sup> in retail)   | INC Inteligencia Reputacional and Ipsos                                    |
| Merco Company Ranking   | 12 <sup>th</sup> place (1 <sup>st</sup> in home improvement)   | Merco - El Mercurio  |
| Brand Reputation (50 Most Valued Latin American Companies)      | 12 <sup>th</sup> place (1 <sup>st</sup> in home improvement in Latin America)                                | BrandZ - Millward Brown  |
| Merco Talent Ranking  | 15 <sup>th</sup> place (1 <sup>st</sup> in home improvement)   | Merco - El Mercurio  |
| 2020 Citizen Brands   | 15 <sup>th</sup> place (1 <sup>st</sup> in home improvement)   | Cadem  |
| Ranking of Best Companies for Internships                       | 20 <sup>th</sup> place (1 <sup>st</sup> in home improvement)   | FirstJob   |
| Ranking of Chile's Most Innovative Companies                    | 38 <sup>th</sup> place (1 <sup>st</sup> in home improvement)   | ESE Business School Universidad de Los Andes, MIC Innovation - El Mercurio |



# Corporate Governance and *Business Ethics*

# Corporate Governance and Business Ethics

In its activities, Sodimac seeks to comply fully with legal provisions and people’s civil and labor rights. It has a Corporate Integrity System to prevent, identify and address situations that could affect safety, the company’s image and sustainability and the trust placed in it by its different stakeholders.

## Strategic issues

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



## Milestones 2020

- BH Compliance again certified the implementation of Sodimac’s crime prevention model to guard against the crimes indicated in Chilean Law N° 20.393.
- The company adapted its internal protocols to take account of the two new crimes incorporated into Chile’s Penal Code (Articles 318 bis and 318 ter) in response to the health crisis.
- The company provided probity training for 155 employees in the areas most exposed areas to corruption, online training for all employees on fair competition and Chilean Law N° 20.393 and in-person courses for the most sensitive positions as well as the *Mi Cliente* (My Customer) program on consumer rights.
- Third place in the Merco ranking of Responsible Companies with Best Corporate Governance.

## Sustainable Development Goals:



## Leadership at Sodimac

### Board of Directors

(102-12; 102-18; 102-19; 102-20; 102-22; 102-24;  
102-26; 102-28; 102-31)

Sodimac's corporate governance structure is headed by a Board of nine directors, without deputies, who are elected by the Shareholders' Meeting from among candidates proposed by the company's controlling group. Once directors have been ratified by the Shareholders' Meeting, their appointment is reported to Chile's Financial Market Commission (CMF) and they then undergo an induction process in accordance with the corporate governance policy of the parent company and its subsidiaries. The induction includes Sodimac's Sustainability Policy.

Nicolás Majluf sits on the Board as an independent director. Under the company's policy, no director can hold an administrative position in it.

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

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

The Chairman of the Board holds quarterly meetings with the Legal Compliance area to discuss progress on the internal audit plan and situations of interest.

An important role in the company's corporate governance is played by the Directors' Committee, formed by three members of the Board. In 2020, it comprised Nicolás Majluf Sapag, Jaime García Rioseco and Gonzalo Rojas Vildósola. During the year, the Directors' Committee reviewed matters delegated to it by the Board, including the analysis of operations with related parties in accordance with Section XVI of Chile's Law N° 18.046 and the company's habituality policy. It also reviewed and approved the company's annual internal audit plan and held quarterly meetings to examine progress on it, the risks detected in the audits and the plans established by senior management to mitigate these risks.

At the Ordinary Shareholders' Meeting held on 21 April 2020, the Board presented a proposal that, in view of the difficult economic circumstances in Chile and the world caused by the Covid-19 pandemic, directors' net fees be reduced by 25%. This proposal was approved and, as a result, each director received a net monthly fee of

37.5 UF<sup>1</sup> and, in the case of the Chairman, 225 UF. In compliance with the legal requirements established by Chile's Financial Market Commission (CMF), this remuneration is disclosed in the company's Annual Report.

### Training Sessions for Directors

In 2020, the Falabella group held two Reflection Meetings for Directors and Senior Management. They addressed matters that included diversity and inclusion, the digital ecosystem, directors' duties to society and shareholders, risk management and compliance. These meetings took place virtually.

### Director with special responsibility for Sustainability Policy

In 2020, Nicolás Majluf was once again responsible for overseeing implementation of Sodimac's Sustainability Policy, reviewing and validating the initiatives adopted as well as providing guidance and feedback for the Directors' Committee and, through it, the Board.

<sup>1</sup> An inflation-indexed currency unit that, as of 31 December 2020, was equivalent to approximately US\$41.

## Board of Directors

(102-22; 102-23; 405-1)



**Juan Pablo Del Río Goudie**

*CHAIRMAN*  
Architect  
Catholic University of Chile  
RUT: 5.898.685-2  
Date of appointment:  
15 April 2019



**Nicolás Majluf Sapag**

Industrial civil engineer  
Catholic University of Chile  
RUT: 4.940.618-5  
Date of appointment:  
15 April 2019



**José Luis Del Río Goudie**

Industrial civil engineer  
Catholic University of Chile  
RUT: 4.773.832-6  
Date of appointment:  
15 April 2019



**Gonzalo Rojas Vildósola**

Economist and business  
administrator  
Adolfo Ibáñez University  
RUT: 6.179.689-4  
Date of appointment:  
15 April 2019



**Jaime García Rioseco**

Economist  
Catholic University of Chile  
RUT: 5.894.661-3  
Date of appointment:  
15 April 2019



**Sandro Solari Donaggio**

Industrial civil engineer  
Catholic University of Chile  
RUT: 9.585.729-9  
Date of appointment:  
15 April 2019



**Cecilia Karlezi Solari**

Businesswoman  
RUT: 7.005.097-8  
Date of appointment:  
15 April 2019



**Paola Cúneo Queirolo**

Business administrator  
University of Chile  
RUT: 8.506.868-7  
Date of appointment:  
15 April 2019



**Elizabeth Lehmann Cosoi**

Economist and business  
administrator  
Catholic University of Chile  
RUT: 11.625.647-9  
Date of appointment:  
15 April 2019

## Senior management

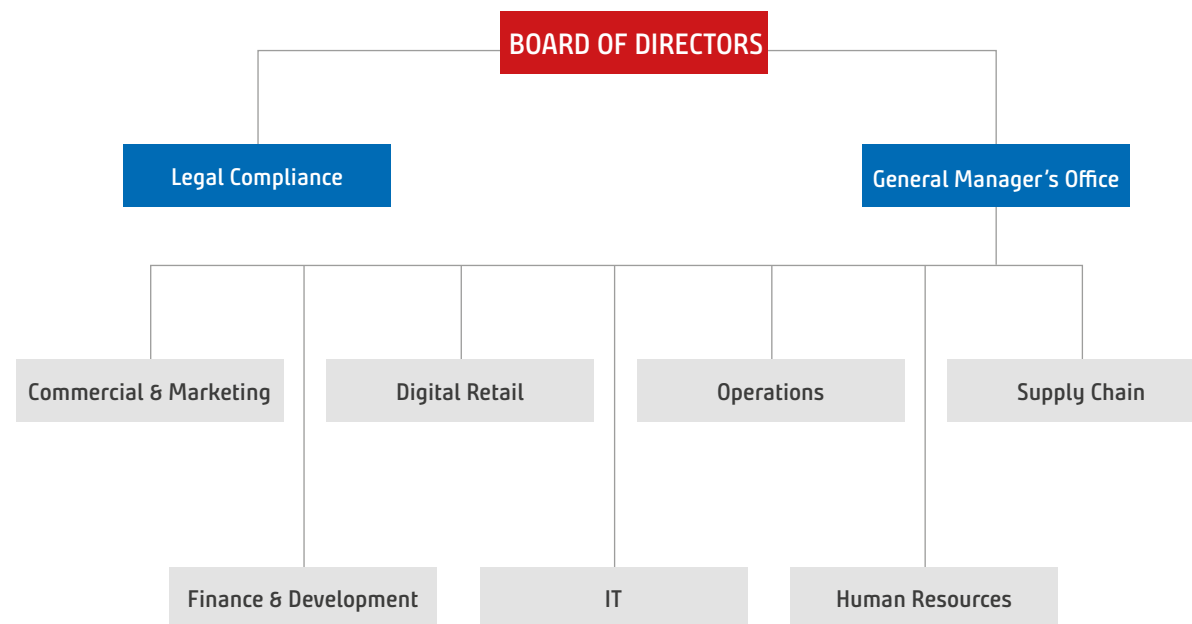
(102-19; 102-22)

The company's senior management is structured in such a way as to provide agile and efficient leadership of the business in support of the company's strategy of international growth. It is headed by the corporate general manager to whom the general managers of Sodimac Argentina and Uruguay, Sodimac Brazil, Sodimac Chile, Sodimac Colombia, Sodimac Mexico and Sodimac Peru report. The corporate general manager also chairs a Corporate Executive Committee that meets weekly.

The mission of the management team is to achieve responsible growth in all the company's markets, taking advantage of the synergies of an international-scale operation whilst also respecting the culture and particular characteristics of each country.

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

## Corporate organizational chart



# Corporate Executive Committee

(as of 31 December 2020)

**Notes:**

\* Replaced on 01/01/2021 by Catalina Bravo Ithurbisquy, RUT: 15.367.708-5.

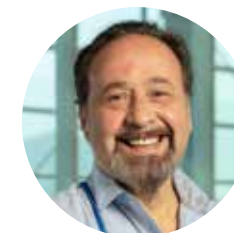
\*\* Took over as Corporate Operations Manager on 01/03/2021 and, on that same date, was replaced as Corporate Human Resources Manager by Andrea Carvallo Montes, RUT: 10.321.899-3.



**Alejandro Arze Safian**  
Corporate General Manager  
Home Improvement  
Economist and business  
administrator  
RUT: 12.232.048-0  
Date of appointment: 15/03/2020



**Fernando Valenzuela del Río**  
Corporate Legal Compliance  
Manager  
Economist and business  
administrator  
RUT: 9.571.294-0  
Date of appointment: 01/03/2020



**Francisco Torres Larraín**  
Corporate Commercial and  
Marketing Manager  
Industrial civil engineer  
RUT: 7.006.016-7  
Date of appointment: 01/08/2006



**Fabio De Petris Duarte**  
Corporate Finance and  
Development Manager  
Industrial civil engineer  
RUT: 15.325.237-8  
Date of appointment: 01/09/2018



**Sebastián Simonetti Vicuña\***  
Corporate Digital Retail Manager  
Industrial civil engineer  
RUT: 13.442.409-5  
Date of appointment: 01/03/2019



**Eugenio Lenin Araya Tobar**  
Corporate IT Manager  
Computing and IT engineer  
RUT: 8.041.593-1  
Date of appointment: 01/09/2020



**Mariasol Soto Becerra\*\***  
Corporate Human Resources Manager  
Business administrator  
ID: 40705743  
Date of appointment: 01/12/2016



**Francisco Errázuriz López**  
Corporate Supply Chain Manager  
Civil engineer  
RUT: 12.032.587-6  
Date of appointment: 01/01/2012

# Sodimac Chile Executive Committee

(as of 31 December 2020)

(102-18; 102-19; 102-22; 102-26; 102-29)



**Eduardo Mizón Friedemann**

General Manager  
Industrial civil engineer  
RUT: 9.586.083-4  
Date of appointment: 01/08/2006



**Claudia Castro Hruska**

Human Resources Manager  
Economist and business administrator  
RUT: 9.122.599-9  
Date of appointment: 01/10/2014



**Juan Carlos Corvalán Reyes**

Legal Affairs and Sustainability Manager  
Lawyer  
RUT: 8.662.785-K  
Date of appointment: 01/08/2006



**Lucrecia Fittipaldi**

Administration, Control and Risk Manager  
Economist  
RUT: 22.552.713-K  
Date of appointment: 01/04/2020



**Cristián Andrés Huidobro Alarcón**

IT Manager Chile  
Industrial civil engineer with specialization in IT  
RUT: 12.721.807-2  
Date of appointment: 04/11/2019

The Sodimac Chile Executive Committee is responsible for leading the company's economic, social and environmental performance in this country. It holds weekly monitoring meetings as well as quarterly meetings at which it reviews strategic planning, reporting the results of the company's different areas to the general manager, who subsequently informs the Board of Directors.

It also maintains permanent channels of dialogue with the company's employees through their representatives, passing on their concerns or recommendations to the Board.



**Mariano Ariel Imberga**

Operations Manager  
Industrial engineer  
RUT: 24.547.340-0  
Date of appointment: 01/03/2015



**Ignacio Monteverde**

Commercial, Marketing and Distance Sales Manager  
Industrial civil engineer  
RUT: 23.421.767-4  
Date of appointment: 01/09/2019



**Francisco Javier Pirozzi Jabat**

Supply Chain Manager  
Industrial civil engineer  
RUT: 10.971.697-9  
Date of appointment: 14/02/2020



**Ignacio Román Moreno**

Planning, Development and Projects Manager  
Industrial civil engineer  
RUT: 13.951.261-8  
Date of appointment: 01/09/2016



## Mobilizing the leaders

(102-35)

To align its managers and executives with the company's strategic goals, Sodimac has a system of incentives that include bonuses tied to economic targets and specific environmental and social matters.

The results of the company's Sustainability Index, which measures its performance in this field annually, are used as a factor in calculating the variable remunerations of the general managers and executive teams of each of the company's business units.

The senior management of Sodimac S.A. and its subsidiaries - comprising the members of the Executive Committee, area managers and assistant managers and business unit managers - received remunerations and incentives for a total of 23,861,856,000 Chilean pesos in 2020 as compared to 18,245,289,000 pesos in 2019.

Years of service payments to executives leaving the company reached 5,207,081,000 pesos in 2020 and 738,904,000 pesos in 2019.

For further details, see the company's Annual Report ([www.sodimac.cl](http://www.sodimac.cl)).



## Ethics and human rights

(102-16; 102-17; 103-2; 205-2)

### Sodimac Integrity Program

#### Ethical framework

The valuation and consideration of the human person, their dignity and fundamental rights underpin the actions of Sodimac, its executives and employees. The company seeks to establish and strengthen mechanisms that safeguard respect for human rights in all their dimensions, acting in accordance with values and ethical principles and totally rejecting corrupt practices.

Faced with the potential impact of its decisions on the human rights of its main stakeholders, the company

has in place mechanisms of mitigation, prevention and remediation that operate through the following:

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

### Corporate Integrity Program

(102-16)

Sodimac has a Corporate Integrity Program through which to identify, prevent and address possible situations at odds with the company's values.

This system is designed to prevent conduct such as fraud, conflicts of interest and abuse of power. It incorporates the elements envisaged in Chilean Law N° 20.393 on

companies' criminal responsibility in the event of the crimes of national or international bribery, money laundering and the financing of terrorism and its receiving.

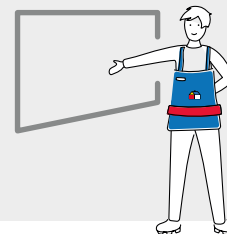
The system includes an online platform and a direct channel of contact for incident reporting and inquiries that guarantee confidentiality of the identity of the person making the report and ensure its investigation and an appropriate solution. This model provides for proper investigation of any incident that is reported, its registration and information about the results. The system has representation and a formal structure at the different levels of the company, including the Board of Directors.



**INTEGRITY PLATFORM**  
for employees and suppliers



www.eticaccion.cl



Guide for Sodimac employees on conduct in their daily relations with different stakeholders

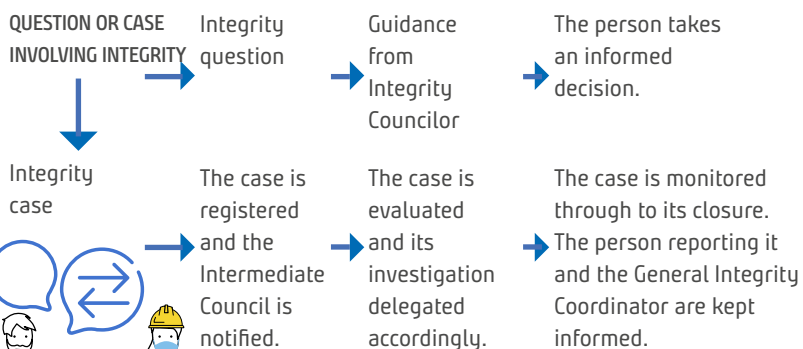
Structure formed by persons and systems of communication whose purpose is to ensure that ethics and the definitions set out in EticAcción are really practiced at Sodimac

Training about values, principles and the EticAcción guide, promotion of the Integrity System and development of trust in the structure and platform

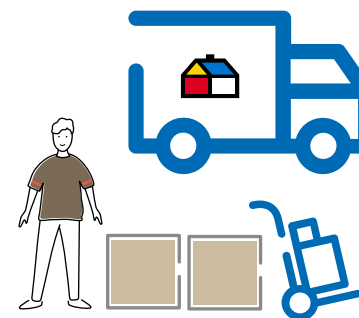
**Employees**

**Suppliers**

**HOW DOES OUR STRUCTURE OF SUPPORT FOR INTEGRITY FUNCTION?**



**SODIMAC COMMERCIAL TRANSPARENCY**



## Integrity Channel

(406-1)

Employees or any other stakeholder can use an online platform, which operates 24 hours a day, to report incidents or enquire about matters related to integrity. It is managed externally in order to reinforce the necessary impartiality, objectivity and confidentiality.

Employees can also communicate directly with one of the company's integrity councilors (a role by company social assistants), who advise employees and channel their concerns, guaranteeing the appropriate investigation of each case, a solution and total confidentiality for the person making the report.

In 2020, the integrity channel registered 495 contacts (inquiries or complaints). Out of this total, 64% were presented anonymously and 36% under confidentiality of identity. They corresponded to situations that included workplace harassment, sexual harassment, inappropriate conduct, conflicts of interest, infringements of internal norms, gifts and invitations and discrimination. Out of the cases, 87% were analyzed and their investigation completed during the year while 13% were still under investigation as of 31 December 2020.

| N° of Contacts                    | 2018       | 2019       | 2020       |
|-----------------------------------|------------|------------|------------|
| Anonymous                         | 308        | 424        | 317        |
| Under confidentiality of identity | 123        | 143        | 178        |
| <b>Total</b>                      | <b>431</b> | <b>567</b> | <b>495</b> |

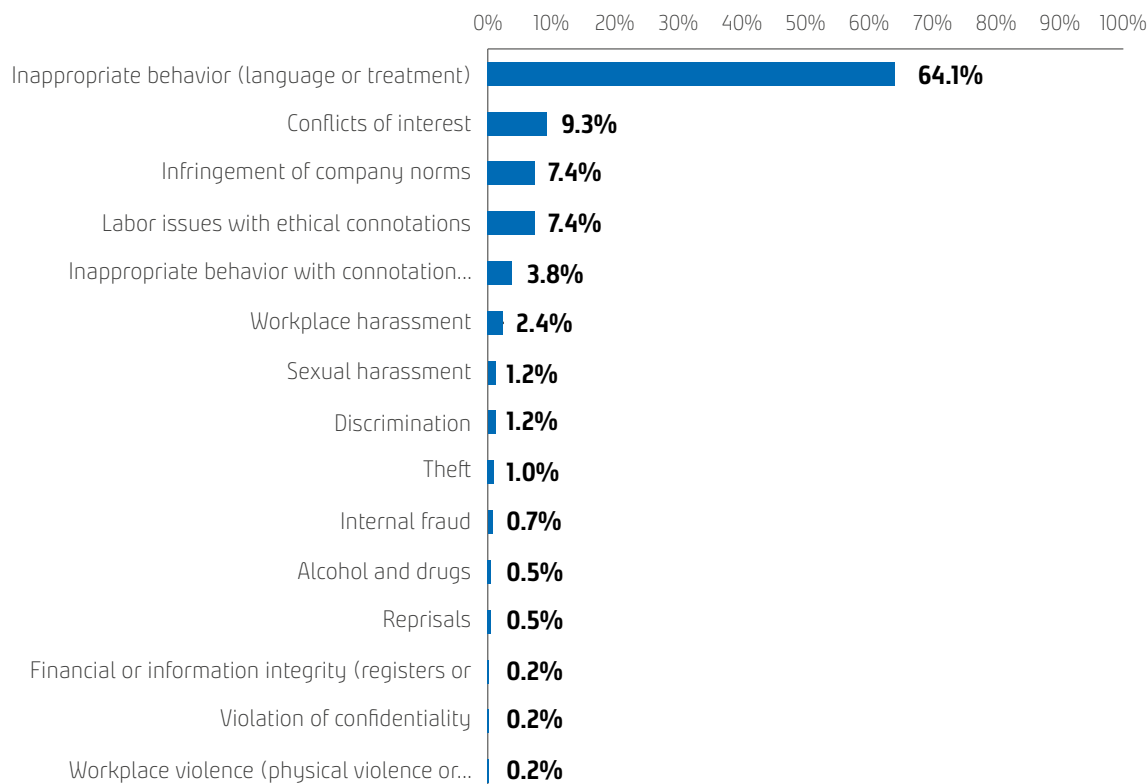
Source: Sodimac.

Inquiries or complaints received by the integrity channel are divided into ethical and non-ethical matters. In the case of ethical matters, 14 complaints about discrimination were filed and, in 12 cases, the investigation has been

completed. Out of these 12 cases, ten were considered unproven and two were verified, resulting in dismissal.

As a result of the investigations carried out into these ethical complaints, a total of 28 dismissals occurred.

## Types of ethical complaints



## Human Rights Due Diligence

(102-29; 412-1)

In 2020, the company duly managed the issues and risks identified in the Human Rights Due Diligence carried out in 2018. These were integrated into the corresponding company matrix.

In addition, Sodimac participated in the Global Compact group in the cycle of working sessions on

Continuous Improvement in Due Diligence, held to facilitate the development of content, with a participatory approach and co-design by the participants, drawing attention to pre-existing knowledge related to what companies are already doing as regards human rights and due diligence.

# Risk management and compliance

(102-30; 205-1; 205-2)

Sodimac is exposed to risks of different natures that may negatively affect the achievement of its business objectives and its relations with different stakeholders. In recent years, it has developed a management model to identify these risks, the probability of their occurrence, their probable internal impact and the control mechanisms and responsibilities required to prevent and/or mitigate them.

The system uses a risk matrix that includes economic, social, labor, environmental, ethical and corporate governance aspects of the business. It is based on a survey of risks in each of the company's different areas, which have been integrated into its financial and commercial risks and those related to processes and operational insurance.

Traditional and non-traditional risks are managed through a mechanism that divides them into four broad areas: operational, compliance, physical safety and IT risks. For each of these areas, there is a committee headed by the general manager of Sodimac Chile and coordinated by the Legal Affairs and Sustainability area, the Administration, Finance and Prevention area and the IT area.

As part of the governance of this model, risk management is presented to the Directors' Committee and the Board and a Risk Committee meets periodically, chaired by the general manager of Sodimac Chile and including its

senior executives. Operational committees meet monthly, with the participation of different areas, to identify and evaluate risks, verify the effectiveness of controls and define action plans for those situations that have not been sufficiently mitigated.

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

In 2020, the risk matrix had to be adapted to the new situation created by the Covid-19 pandemic. This involved the development and introduction of adjustments in different indicators to permit permanent monitoring of the pandemic's possible impact on internal auditing, financial-accounting processes, management of human resources, suppliers and infrastructure. These adjustments put the company in a position to take preventive measures in work teams, the operation of stores and distribution centers and relations with customers and enabled it to mitigate to some extent the lack of the physical presence of the control teams during lockdowns.

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

| Risk Committee | Processes or Areas of Risks  |
|----------------|------------------------------|
| IT risks       | IT governance                |
|                | Business continuity          |
|                | Information security         |
|                | IT development and changes   |
|                | IT operations and monitoring |

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

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

## Compliance

In 2020, the BH Compliance consultancy company again certified Sodimac's implementation, administration and supervision of a crime prevention model to guard against the crimes indicated in Chilean Law N° 20.393.

During the year, the company also adapted its internal protocols to take account of the two new crimes incorporated into Chile's Penal Code (Articles 318 bis and 318 ter) in response to the health crisis. They have to do with the failure to comply with isolation or other preventive measures ordered by the health authorities in the case of an epidemic or pandemic.

## Loss prevention and internal auditing

The Legal Compliance area implements an internal audit plan which addresses all the risks of the business, giving priority to the most vulnerable processes. It submits the results to senior management in the form of a report setting out conclusions and recommendations for each case and monitors the situation in question until it is resolved. The time taken to reach a solution and close the case depends on its criticality.

Sodimac provides special training for the employees of areas exposed to a greater risk of corruption, setting out guidelines, procedures and ethical norms for the exercise of their functions. These were drawn up together with Falabella's governance team. In 2020, 155 employees received probity training.

The company also continued to provide online training and in-person courses for all employees on fair competition and Chilean Law N° 20.393 as well as implementing the *Mi Cliente* (My Customer) training program on consumer rights.

## Audits and control measures in stores

The Legal Compliance Area implements an audit plan which addresses all the risks of the business, giving priority to the most vulnerable processes. It submits a report to senior management with conclusions and recommendations for each case. In 2020, it carried out 252 planned and unplanned audits and 1,440 remote audits, based on an audit control panel in stores, warehouses, subsidiaries and the central offices.

Sodimac provides special training for the employees of areas exposed to a greater risk of corruption, setting out guidelines, procedures and ethical norms for the exercise of their functions.

| N° of auditable units         | 2018       | 2019       | 2020       |
|-------------------------------|------------|------------|------------|
| Stores and Sales to Companies | 81         | 80         | 77         |
| Warehouses                    | 36         | 30         | 30         |
| Subsidiaries *                | 3          | 3          | 3          |
| Support office                | 151        | 173        | 173        |
| <b>Total</b>                  | <b>271</b> | <b>286</b> | <b>283</b> |

(\*) Companies with ownership relation to Sodimac.



| Training courses              | N° of employees 2018 | N° of employees 2019 | N° of employees 2020 |
|-------------------------------|----------------------|----------------------|----------------------|
| Prevention and losses         | 1,249                | 1,025                | 915                  |
| External security personnel * | 699                  | 620                  | 540                  |
| Internal auditing             | 16                   | 16                   | 12                   |
| <b>Total</b>                  | <b>1,964</b>         | <b>1,661</b>         | <b>1,476</b>         |

(\*) The personnel of external security companies must have attended the OS-10 course given by the Chilean Police Service. Sodimac also trains external security personnel in human rights issues and customer treatment and dignity.

Source: Sodimac.

## Control measures in stores, distribution centers and central offices

The Legal Compliance area applies a continuous audit model, using the IT system known as Remote Control Panel that permits early detection of any deviation from pre-established accounting, financial and operating procedures. The system is supported by other areas of the company such as Sales to Companies, Finance, Treasury, Loss Prevention and Operations. The most common measures taken to address incidents of corruption include general, selective and daily inventories. The situations addressed in reports permit the adoption of measures such as training or dismissal.

## Measures to combat corruption

(205-3)

| Situations Detected   | Measures Adopted                   | 2018   | 2019   | 2020   |
|---|------------------------------------|--------|--------|--------|
| Known losses (theft detected)   | General inventory                  | 101    | 105    | 96     |
|   | Daily inventory                    | 23,086 | 28,347 | 27,363 |
|   | Control panel                      | 1,264  | 1,088  | 1,440  |
| Situations Detected   | Measures Adopted                   | 2018   | 2019   | 2020   |
| Failure in procedures   | Training/feedback/work plan        | 21     | 1      | 6      |
|   | Reprimand                          | 23     | 5      | 11     |
|   | Dismissal                          | 21     | 7      | 5      |
| Abuse of power (workplace harassment and labor issues)                  | Dismissal                          | -      | 4      | 3      |
| Undue appropriation (internal fraud and theft)                          | Dismissal                          | -      | 2      | 1      |
| Inappropriate behavior (sexual connotation and inappropriate treatment) | Training/feedback/work plan        | -      | -      | 69     |
|   | Transfer                           | -      | -      | 3      |
|   | Reprimand (written or verbal)      | -      | -      | 16     |
|   | Dismissal                          | -      | 20     | 12     |
| Conflict of interest  | Declaration/management of conflict | -      | -      | 2      |
| Respect for private life and protection of personal data                | Dismissal                          | -      | -      | 7      |

Source: Sodimac.



Our  
Employees



# Our employees

Sodimac implements a process of continuous improvement to attract, train and retain talent, promoting its employees' workplace development and quality of life, along with fluid and transparent labor relations. Care for employees has been central during the health crisis, which accelerated digitization processes, e-learning and the capacity to work remotely in those functions where it is possible.



## Strategic issues

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

## Milestones 2020

- In the context of the pandemic, the Health Program incorporated telemedicine benefits and mental health support for employees and their dependents. Similarly, given high levels of stress, the Quality of Life Program offered a special cycle of talks and an accompaniment

program for leaders, providing opportunities for listening and contention as well as advice on how to accompany teams in this process.

- In the case of diversity and inclusion, we participated in the Pride Connection Mentoring Program and launched a Gender Transition Protocol. The company provided support for the transition process through its complementary health insurance coverage; adhered to the United Nations Target Gender Equality (TGE) program in order to develop new gender equality practices and launched a new protocol on gender violence, along with a campaign to prevent all forms of violence against women.
- A non-regulated collective bargaining process took place with the Homecenter Union, resulting in an agreement that covered 5,888 employees (39% of the company's workforce).
- GPTW recognized Sodimac as the Best Place to Work in the home improvement sector in Latin America.
- The National Training and Employment Service (SENCE)

recognized Sodimac's Trainemac as the technical training organization (OTEC) that trains most workers in Chile.

## Sustainable Development Goals:





# Talent management and integral development

## Training

(404-1)

Sodimac offers training and promotion programs aligned with its employees' life projects, interests, knowledge and skills, equipping them to take on new roles.

In 2020, the complexities faced by the company's training agenda in the context of the pandemic obliged it to devise formulas to permit the continuity of the training that is essential for the operation. It opted for e-learning courses on products, all recognized by the government's National Training and Employment Service (SENCE), a solution that yielded very positive results in terms of the number of programs taught and the participation of employees.

In parallel, other courses and/or specific content were transferred to different formats (including videos, booklets and sessions on Teams) as tools for self-learning.

At the end of the year, the training area was planning the conversion of a series of in-person courses to e-learning in order to be prepared for possible contingencies.

Thanks to all these actions, continuity of the most relevant content was maintained, with a total of 54,685 hours of classes in e-learning format that reached 3,509 employees as well as 53,649 hours of in-person classes that were attended by 4,727 employees.

## Hours of training: company

|      | N° of employees | Hours   |
|------|-----------------|---------|
| 2018 | 19,571          | 511,617 |
| 2019 | 17,276          | 494,633 |
| 2020 | 6,547           | 108,334 |

Source: Sodimac.

## Hours of training: SENCE

|      | N° of employees | Hours   |
|------|-----------------|---------|
| 2018 | 11,995          | 263,911 |
| 2019 | 11,079          | 321,305 |
| 2020 | 2,906           | 61,864  |

| Training by type of post             | 2018           |                |                | 2019           |                |                | 2020           |               |               |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|
|                                      | Total hours    | Hours women    | Hours men      | Total hours    | Hours women    | Hours men      | Total hours    | Hours women   | Hours men     |
| Managers and assistant managers      | 12,152         | 2,990          | 9,162          | 14,464         | 3,873          | 10,591         | 6,036          | 1,881         | 4,155         |
| Professional and technical personnel | 83,049         | 34,213         | 48,836         | 74,460         | 34,004         | 40,456         | 33,573         | 17,737        | 15,835        |
| Other employees                      | 416,416        | 125,091        | 291,324        | 405,709        | 129,671        | 276,038        | 68,725         | 30,963        | 37,762        |
| <b>Total</b>                         | <b>511,617</b> | <b>162,295</b> | <b>349,322</b> | <b>494,633</b> | <b>167,548</b> | <b>327,085</b> | <b>108,334</b> | <b>50,581</b> | <b>57,752</b> |

Source: Sodimac.

| Training by gender and type of post  | 2018            |              |               | 2019            |              |               | 2020            |              |              |
|--------------------------------------|-----------------|--------------|---------------|-----------------|--------------|---------------|-----------------|--------------|--------------|
|                                      | N° of employees | N° of women  | N° of men     | N° of employees | N° of women  | N° of men     | N° of employees | N° of women  | N° of men    |
| Managers and assistant managers      | 499             | 115          | 384           | 503             | 119          | 384           | 480             | 115          | 365          |
| Professional and technical personnel | 3,376           | 1,515        | 1,861         | 3,469           | 1,556        | 1,913         | 2,600           | 1,216        | 1,384        |
| Other employees                      | 15,696          | 5,512        | 10,184        | 13,304          | 5,008        | 8,296         | 3,467           | 1,452        | 2,015        |
| <b>Total</b>                         | <b>19,571</b>   | <b>7,142</b> | <b>12,429</b> | <b>17,276</b>   | <b>6,683</b> | <b>10,593</b> | <b>6,547</b>    | <b>2,783</b> | <b>3,764</b> |

Source: Sodimac.

## Sodimac School of Excellence

The Sodimac School of Excellence, which is administered by the Human Resources area, focuses on the integral training of retail professionals, offering a structure of courses geared to participants' long-term development and workplace advancement. The courses include project management, customer service, sale of projects, commercial management on the sales floor, products, teamwork and labor laws.

In 2020, however, the School of Excellence had to suspend its traditional programming and adapt to the conditions imposed by the health crisis. The extensive adoption of e-learning solutions encouraged use of the Workplace platform and the SAP Success Factor application, fostering a new way of delivering training and encouraging its self-management by employees.

In addition, negotiations began with Udemy so as to make the more than 65,000 courses offered by this online platform, with content specific to the company's needs, available to employees.

## Traineemac, the OTEC that trains most people

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

In 2020, it was once again recognized by the National Training and Employment Service (SENCE) as the OTEC in Chile that trained most workers.

¿Te perdiste alguna capacitación?

te presentamos el  
m de la Escuela  
biremos los  
es por



## Professional Development

### Succession plans

Sodimac has a system for identifying, measuring and developing workplace skills that is geared to employees' career development. In this way, it develops internal talent with the potential for consideration when a key post becomes vacant.

All the company's stores have a succession plan that is used to define promotions to positions as store manager and assistant store manager. Special diploma courses to strengthen leadership and retail management skills serve as a further tool for fostering promotion. In 2020, there were five promotions (four men and one woman):

two heads of department to assistant manager and three assistant managers to manager.

The company also applies a Seed Plan to cover vacancies as head of sales department in stores from among employees who do not currently occupy a leadership position. The program serves to accompany participants in a development process during which they pass through different stages of evaluation, training and internship to prepare them for the new position. In 2020, 371 employees applied to participate in the program and 26 are currently at the last selection and training stage.

### Internal promotion processes

(404-2)

The company offers employees the opportunity to progress within the organization through internal promotion processes as well as by applying to another

store that, because of its proximity to their home, would contribute to their quality of life. Employees can apply for any vacancy that does not fall within the Succession Plan or Seed Plan. In 2020, 296 internal processes were opened and resulted in 127 promotions.

External hiring processes also take place when required and, in 2020, attracted 72,939 applicants for positions in stores, distribution centers, the support office and the call center.

#### Internal promotion processes

|      |     |
|------|-----|
| 2018 | 686 |
| 2019 | 403 |
| 2020 | 296 |

Source: Sodimac.

## Sodimac Leadership Academy

The basis of the Leadership Academy and the reason for its existence is the Sodimac Leader Model and its four pillars: Persons and Processes, Results Management, Customer Experience and Engine of Change.

This initiative aims to align the company's leaders, reinforcing a common sense of purpose and deepening participants' collaboration and commitment.

The training plans include specific courses, talks, workshops and seminars, designed to boost and develop skills in areas such as Performance Management Techniques, Team Management and Leadership for the Management of Work Teams.

In 2020, given the pandemic, a Strategic Leadership course for heads of stores was taught online through Teams, training 579 leaders in two and three sessions.

## Performance evaluation

(404-3)

Performance evaluation is an annual process and includes all employees who have been with Sodimac for at least three months. In 2020, a new and unique platform was introduced to standardize the procedure at the regional level and measure the same skills. This puts the company in a position to foster internal mobility between businesses and countries in an equitable manner.

In 2020, 99.81% of the workforce was evaluated, equivalent to 15,357 people (60.2% men and 39.8% women).

The company also implements a 360° Evaluation Process at the management level. In 2020, 162 executives (127 men and 35 women) were evaluated through this process.

## Performance evaluation

### Employees evaluated

|      | Women | Men   | Total  |
|------|-------|-------|--------|
| 2018 | 5,783 | 8,642 | 14,705 |
| 2019 | 6,214 | 9,409 | 15,623 |
| 2020 | 6,106 | 9,251 | 15,357 |

Source: Sodimac.

## Recruitment: Giving priority to local hiring

(202-2)

To contribute to future employees' quality of life as well as the development of communities in the vicinity of its stores and distribution centers, Sodimac gives priority to hiring people from these areas. However, management posts, given the role involved and experience required, are usually filled through internal promotion processes.

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





## New Hires

| Type of post                         | 2018         |       | 2019         |       | 2020         |       |
|--------------------------------------|--------------|-------|--------------|-------|--------------|-------|
|                                      | Men          | Women | Men          | Women | Men          | Women |
| Managers and assistant managers      | 20           | 8     | 23           | 12    | 6            | 5     |
| Professional and technical personnel | 262          | 184   | 165          | 103   | 75           | 48    |
| Other employees                      | 3,490        | 1,391 | 2,354        | 1,047 | 679          | 560   |
| Total by gender                      | 3,772        | 1,583 | 2,542        | 1,162 | 760          | 613   |
| <b>Total</b>                         | <b>5,355</b> |       | <b>3,704</b> |       | <b>1,373</b> |       |

Source: Sodimac.

### New recruitment and selection tools

In 2020, the company had to adapt its recruitment and selection system in line with the pandemic and the rapid development of e-commerce, taking advantage of technology as one of the main tools. This implied greater use of the online selection tools already available and the development of new formats for virtual interviews, both of an individual nature and in the assessment format.

### Talent attraction through LinkedIn

In this context, the company consolidated its use of LinkedIn as the main channel for attracting future talent. It also began to use platforms such as Get On Board and HakerRank, which are specifically geared to digital profiles.

### Remunerations

(202-1)

Sodimac prefers to hire full-time employees and, under its wage policy, offers an entry-level wage that is equal to or above the legal minimum in the country. In addition, the criterion of "employee with entry-level wage" fosters employment for young people and the training of retail professionals. In this way, the company can incorporate under-30s, without training or higher education, most of whom have recently completed their secondary education and this is their first job.



|      | Chilean minimum wage (CLP) | Sodimac entry-level wage (CLP) | Ratio Sodimac vs. country |
|------|----------------------------|--------------------------------|---------------------------|
| 2018 | 288,000                    | 430,800                        | 1.50                      |
| 2019 | 301,000                    | 450,246                        | 1.50                      |
| 2020 | 301,000                    | 450,246                        | 1.50                      |

*Gross wage. Sodimac's entry-level wage includes bonuses.  
Source: Sodimac.*

## Culture, work climate and quality of life

Sodimac uses the Great Place to Work model to measure the work climate at all its formats. The Human Resources area presents the results to each of the company's different areas so as to analyze and understand the indicators and, together with the teams, draw up action plans for improvement or ongoing progress.

In those areas where results fall short of the company's standards, an advisory and support process is implemented. It includes opportunities for one-on-one conversations with area and line managers as well as dynamic focus group sessions with the employees in order to understand the results from different perspectives.

### Best home improvement retailer for which to work

Given the pandemic, the measurement that Great Place to Work (GPTW) carries out each year to determine the best companies for which to work in different categories was suspended until 2021. However, based on data collected from approximately 1.2 million answers obtained through surveys in which employees from around the region participated, as well

as other information collected before the coronavirus outbreak, GPTW was able to publish its 17th annual list of The Best Places to Work in Latin America.

In this list, Sodimac took first place in Latin America in the home improvement sector.

## Quality of life

(401-2)

Sodimac implements programs that seek to enhance the wellbeing of employees and their families, helping them to achieve a balance between their personal and working lives. To this end, it provides more than 70 different types of employee benefits related to the family, housing, education, health, insurance coverage, special assistance, bonuses and recognitions.

In 2020, these were adapted in line with the pandemic to ensure implementation of health protocols and care for employees' health and needs, paying particular attention to problems that could affect employees and their families.

Given the high levels of stress caused by the pandemic and its effects, different talks were offered on not only technical or work-related topics but also subjects related to art, the humanities and of general interest.

In addition, the Culture and Workplace Climate area made a particular effort to support the company's leaders, creating opportunities for listening and contention as well as providing advice on how to accompany teams in this process.

A key initiative was the strengthening of Workplace, the company's main internal channel of communication, in order to have permanent and instant contact with all employees. This tool permitted constant interaction and also served to monitor cases that required special support and provide advice and guidance, particularly for those who caught the virus. As of the end of the year, Workplace had 13,230 active users, with 134 open groups and 613 closed groups. During the year, interactions reached some 40,000 posts, with 62,000 comments and 269,000 reactions.

## Recognitions and other activities

In 2020, the main company celebrations such as the Recognition of Maximum Excellence and Outstanding Volunteer, as well as the Christmas parties, were held virtually as a means of continuing to promote those initiatives that are a fundamental part of the Sodimac culture.

Other activities such as the recognition of years of service and educational attainment took place locally under strict health measures in order to protect the health of all employees.

| Principal Benefits ('000 CLP)          | 2018       | 2019       | 2020       |
|--|------------|------------|------------|
| Holiday bonus                          | 4,747,299  | 5,293,345  | 4,705,966  |
| Seniority and length of service        | 957,172    | 965,003    | 1,081,460  |
| Special assistance                     | 3,775,295  | 4,028,035  | 3,213,124  |
| Christmas and Independence Day bonuses | 1,910,306  | 1,974,039  | 1,813,278  |
| Nursery                                | 972,138    | 1,007,340  | 712,924    |
| Transport benefits                     | 3,187,954  | 3,406,169  | 3,626,411  |
| Benefits for uniform and work clothes  | 1,575,790  | 1,329,032  | 1,069,434  |
| Corporate events                       | 2,579,293  | 2,022,267  | 991,117    |
| Canteen and meals                      | 13,233,166 | 12,872,973 | 10,020,807 |

Source: Sodimac.

## Principal programs

### Social assistance

In 2020, this program, with its team of social assistants around the country, focused on providing support and guidance in response to the different needs of employees. Employees affected by Covid and their families were monitored and assessed through daily telephone contact, maintaining information updated through a platform specially designed for this purpose.

In addition, the team of social assistants carried out periodic surveys of the main concerns, worries and emotional reactions of employees throughout Chile. In this way, the company was able to identify 98 social cases of employees who required help with health, housing

or other needs. The contribution made by the company totaled some 22 million Chilean pesos.

In 2020, the company put all employees aged over 60, pregnant women and people with illnesses classified as a high risk for Covid on paid leave. Between March and the time of closing this Report, some 3,098 employees, equivalent to 20% of the workforce, were in this situation.

Sodimac also implemented a special voluntary retirement plan, with additional benefits in terms of redundancy pay and ongoing complementary health insurance coverage for the employee and dependents for one year. A total of 1,435 people benefited from this plan.

## Housing Program

Sodimac supports employees' efforts to realize their dream of homeownership, providing advice and guidance on applying for state housing subsidies as well as information about the financial help Sodimac itself offers. In 2020, it provided loans to 69 employees for a total of approximately 32 million Chilean pesos.

Given the health contingency, the Nuestra Casa Contigo (Our House with You) program had to be rescheduled for 2021. Its projects involve different phases of work on the ground, calling for appropriate conditions for their safe and effective planning and implementation. Under this program, vulnerable employees can obtain support to improve their homes. The company contributes economic resources while tradesmen and employees who participate in the company's volunteer program help with the work. Over the past three years, this program has benefited 342 employees, who met the requirements, and a total of 558 projects were implemented.

## Health Program

Through the advice provided by the company's social assistants, the Health Program seeks to protect and foster employees' physical health, helping them to make correct use of their healthcare plans and related benefits. The company has collective agreements with the Colmena and Consalud private health insurers under which employees can choose between exclusive plans or the insurer's other plans at below-market preferential prices. The company also offers employees complementary health, dental and catastrophic insurance through the Chilena Consolidada insurance company. Financed jointly by the company and the employee, this insurance also includes dependents.

In 2020, the company complemented this assistance with telemedicine slots and free mental health support for employees and their legal dependents. This service was used by 48 employees.

## Sports Program

The company promotes activities that benefit people's physical and mental health as well as healthy coexistence at work and the internal climate. In 2020, it was not possible to implement the program's regular activities (such as regional championships, healthy work break programs, fitness training, football and table tennis matches, Pilates, yoga, Zumba and dance classes, races and gym activities). However, through Workplace, employees had online access to daily classes and physical activities, as well as healthy breaks, all of which were permanently available on this platform.

### Sports activities, 2020

|                     |     |
|---------------------|-----|
| Active break videos | 92  |
| Training routines   | 111 |
| Online classes      | 352 |

Source: Sodimac.

## Flexible Work Program

The pandemic meant that, given their administrative functions, all central office employees worked remotely. However, the company's policies to help employees balance their personal and working lives remained in force, with internal protocols that were adjusted to legal regulation on teleworking.

A communications campaign was implemented to help those working remotely reconcile their home life and the demands of work. It established times for meetings, lunch breaks and working hours, promoting respect for disconnection times and the personal time of each employee. This campaign was initially for the company's leaders but was subsequently extended to all employees.

The Flexible Work Program has three pillars:

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

As a way of compensating and rewarding the commitment of employees who provided services during lockdowns, the company gave them three days off with pay to rest and spend time with their families. It also decided not to open on December 24 to allow them to enjoy this date as a family.

Gimnasio  
**SODIMAC**  
line Para todos



## Sodimac Library

Sodimac has a library for the use of employees. Its collection of 2,967 books ranges from complementary reading for school-age children to the great classics of literature and all types of novels. Through their respective heads of human resources, employees around the country can borrow from it.

e-commerce and shelf restocking. In this way, it helps them to improve their employment prospects and develop transversal skills.

## Diversity and inclusion

Sodimac has an Inclusion, Diversity and Non-Discrimination Policy, related to a planned, systematic and integrated management process whose main objective is to ensure that, in its workplaces, no one is excluded on grounds other than their professional contribution.

The model includes a diversity and inclusion module that forms part of the induction of all new employees in order to ensure that, from the very beginning, they are aligned with the company's principles and take diversity into account in their work.

The company also offers places for inclusive work experience through which, together with the government and, in particular, its National Training and Employment Service (SENCE), it provides people in a process of social reintegration, women heads of household and people with disabilities with an opportunity to put into practice the knowledge they have acquired in courses on sales,



### Progress in 2020

During the year, Sodimac achieved advances on different aspects related to diversity and inclusion. It participated in the Pride Connection Mentoring Program, launched its Gender Transition Protocol and provided support for the transition process through its complementary health insurance coverage. It also adhered to the United Nations Target Gender Equality (TGE) program in order to develop new gender equality practices and launched a new protocol on gender violence, along with a campaign to prevent all forms of violence against women.

## Our programs

### People with disabilities

Sodimac has an Inclusion Program for Persons with Disabilities, which provides the conditions in which any person with a disability of some type can work at the company on equal terms.

It includes a selection process with an inclusive approach, training on diversity and disability for the direct work team, monitoring of the person's adaptation to the job and an adapted induction process. The heads of human resources and social assistants at stores and distribution centers also receive training so they can, in turn, instruct and support the different teams on the effective adaptation of persons with disabilities. In addition, the Human Resources area has a Diversity and Inclusion Coordinator, who reports to the Quality of Life section.



The company has adapted its facilities in line with the requirements of universal access. The measures it has implemented include the improvement of demarcations, the installation of ramps and tactile paving, a reduction in the height of counters and the incorporation of signage to indicate accessible spaces.

In line with these policies, the company participated in the second version of Expo Inclusión, an initiative that, in 2020, included the organization of job fairs in Santiago, Antofagasta and Concepción, at which over 2,000 openings for people with disabilities were offered.

As of end-2020, 161 people with disabilities, recognized as such under Chile's Workplace Inclusion Law, were working at Sodimac Chile, representing 1.06% of the company's workforce, ahead of the legally required percentage.

## Recognition as Inclusive Company

Thanks to its efforts to provide job opportunities for people with disabilities, Sodimac was recognized in 2020 as an Inclusive Company by the Best Buddies organization.

## Visit by authorities

In October, the Minister of Social Development and the Family, Karla Rubilar, and the Undersecretary of Labor, Fernando Arab, were among the authorities who visited the Ñuñoa Sodimac Homecenter store. The purpose of their visit was to learn about the different inclusive spaces implemented in the company's facilities for both employees and the general public. They also took the opportunity to call on companies to apply for the Employment Subsidy available as from September 2020.

Minister Rubilar highlighted the importance of organizations making greater efforts to incorporate people with disabilities into their teams, taking advantage of all the available incentives.

During the visit to Sodimac, the authorities also gave recommendations on how to implement and promote a safe and inclusive return to work for employees with disabilities.

## Gender equity

(401-3; 405-2)

As part of the Falabella group, Sodimac participates in the Latin American Par Survey, which measures the gender equity performance of companies, government bodies and small and mid-sized enterprises (SMEs). Through this survey, Sodimac seeks to assess gender gaps in order to implement initiatives that foster the development of its women employees.

The company's system of remunerations considers only variables related to a person's professional value and there is not, therefore, a significant pay gap between men and women in equivalent positions. Similarly, the talent succession plans in place in stores, which allow employees to progress to positions of greater responsibility, are based on objective factors and equal conditions.

To foster women's workplace development, Sodimac has implemented flexibility measures, such as the possibility of working from home (a tool that proved very useful during the pandemic) and modifying starting and leaving times. It has also increased postnatal leave for fathers to eight days and, through the *Mi Tiempo* (My Time) program, offers time off without pay. These benefits are subject to certain requirements and can vary depending on the working day and collective agreement.

In 2020, women made up 41% of the company's workforce. They accounted for 18% of store managers, 28% of assistant managers and 43% of line managers.

| Postnatal/Parental Leave | 2018 | 2019 | 2020 |
|--------------------------|------|------|------|
| Women                    | 365  | 341  | 256  |
| Men                      | 2    | 5    | 2    |

Source: Sodimac.

| Rate of Return to Work | 2018 | 2019 | 2020 |
|------------------------|------|------|------|
| Women                  | 99%  | 94%  | 82%  |
| Men                    | 100% | 100% | 100% |

Source: Sodimac.

## Gender wage gap

| Post, responsibility or function     | Average gross wage of female executives and other female employees as percentage of that of male equivalents |
|--------------------------------------|--|
| Managers and senior executives       | 87%  |
| Professional and technical personnel | 89%  |
| Other employees                      | 91%  |

Source: Sodimac.

## Interculturality

Sodimac is a member of the Network of Intercultural Companies, an organization created to share experiences related to cultural diversity. It has alliances with different civil society organizations, including the Jesuit Service for Migrants, that promote the hiring of people from other countries.

The company has addressed this issue from the standpoint of respect and equality. To inculcate these values, it has drawn up a Manual on Recruitment of Migrants and Intercultural Communication. Through the Chile Valor organization, it also offers skill certification workshops for migrant workers as well as Spanish courses, especially for Haitians.

In 2020, Sodimac had 725 foreign employees, representing 18 different nationalities, distributed in different posts from Arica to Punta Arenas.



## Sexual Diversity

In managing its business, Sodimac is guided by criteria based on respect for all people, without any distinction on the grounds of gender identity or sexual orientation. For this reason, it considers a civil union as equivalent to marriage for the purposes of employee benefits.

It also has a Gender Transition Protocol to facilitate the incorporation of transgender people. Under this policy, it respects the social name of people in transition and provides education on the issue so as to accompany them in the best possible way.

The company adheres to Pride Month, an activity it publicizes on both its internal platforms and social networks.



## Seniors

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

In 2020, the company employed 180 senior citizens, all of whom worked remotely during the year.

## Social Reinsertion

Sodimac is part of the +R Project, an initiative that fosters the labor market inclusion of young people who have been serving a sentence in one of the homes of the National Service for Minors (SENAME). The Proyecto B Foundation collaborates with this initiative, monitoring and supporting adaptation to a job.

## Prevention and Safety

(403-1; 403-2; 403-4; 403-8; 403-9; 403-10)

### Care for our employees

Sodimac has a Safety and Occupational Health Policy based on the fundamental principles of constantly strengthening the company's culture of prevention and safety standards. This policy expressly states that, in the organization's processes, risk prevention, productivity and sales are of equal importance.

The prevention of workplace accidents and occupational illnesses is based on the ISO 45001 standard on occupational health and safety management systems. This guarantees the continuous improvement of operational risk control processes.

All the company's installations have active Joint Worker-Management Health and Safety Committees, which serve as a key support for the investigation and management of accidents. Each year, the company also implements campaigns, inspection walks and action and monitoring plans to minimize conditions and conduct that can imply risk and to foster self-care. In addition, it underscores the role of prevention in day-to-day operations by awarding special recognition to employees, stores and warehouses that stand out in this field.

Technology and digitization have brought profound changes in many workplace procedures. The Risk Prevention area has joined the Woken Reactive platform as a result of which smartphone apps are now used to complete the Risk Prevention and Loss area's daily inspection checklists of questions, reducing the use of paper by over 80% in all company's installations. It has also made it easier to provide area leaders with a digital report on the status

of the daily findings for their opportune resolution and early mitigation of the risks.

Other more digital procedures have also been adopted such as expense reports using the *Rindegastos* (Renderexpenses) platform. Similarly, the incorporation of the ONYXWorks platform in fire control processes means that information about all stores' fire offices can be visualized and digital reports on failures of the summarized panels for stores issued for each regional prevention team.

## Strategic alliance with ACHS

For the past 18 years, Sodimac has had a strategic alliance with the Asociación Chilena de Seguridad (ACHS), a workplace health and safety insurer, under which the



two organizations work together to develop an integral and comprehensive culture of prevention at Sodimac.

Annual work plans have been established with ACHS to minimize accidents and occupational illnesses and ensure healthy workplaces and, with its permanent advice and support, comply with the corresponding legal requirements.

In 2020, the pandemic meant that the company had to review how it works, adjusting its objectives and annual work plan accordingly. In this context, it maintained timely and direct communication with ACHS, which kept it informed about new regulation, matters relating to remote working and any legal changes introduced in response to the pandemic.

At the same time, ACHS had to adapt the technical support it provides. This was reflected in remote and in-person advisory support, specialized support for drawing up procedures related to new requirements and verification on the ground of compliance with the conditions to prevent contagion in line with the compulsory requirements of the Unique Inspection Form and suggested good practices.

During the year, ACHS also provided psychosocial support for managers and employees. In June, the first workshop on psychological assistance, organized by the Human Resources area and ACHS, was held, targeting heads of prevention and regional offices and store managers. During Prevention Month, a podcast for employees was created and, in October, an emotions management workshop took place for employees with team management responsibilities.

The Medical area of ACHS and its operational team also provided advice on lines of action to ensure a safe return to work for employees. This was accompanied by a mass training course for over 2,000 employees on Guidelines for the Prevention of Covid-19 Infection, designed to ensure they were aware of the risks and the measures to take on their return to work.



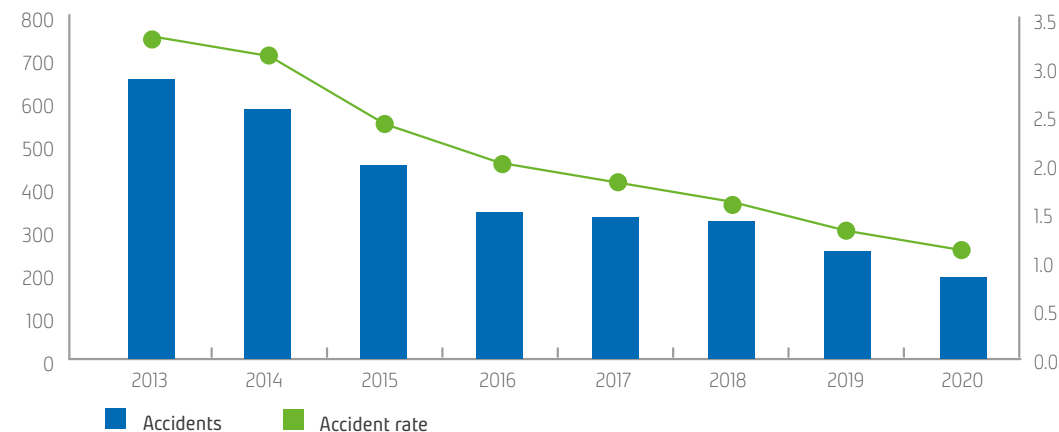
## Lost time and accident rates

(403-2)

Over the years, Sodimac has reduced its accident and lost time rates. Care for people and the constant promotion of a culture of prevention are at the core of the company's policy in this field. Thanks to this, its lost time rate is among the lowest in the retail sector.

- In 2020, the company reported 189 workplace accidents, including occupational illnesses, and 3,147 lost days, including those related to accidents in the previous year.
- The accident rate, at 1.17, was down by 21% on 2019.
- The lost time rate, at 19.63, was 7% lower than in 2019.

### Accidents and Accident Rate



Calculated as  $\frac{\text{n}^\circ \text{ of accidents}}{\text{average n}^\circ \text{ of employees}} \times 100$ .  
Source: ACHS

### Lost Days and Lost Time Rate



Calculated as  $\frac{\text{n}^\circ \text{ of lost days}}{\text{average n}^\circ \text{ of employees}} \times 100$ .  
Source: ACHS



| Zone or Region               | 2018                       |            |                        |            | 2019                       |            |                        |            | 2020                       |            |                        |            |
|------------------------------|----------------------------|------------|------------------------|------------|----------------------------|------------|------------------------|------------|----------------------------|------------|------------------------|------------|
|                              | Lost days due to accidents | Accidents  | Occupational illnesses | Fatalities | Lost days due to accidents | Accidents  | Occupational illnesses | Fatalities | Lost days due to accidents | Accidents  | Occupational illnesses | Fatalities |
| Northern Zone                | 594                        | 36         | -                      | -          | 373                        | 26         | 1                      | -          | 115                        | 16         | -                      | -          |
| Central Zone                 | 298                        | 35         | 1                      | -          | 522                        | 34         | -                      | -          | 276                        | 16         | -                      | -          |
| Southern Zone                | 851                        | 90         | 1                      | -          | 795                        | 67         | 2                      | -          | 1,060                      | 69         | 13                     | -          |
| Santiago Metropolitan Region | 2,964                      | 155        | 2                      | -          | 1,411                      | 124        | 3                      | -          | 894                        | 68         | 7                      | -          |
| Men                          | 3,161                      | 214        | 3                      | -          | 2,136                      | 177        | 4                      | -          | 1,563                      | 116        | 14                     | -          |
| Women                        | 1,546                      | 102        | 1                      | -          | 965                        | 74         | 2                      | -          | 782                        | 53         | 6                      | -          |
| <b>Total</b>                 | <b>4,707</b>               | <b>316</b> | <b>4</b>               | <b>-</b>   | <b>3,935</b>               | <b>251</b> | <b>6</b>               | <b>-</b>   | <b>3,147</b>               | <b>169</b> | <b>20</b>              | <b>-</b>   |

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

Source: ACHS

## Measures of prevention and support in the context of the pandemic

In the face of the pandemic, Sodimac adopted the following measures of prevention and support for employees:

- Leave with pay for employees in groups at risk (those with underlying illnesses, pregnant women and over-60s), totaling 3,098 employees
- Reduction of store opening times
- Provision of hygiene and protective elements (such as masks, hand sanitizer and gloves), along with a communications campaign and training in protection measures
- Accompaniment and daily monitoring of all those infected
- Leave and daily monitoring for employees classified as close contacts
- Financial support for those requiring it while in quarantine or on sick leave because of Covid-19
- Accompaniment of families of deceased employees (of which there were, sadly, three)
- Remote working for support office and call center employees and employees of stores and distribution centers whose functions so permitted
- Voluntary talks and webinars for company leaders on issues related to managing the work climate and the pandemic, remote working and productivity and psychological support (through the company's alliance with ACHS).



## Relations with unions

(102-41)

As of end-2020, Sodimac Chile had five company unions, five inter-company unions and one union for a single establishment, all registered under a single tax number (RUT). Together, they had 12,205 members, representing a unionization rate of 81%, above the Chilean average.

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

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

## Unionization

|      | N° of employees | Percentage |
|------|-----------------|------------|
| 2018 | 13,978          | 78%        |
| 2019 | 14,014          | 78%        |
| 2020 | 12,205          | 81%        |

Source: Sodimac.

## Collective bargaining processes

In 2020, a non-regulated collective bargaining process took place with the Homecenter Union, resulting in an agreement covering 5,888 employees, equivalent to 39% of the company's workforce.

## Permanent dialogue

Each year, between March and December, the company's executives meet every month or every other month with the leaders of the Sodimac, Homecenter, Sintrabos, Nocesur and Autónomo Unions. At these meetings, the union representatives raise different concerns and the company, in turn, informs them about relevant matters.

Store unions (inter-company) meet with store managers, the business partner (regional head of people) and the corresponding head of human resources whenever matters

arise which the union needs to discuss with the company.

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

This policy demonstrated its value in 2020 when it served as the foundation for collaboration between the company and the different unions in addressing the challenges posed by the pandemic.

## Union Training

Sodimac offers a training program for union leaders to foster their development of skills in matters related to labor relations and collective bargaining processes. In 2020, however, this had to be suspended in light of the health crisis.

## Judicialization of labor cases

In 2020, 240 complaints of a labor nature were filed against the company and were handled by its legal team. By the end of the year, 196 cases had been resolved and 44 were still under investigation.

### Labor Cases

|      | Nº of complaints |
|------|------------------|
| 2018 | 168              |
| 2019 | 162              |
| 2020 | 240              |

Source: Sodimac.



## Outsourcing at Sodimac

Sodimac has an Outsourcing Unit to design and implement policies that guarantee its compliance with labor obligations as regards contractors' employees and help to improve their working conditions. This Unit also provides training on labor laws in stores throughout the country, focusing specifically on outsourcing, in a bid to foster self-regulation and generate balanced relations between outsourced workers and their employers. In this way, the company guards against lawsuits and fines for infringements of labor regulation.

In 2020, 90 lawsuits were filed by contractors' employees. They were handled by the Outsourcing Unit and 47 were settled during the year while the others remained pending at the end of the year.

The company has a system for controlling access to all its installations (stores, warehouses and distribution centers). It verifies whether a person is authorized to access an installation to provide services (external, occasional and transport

personnel), taking into account the documents required by law and the safety of the outsourced workers.

In response to the pandemic, Sodimac took a series of measures to control the access of external personnel in line with the protocols established by the authorities:

- Presence in company installations (definition of groups at risk and remote working, social distancing)
- Hygiene and cleanliness (hand washing, use of canteen)
- Communication/Emergency (measures indicated by the health authorities in event of infection or a suspected case).



|                    | 2018  | 2019  | 2020  |
|--------------------|-------|-------|-------|
| Contractors *      | 118   | 123   | 117   |
| N° of employees ** | 5,258 | 5,744 | 4,913 |
| N° of inspections  | -     | -     | -     |
| N° of fines        | -     | -     | -     |

(\*) Includes only centrally-controlled contractors. Occasional contractors are controlled by each store.

(\*\*) Out of the average of 4,913 contractors' employees in 2020, 3,192 were men and 1,721 were women.

Source: Sodimac.





**Our**  
*Suppliers*



# Our Suppliers

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



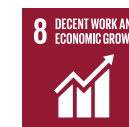
## Strategic issues

- Sustainable supplier management
- Supplier satisfaction
- Sustainable local entrepreneurship

## Milestones 2020

- Diagnostic interviews with suppliers to gather information about their situation during the pandemic and make improvements in procedures and commercial agreements.
- Opening of Marketplace to micro-entrepreneurs without commission charges for three months as a means of supporting them in the crisis.
- Quality and sustainability declarations signed by 144 international suppliers.
- Inclusive trade: Sodimac and the Lazarillo start-up developed a new functionality in 2020 to facilitate online shopping for the more than 800,000 Chileans with some type of visual impairment; it provides one-click access to an application and enables them to interact in a video call with an especially trained salesperson to guide them about products and services, put together a shopping basket and complete a secure transaction.

## Sustainable Development Goals:



## Sustainable management of the supply chain

(102-9; 204-1)

With 5,851 suppliers of all different sizes, Sodimac has a broad supply chain with which it has relations that favor efficient coordination, supported by complementary capabilities, innovation, assured production and sensitivity to the needs of customers.

Each year, under its Responsible Procurement Policy, the company selects the best products from trusted manufacturers in Chile and many other markets around the world. These manufacturers are subject to strict quality controls.

In 2020, local suppliers accounted for around 81% of the company's procurement and the other 19% was imported mainly from Asia, South America, North America and Europe.

As well as price, Sodimac's procurement strategy takes into account the supplier's continuity over time, the quality and safety of its products, continuous improvement policies, good labor practices, an appropriate work climate, the use of personal protective equipment and respect for local and international labor regulation.

### Share of sales by origin of products

| Origin   | 2018 | 2019 | 2020 |
|----------|------|------|------|
| Imported | 25%  | 23%  | 19%  |
| Chilean  | 75%  | 77%  | 81%  |

Source: Sodimac.

## Supplier relations during the pandemic

The complex situation triggered by the global health crisis naturally impacted Sodimac's extensive supply chain. In response, the company interviewed more than 30 suppliers in order to arrive at a diagnosis of their problems in the face of the pandemic, identify areas for improvement in their relationship with Sodimac and, on that basis, establish a support strategy.

At a general level, the company drew up a work plan to improve different procedures with suppliers, including payment issues, the collection of rebates and fines, the slowness of certain processes and

operational and logistical aspects. The vendor business agreement (VBA) or agreement on commercial conditions that Sodimac signs with suppliers was adjusted to clarify procedures and increase transparency.

Semi-annual meetings were also established with the most strategic suppliers to keep them informed about Sodimac's strategy and, at the same time, give them an additional opportunity to raise their concerns.



## Support for micro-entrepreneurs

In a further measure, Sodimac opened its Marketplace to micro-entrepreneurs without charging a commission on their sales for three months. It also provided free training and support to those who joined it as new suppliers. This initiative was supported by the Chilean Association of Entrepreneurs (ASECH) and Sistema B Chile and formed part of the company's support for the aPóYaMe (Support Me) initiative, led by the Economy Ministry and the Santiago Chamber of Commerce, to facilitate the access of small and mid-sized enterprises (SMEs) to e-commerce. On its website, Sodimac offers some 1,800 products from mini-SMEs and, in 2020, sold more than 30,000 items made by micro-entrepreneurs.

## Sodimac Commercial Transparency

(102-17)

Its policy of maintaining healthy, constructive and open relations with suppliers has enabled Sodimac to achieve a high level of customer satisfaction.

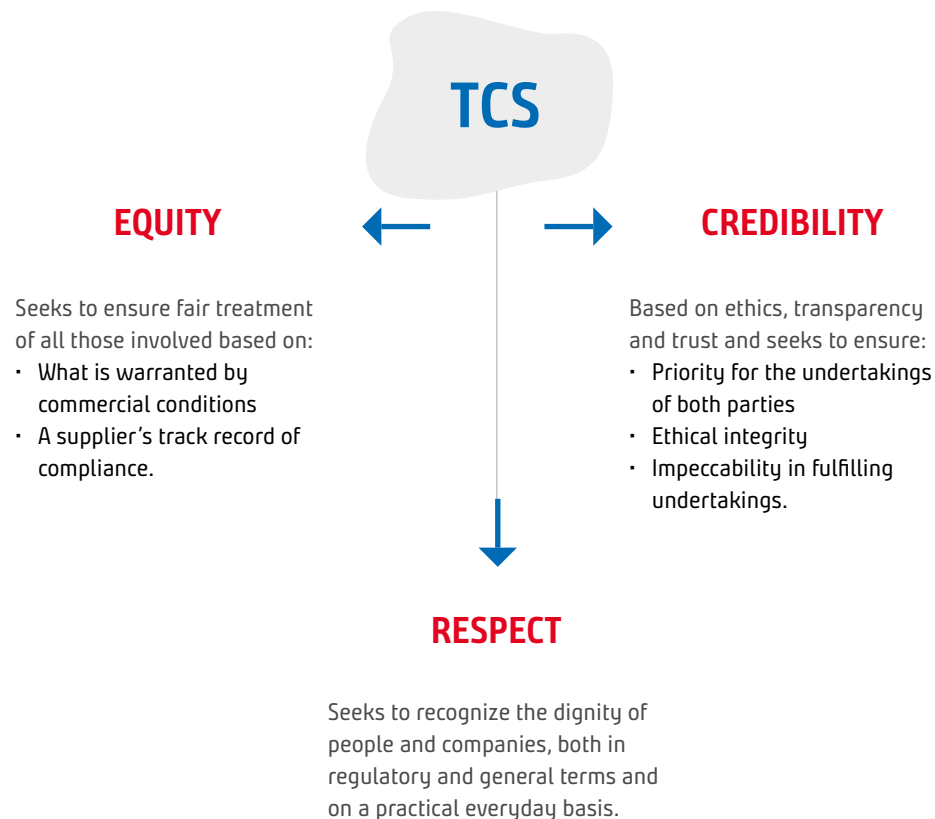
In recent years, it has had to adapt this policy to the economic, cultural, social and demographic changes that have resulted in the emergence of consumers who are better informed, more demanding and equipped with legal tools to protect their rights. In response, the company seeks from its suppliers:

- Product availability
- Quality and service
- Profitability

- Differentiation
- Trust.

Equally important is the Sodimac Commercial Transparency (TCS) policy, a formal self-regulation framework, through which the company provides precise guidance to its supply chain on the following aspects:

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



Under these protocols and in line with its commitment to human rights, Sodimac rejects child labor and does not use suppliers that employ children. In 2020, no cases of child labor were reported or detected in its supply chain. To contribute to the proper commercial development of its suppliers and their stability and develop a relationship of trust, the company's policy is to pay suppliers within no more than 30 days, particularly in the case of small and mid-sized enterprises (SMEs).

The company's Legal Compliance area is responsible for overseeing compliance with these protocols.

In 2020, the company's channels for communication and complaints received one complaint from a supplier about possible breaches of TCS norms. It was investigated and found not to be verified.

## Evaluating our suppliers

(308-2; 414-1; 414-2)

Sodimac has a responsible procurement program designed in accordance with the recommendations of the Supplier Ethical Data Exchange (Sedex). Through the Sedex platform, suppliers are themselves able to assess their performance on labor, ethical, environmental and health and safety matters, apply best practices in their processes and administer key information (certifications and/or audits) for sharing with clients who also use the platform.

The company carries out an annual evaluation of its Chilean and international suppliers based on the parameters established by Sedex for health and safety issues, labor norms, respect for human rights and the environment. However, in view of the global pandemic, evaluations had to be suspended in March 2020 and only 12 evaluations of suppliers in China were carried out.



Súmate y cuidemos la casa de todos.

Generar un ECO positivo en nuestra casa,

Due to the health crisis, the initial audits and follow-up processes that Sodimac implements annually were also suspended.

### Total Suppliers Evaluated through Sedex

| Origin       | 2018      | 2019       | 2020 *    |
|--------------|-----------|------------|-----------|
| Chilean      | 47        | 122        | -         |
| Imported     | 42        | 73         | 12        |
| <b>Total</b> | <b>89</b> | <b>195</b> | <b>12</b> |

\* In 2020, evaluations had to be suspended.

Source: Sodimac.

## Supplier Sustainability Questionnaire

(407-1)

Sodimac also asks its suppliers to sign a declaration - available in Spanish, English and Mandarin - about aspects such as business ethics, human rights, workplace health and safety, their selection of their own suppliers, product labeling and advertising, the environment and commitment to the community. In 2020, a total of 144 overseas suppliers signed this undertaking.

Given the pandemic and the related restrictions, Sodimac did not carry out audits of Chilean suppliers in 2020. Over the course of the year, it incorporated 636 new suppliers of which 46 corresponded to the company's own brands. Factories of Asian suppliers were also evaluated on quality issues during the year.

| Supplier Questionnaire *                   | 2018 | 2019 | 2020 * |
|--|------|------|--------|
| Total overseas suppliers                   | 805  | 518  | 562    |
| Suppliers who signed Sodimac questionnaire | 544  | 346  | 144    |

(\*): Considers suppliers active for several years.

Source: Sodimac.

## Suspension of SSIndex Survey

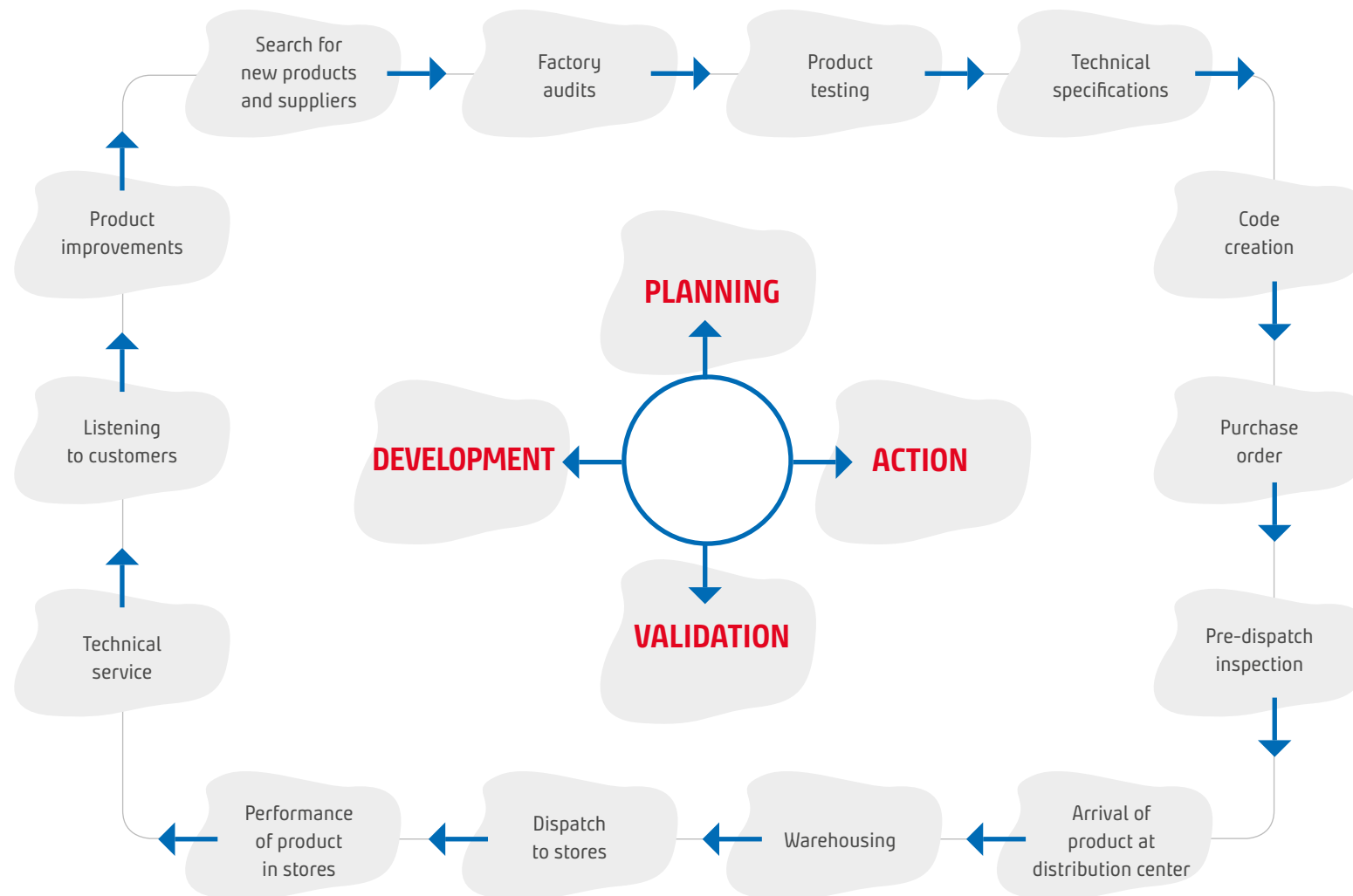
Another regular initiative that had to be suspended in light of the pandemic was the Stakeholders Sustainable Index (SSIndex) management tool of ESG Compass. The company uses this survey to complement its own efforts on risk management and sustainable monitoring of its relations with suppliers.

## Product quality and safety

(416-1)

Sodimac controls the quality of products from their incorporation into its sales assortment through to after-sales service, seeking to ensure compliance with high local and international standards. To this end, it works with service companies and organizations specialized in evaluation, certification and regulation to guarantee its customers' safety and trust and ensure the necessary inventory in its warehouses and stores.

## Product Quality and Safety



## Inspections in Chile and overseas

(417-1)

The selection of products and the establishment of contact with potential overseas suppliers imply visiting their installations to verify their capacity and solvency. The products ordered are then subjected to strict quality controls by specialized international companies. They examine the product as a whole, verifying that it faithfully complies with the requested specifications and that the materials, manuals, labeling, barcode, packing and palleting are as required. They also take into account the product's technical specifications, components and functional characteristics, analyzing each point required by the company's Quality Control area. In 2020, 4,422 international inspections of this type were carried out.

These controls also apply to products acquired from suppliers in Chile. In both cases, corrective inspections take place if problems are detected in a product and these must be remedied by the supplier. In all inspections, a product may be accepted or rejected and its dispatch authorized or not.



### International inspections

|          | 2018  | 2019  | 2020  |
|----------|-------|-------|-------|
| Asia     | 5,092 | 2,929 | 4,289 |
| Europe   | 36    | -     | -     |
| Americas | 223   | 111   | 133   |

Source: Sodimac.

### Suppliers inspected

|      | 2018 | 2019 | 2020 |
|------|------|------|------|
| Asia | 527  | 346  | 139  |

Source: Sodimac.

### Inspections in Chile

| Result of inspection | 2018       | 2019       | 2020       |
|----------------------|------------|------------|------------|
| Approved             | 357        | 251        | 202        |
| Rejected             | 28         | 23         | 10         |
| <b>Total</b>         | <b>385</b> | <b>274</b> | <b>212</b> |

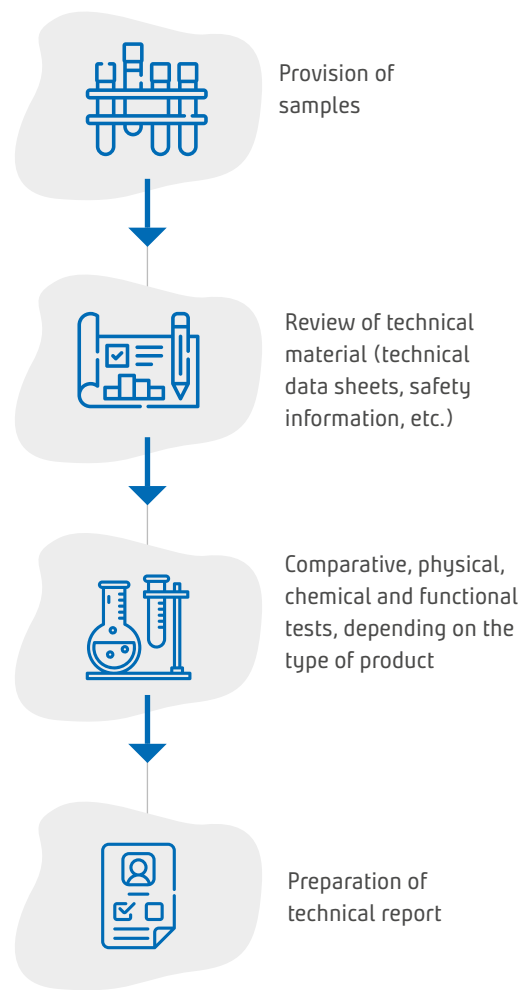
Source: Sodimac.

### Product testing

(416-1)

To verify the safety and usability of products, particularly electrical products and furniture, Sodimac’s Quality Control area hires the services of local and overseas laboratories. The company also encourages suppliers themselves to use external laboratories to test their products as back-up for their incorporation into its catalogue.

### Internal Testing Cycle



| Product Testing        | 2018        | 2019      | 2020      |
|------------------------|-------------|-----------|-----------|
| Product tests in Chile | 2,911 units | 909 units | 960 units |

Source: Sodimac.

### Own brands and technical support (416-1)

In the case of the products which Sodimac has made and labeled as own brands, it takes even greater responsibility for their quality, functioning and after-sales service. Much of the work of its Quality Control area involves monitoring these products in the different stages of their life cycle. The company currently markets 1,206 own brand products for all of which support is available through Tejocenter, Sodimac’s authorized technical service network, which has nine branches around the country.

For own brand tapware products and those using electricity or some fuel, Sodimac has a technical service exclusively for their repair, the provision of spares and response to customers’ requirements. In 2020, the technical service controlled by the company reviewed a total of 12,914 products of different types.

In addition, customers can use a network of technical support modules located in 64 stores around the country. They are staffed by experts who help customers with

how to start to use the product they have acquired and the best way to do so and, if necessary, refer them to the technical service.

### Recalls

In line with its commitment to customers’ safety, Sodimac has strict protocols for the preventive review of products or their recall if they represent a safety risk. In 2020, it was not necessary to recall any own brand products.

#### Customers Attended by Technical Support

|      |         |
|------|---------|
| 2018 | 352,812 |
| 2019 | 640,419 |
| 2020 | 438,493 |

Source: Sodimac.

## Product Use Experience Laboratory

Sodimac's Corporate Quality Control area also seeks to ensure that customers have a positive experience of products. For this purpose, it has a Product Use Experience Laboratory, certified under the LEAN philosophy, with mechanical, electrical, chemical and materials testing facilities as well as areas for the installation, assembly and application of products. The laboratory's specialized personnel assess products for the different South American markets. In addition, products that are already on the market are assessed together with a team of product development engineers, defining improvements in their design.

In 2020, the Laboratory evaluated 615 products, including testing of products prior to their incorporation into the company's assortment and of those already available in its stores.



## Innovation and Supplier Development

Sodimac's strategy includes the application of policies to promote the development of its value chain through the co-creation of products and services. In 2020, these efforts were channeled mainly through the open innovation program launched by the company in 2019 in alliance with the Innspiral corporate innovation accelerator and the Imagine Lab business accelerator.

## Supporting the entrepreneurship ecosystem

Sodimac seeks to harness external capabilities to help develop and implement solutions that can be incorporated into the company's products and services.

The company began to promote this concept in 2019 when it issued an invitation that attracted over 200 start-ups. After a pre-selection and evaluation process, the three proposals most closely aligned with the focus of improving customer experience in stores were selected: Austral 3D, Espacios Digitales and Sumato-ID.

Starting in January 2020, these firms began work on formal pilot projects at Sodimac. However, the pandemic changed the company's priorities and it opted to focus on only one. This project uses artificial intelligence (AI) with image processing in a bid to take advantage of stores' surveillance cameras to generate new information and intelligence.

The aim is to develop new uses for this information from the prevention, operational and commercial standpoints, developing online solutions for health controls on the number of people permitted in a store, optimizing product display and gaining a better general understanding of customers visiting stores and their needs.

Due to the health crisis, the company did not issue a new open invitation to the entrepreneurship ecosystem in 2020 and, instead, opted to contact start-ups individually. The start-ups contacted were Lazarillo, Videsk and MotionDisplays.

## Unprecedented inclusive trade solution

In 2020, Sodimac and Lazarillo, a start-up, developed a new functionality to make shopping online easier for the more than 800,000 Chileans with some type of total or partial visual impairment.

The initiative - the first of its type in the Chilean retail sector - provides direct one-click access to an application and, from there, to a video call with an especially trained

Sodimac salesperson, who will offer guidance on products and services, put together a shopping basket and complete a secure transaction.

The solution represents a major step forward in Sodimac's efforts to eliminate obstacles that hamper the experience of customers with visual impairment, particularly as regards online shopping, and sets a precedent in Chile in terms of inclusion. Since its launch in late 2020,

the application has received positive feedback from users.

Lazarillo was selected by the Massachusetts Institute of Technology (MIT) as one of the 35 most important start-ups in Latin America created by people under 35 years of age.



## Assisted online sales

In 2020, Sodimac expanded the range of digital advice available in its online store by joining forces with Videsk, a Chilean start-up that has developed technology through which any customer can obtain advice from a salesperson in a video call through Pedro, Sodimac's chatbot. In the context of the pandemic, this assisted online sales service has also enabled the company's sales force to work remotely from the safety of their homes.

## Online decoration and design advice

Thanks to its joint work with the MotionDisplays start-up, Sodimac has launched an online service that offers advice on decoration and the design of bathrooms and kitchens, helping to make home design available to a broader public and adapt homes to the new demands of life and work. Through this solution, customers interested in

reconfiguring spaces in their homes can schedule a video call with an expert decorator or designer and use a mobile device to show the rooms they want to redesign. Based on the images captured in these remote meetings, the experts then draw up a digital proposal indicating how these spaces would look once renovated and send it to the customer.





Our  
Customers



## Our customers

All Sodimac's platforms for customers are equipped with listening tools to provide the company with first-hand feedback about their needs. Using this information, the company seeks to structure a differentiating range of products and services and implement improvements through which to enhance the shopping experience and generate ever higher levels of customer satisfaction. During the pandemic, the company implemented strict protocols in stores and for home deliveries, helping to protect the health of its customers.



### Strategic issues

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

### Milestones 2020

- 1<sup>st</sup> place in the home improvement category of the Customer Experience Ranking (Praxis Xperience Index, PXI)
- 11<sup>th</sup> place (1<sup>st</sup> in retail, Gold Group) in the Corporate Reputation Ranking (INC Inteligencia Reputacional and Ipsos)
- 1<sup>st</sup> place in the home improvement category of the Chile 3D, Brands and Life Style study (GFK)
- 12<sup>th</sup> place (1<sup>st</sup> in the home improvement) in the Merco Empresas ranking
- 15<sup>th</sup> place (1<sup>st</sup> in the home improvement) in Citizen Brands (Cadem)
- The eighth version of the Great Training Fair of the Sodimac Constructor Tradesmen's Circle, the largest event of its type in Chile, took place online.

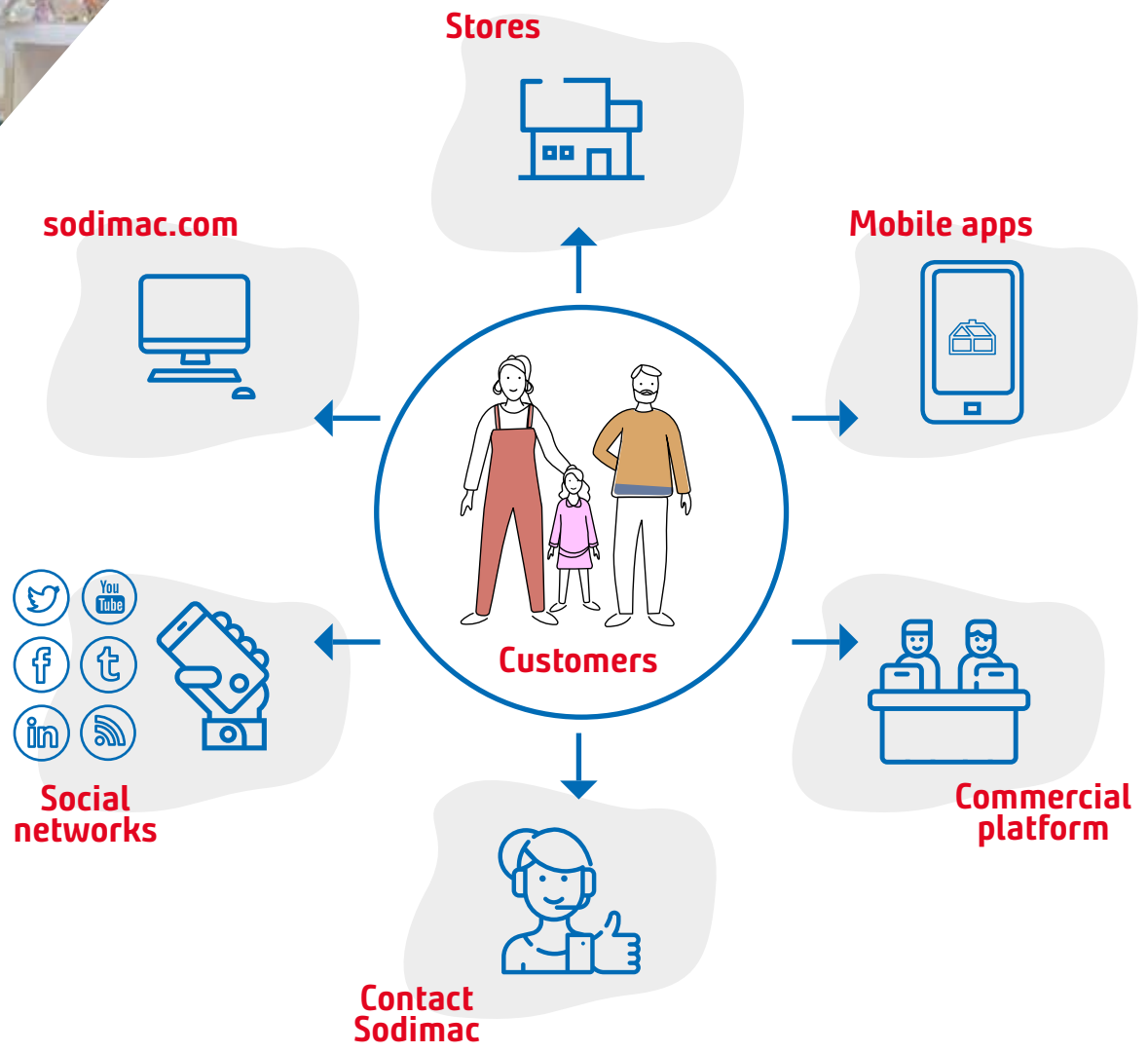
### Sustainable Development Goals:





## Shopping Experience

Sodimac applies an omnichannel strategy that seeks to create value for customers regardless of the platform they use and to respond to the profound changes occurring in consumption habits as a result of the digital transformation and mass use of e-commerce.



## E-commerce and the omnichannel strategy in the pandemic

The pandemic and the restrictions on movement imposed by the health authorities meant that Sodimac had to strengthen its e-commerce processes and, therefore, its omnichannel strategy. The result was unprecedented growth of sales through digital platforms and their share of total sales.

In response, the company accelerated its planned changes in logistics-commercial distribution as well as the development of its website, incorporating new technology and continuously retraining teams in order to intensify active listening to customers, with a view to improving their online shopping experience.

The introduction of new services in the Sodimac application, for example, meant that transactions through this platform came to represent a significant percentage of online purchases, with more than 2.5 million visits and 600,000 downloads. In addition, during Cyber Monday 2020, it was the country's most downloaded and popular free app.

At the same time, Sodimac.com experienced annual growth of over 140%, with more than 235 million total visits and over 3.3 million transactions. The company was also a pioneer in introducing a price guarantee in its online channel. Using a simple form, any customer can activate this guarantee, which offers a 10% discount, if an identical product is available from a competitor at a lower price.

The main technological advances of the year included the implementation of Catalyst, a new e-commerce platform, with improved navigation, a new search engine, a redesigned shopping basket and a new means of payment. The company also implemented Cyber Source, a world-class tool to prevent fraud and improve payment and validation processes, and the FPAY system as a payment gateway and the Falabella group's wallet in the site's checkout.





In general terms, the non-store retail (NSR) digital ecosystem, comprising e-commerce sales and digital sales in stores through kiosks, accounted for 13.7% of total company sales and 16% of retail sales. In both cases, this represented an increase of four to five percentage points on 2019.

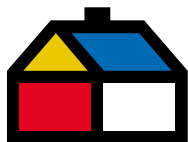
## Listening to customers

Sodimac has in place a series of listening channels through which to attend to customers' requirements in different areas of the business. They include:

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

Sodimac has built a digital community around the content it generates through Facebook, Twitter, LinkedIn, Pinterest, Instagram and YouTube, which serve to provide feedback, answer questions, make comments and send congratulations and recommendations.

In 2020, the company's followers in the different social networks increased by 20% to a total of 4,987,779 million, with 22,764 positive appearances.



## Customer satisfaction

(102-43)

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

Since 2019, the company has also been measuring employees' NPS on the grounds that a good customer experience starts with a good internal client experience. This feedback is useful in creating better action plans for the end consumer.

The explosive growth of online sales and the restrictions imposed by the pandemic affected the quality of service perceived by customers and this was reflected in a drop in the NPS, basically in e-commerce.

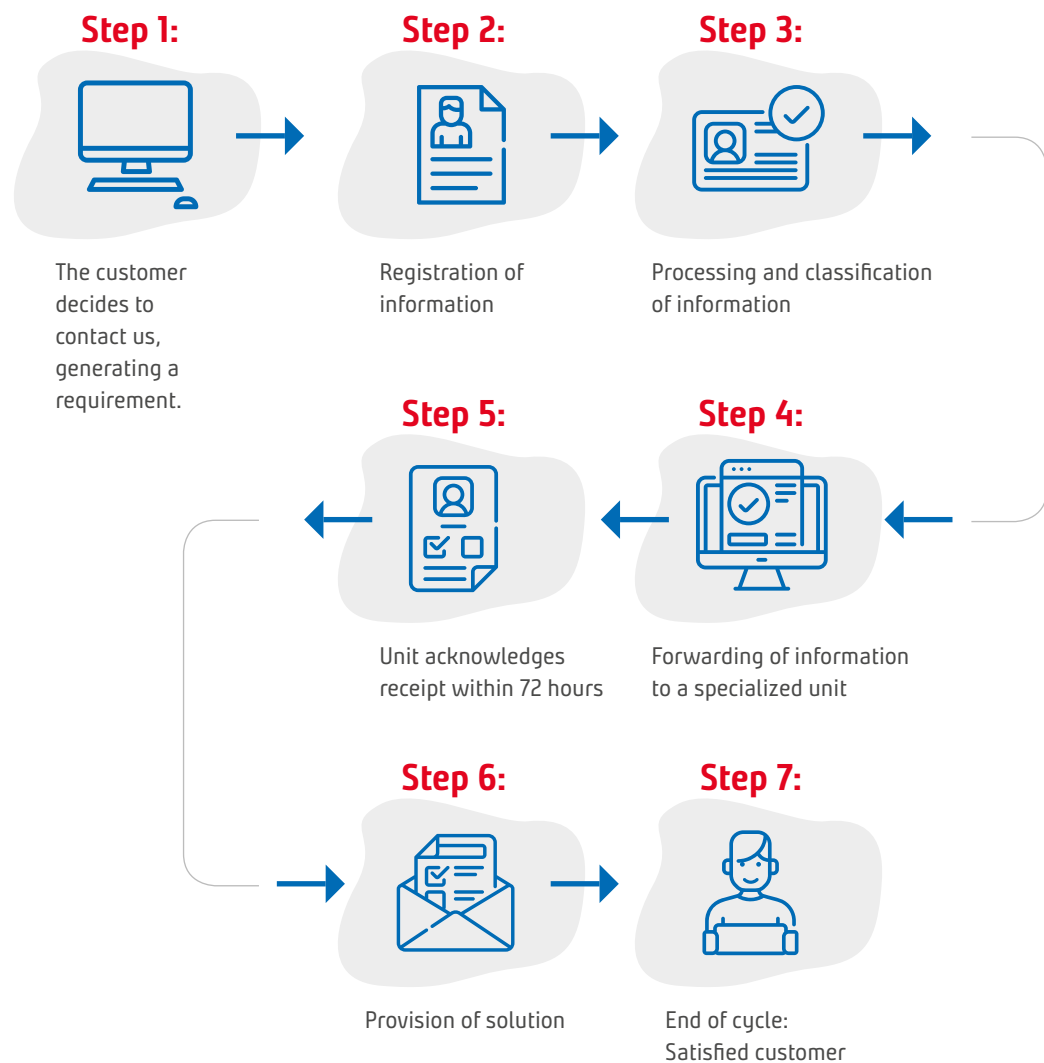
In 2020, 295,058 NPS surveys were answered online and, when asked if they would recommend shopping at Sodimac to a relative or friend, 60% responded with a score of between 9 and 10 points (on a scale of 1 to 10). These customers are considered brand promoters. Despite the drop in the NPS, Sodimac remained in the upper quartile of the retail industry on this indicator.

| Satisfaction Survey | 2018    | 2019    | 2020    |
|---------------------|---------|---------|---------|
| Customers surveyed  | 270,728 | 215,634 | 295,216 |
| 9-10 points         | 68%     | 67%     | 60%     |
| 7-8 points          | 19%     | 19%     | 17%     |
| 0-6 points          | 13%     | 14%     | 23%     |

Source: Sodimac.

## Handling of requests and complaints

Through its Customer Service area, Sodimac has in place a mechanism for processing and responding to all the requests, inquiries, congratulations, suggestions and complaints it receives from customers. Given the conditions that prevailed during the pandemic, the number of communications received in 2020 increased by 181% to a total of 642,638 of which 90% (588,185) were received online, by the call center or, for example, through the boxes placed in stores for this purpose. To respond to this increase, the customer service team was reinforced and the capacity of the call center, whose employees had to work from home, was increased with the incorporation of some of the employees who could not work in stores because of being in a group with a higher health risk.



|      | Customer communications * |
|------|---------------------------|
| 2018 | 202,951                   |
| 2019 | 228,580                   |
| 2020 | 642,638                   |

Source: Sodimac.

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

| Type of communication | 2018 | 2019 | 2020 |
|-----------------------|------|------|------|
| Complaint             | 62%  | 62%  | 69%  |
| Request               | 23%  | 25%  | 27%  |
| Enquiry               | 7%   | 8%   | 3%   |
| Congratulations       | 8%   | 6%   | 1%   |
| Suggestion            | 0.3% | 0.2% | 0.1% |

Source: Sodimac.



## Sodimac-SERNAC Agreement

Sodimac has an interoperability agreement with Chile's National Consumer Service (SERNAC) that facilitates handling of customers' complaints. The system operates using a platform that provides Sodimac with immediate notification when a complaint is received and the company undertakes to respond within seven working days. In 2020, the number of complaints increased to 33,895 of which 27,590 related to e-commerce and delays in dispatch during the pandemic.

| Area of complaint                | 2018           |             | 2019           |             | 2020           |             |
|----------------------------------|----------------|-------------|----------------|-------------|----------------|-------------|
|                                  | N°             | %           | N°             | %           | N°             | %           |
| Delivery service                 | 55,109         | 44%         | 62,808         | 45%         | 268,016        | 60%         |
| Internet                         | 23,273         | 18%         | 31,047         | 22%         | 129,311        | 29%         |
| Products                         | 18,183         | 14%         | 16,726         | 12%         | 12,627         | 3%          |
| Installation service/tool rental | 11,722         | 9%          | 13,611         | 10%         | 9,812          | 2%          |
| Sales area                       | 7,169          | 6%          | 6,265          | 4%          | 8,312          | 2%          |
| Others                           | 3,973          | 3%          | 3,898          | 3%          | 8,334          | 2%          |
| Other store services             | 3,760          | 3%          | 3,659          | 3%          | 6,705          | 2%          |
| Checkouts                        | 2,666          | 2%          | 2,956          | 2%          | 1,707          | 0%          |
| <b>Total</b>                     | <b>125,855</b> | <b>100%</b> | <b>140,970</b> | <b>100%</b> | <b>444,824</b> | <b>100%</b> |

## Responsible trade and marketing

Sodimac's protocols are designed to respect consumer rights and apply fair and transparent commercial policies, ensuring that the company is always able to offer customers an adequate assortment in terms of the availability, quality and safety of goods and services. The company's marketing communications are accordingly based on good faith, fair competition and compliance with promises in line with promotional practices, designed using a sustainable approach and based on ethical advertising criteria.

In 2020, the company focused on protecting its employees, customers and suppliers. As soon as the health crisis began, store opening hours were reduced in order to adjust shifts and allow personnel in risk groups to remain at home.

Under the Healthy Store concept, physical stores were adapted to apply all the protocols necessary to guard against Covid-19 infections, establishing a series of measures and protocols required by the authorities as well as other additional safeguards. Similarly, priority was given to e-commerce with a contactless delivery protocol.

At the start of the pandemic, the company froze the prices of hygiene and cleaning products to avoid speculative increases and limited the number of units customers were allowed to buy. In the case of consumer rights, the deadlines for registering complaints and activating guarantees were lifted and the company compensated customers when it was unable to fulfill its promises.

## Brand building

Sodimac has significantly increased its use of digital platforms as channels of communication.

This has enabled it to establish and tighten ties with different audiences and, at the same time, has provided opportunities for creating communities that help to generate deeper and more binding connections with the brand. Examples of its initiatives in this field include *Fanáticos de la casa* (Fanatical about the house), *La pasión por el fútbol* (Passion for football) and *Fanáticos de las mascotas* (Fanatical about pets).

The company's brand-positioning work receives constant feedback through different measurements. In 2020, it took first place in the

home improvement category in Latin America in the ranking of 50 Most Valued Latin American Companies, published by BrandZ/Millward Brown (and 12<sup>th</sup> place in the general ranking); second place (first in the retail category) in the 2020 ICREO Ranking; first place in the home improvement category of the Chile 3D, Brands and Life Style ranking of the La Tercera newspaper and GFK; 11<sup>th</sup> place (first in the retail sector) in the Corporate Reputation Ranking of INC Inteligencia Reputacional and Ipsos; 12<sup>th</sup> place (first in retail-home improvement) in the Merco Empresas–El Mercurio Ranking; and 15<sup>th</sup> place (first in home improvement) in Cadem's Citizen Brands 2020. The company was also recognized by the Marketing Hall of Fame as a Great Chilean Brand for its Importance Overseas 2020.

## Advertising ethics

Sodimac is a member of Chile's National Advertisers' Association (ANDA) and voluntarily adheres to the Code of Advertising Ethics and principles of the country's Council for Advertising Self-Regulation and Ethics (CONAR). Similarly, it adheres to and is certified under the Code of Self-Regulation of the Chilean Direct and Digital Marketing Association (AMDD), which addresses general matters of responsibility and ethics in activities related to direct marketing.

## Personal data and information security

(418-1)

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

In 2020, there were no reports or formal complaints related to the violation of privacy or data leakage.

## Product recalls

(416-1; 416-2)

The company's responsibility towards its customers implies that it immediately halts the sale of any product that may pose a risk to them and implements a preventive recall. This policy includes coordination with suppliers so they take the corresponding corrective measures to ensure compliance with regulation. Special emphasis is placed on these procedures in the case of own brand products. In 2020, there were no cases that called for application of this protocol.

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

## Legal regulation and lawsuits

(417-2; 417-3; 419-1)

Sodimac has been implementing training in different areas of the company to reinforce employees' understanding of its corporate compliance program and the regulation in force.

In 2020, 49 lawsuits were filed against the company under Chile's Consumer Law. This represented a drop from 78 cases in 2019. During the year, 92 cases from 2020 and previous years were resolved.

| Legal cases -<br>Lawsuits        | 2018      |                |                         | 2019      |                |                         | 2020      |                |                         |
|----------------------------------|-----------|----------------|-------------------------|-----------|----------------|-------------------------|-----------|----------------|-------------------------|
|                                  | Cases     | Cases resolved | Amount sentenced to pay | Cases     | Cases resolved | Amount sentenced to pay | Cases     | Cases resolved | Amount sentenced to pay |
| Delivery non-compliance          | 13        | 13             | \$5,739,742             | 23        | 13             | \$3,303,615             | 19        | 9              | \$2,041,780             |
| Others                           | 17        | 16             | \$5,322,659             | 18        | 10             | \$43,944,342            | 15        | 19             | \$100,000               |
| Safety and health                | 19        | 21             | \$84,776,877            | 25        | 27             | \$44,750,493            | 6         | 38             | \$20,257,730            |
| Advertising and marketing        | 1         | 1              | \$196,980               | -         | -              | -                       | 6         | 5              | \$350,206               |
| Product information and labeling | 20        | 16             | \$8,732,549             | 12        | 19             | \$4,429,600             | 3         | 21             | \$1,130,644             |
| <b>Total</b>                     | <b>70</b> | <b>67</b>      | <b>\$104,768,807</b>    | <b>78</b> | <b>69</b>      | <b>\$96,428,050</b>     | <b>49</b> | <b>92</b>      | <b>\$23,880,360</b>     |

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

*Source: Sodimac.*

# CAPACITATE Y CERTIFICATE

POTENCIA TUS CONOCIMIENTOS CON LAS MEJORES MARCAS PARA OBTENER MÁS Y MEJORES PROYECTOS.

## Education and responsible consumption

(413-1)

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

The company offers customers more than 4,300 products with environmental and social attributes. They include products in which more than 50% of the content is recycled and which are biodegradable and reusable or can be reassembled. Some lines of cleaning products and storage and household items are manufactured with plastic waste received at the company's Clean Points, an initiative that is the result of an alliance with TriCiclos and Comberplast. The company's assortment also includes products that are verifiably efficient in their use of energy or water and/or free of volatile organic compounds (VOCs), which are harmful to health.

In addition, Sodimac provides space for inclusive trade and has participated in different campaigns that seek to contribute to protection of the environment and the fight against climate change by raising awareness. They include Earth Hour, Save the Earth, Change the Climate, Desafío Tierra (Earth Challenge), the Plastics Pact and 6D for the reforestation of Santiago's Renca Hill.

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

## Sodimac's Tradesmen's Circle

The Sodimac Constructor Tradesmen's Circle (CES) is one of the company's emblematic inclusive business programs. With over 253,000 customers from Arica in the north of Chile to Punta Arenas in the south, it enables the company to relate with a growing group of regular customers, who include tradesmen and contractors, providing them with tools that, through training and the transfer of expertise, help them improve their work and the management of their businesses.

In 2020, the program underwent a renovation with the incorporation of three new levels: black, gold and silver, each of which rewards members with exclusive benefits based on the depth of their ties with the company. The program was also extended to include CMR Points, offering users the added advantage of earning points with all

means of payment, and, in line with this, it was renamed Tradesmen's Circle + CMR Points. During the year, the Tradesmen's Circle job bank was also improved, introducing a new online registration protocol, in order to select the best tradesmen for customers. Those registering must, in addition, sign a Manual of Good Practices.

CES awarded 6,723 scholarships in 2020 and offered nine online courses and six mixed online/in-person courses together with the INACAP training organization. This represented an increase of 270% on 2019. During the year, courses were reformulated and new topics were incorporated, including steel framing, painting and installation of low currents. (For further information, see [www.circulodeespecialistas.cl](http://www.circulodeespecialistas.cl).)



ALTIARIA



INSTALACIÓN DE MEZCLADORA DE COCINA Y DUCHA TELÉFONO

Dictado por VATNSA



CONSTRUCCIÓN EN SECO

Dictado por BAUKER



| CES activities                       | 2018    | 2019    | 2020        |
|--------------------------------------|---------|---------|-------------|
| N° of members                        | 402,123 | 388,000 | 253,897     |
| N° of members with SEC certification | 60      | 60      | Suspended * |
| N° of people trained                 | 497     | 495     | 16,134 **   |
| N° of scholarships                   | 2,650   | 2,773   | 6,723 ***   |

\* Certifications were not awarded in 2020 because this requires an in-person test that could not be conducted.

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

\*\*\* Nine online courses were taught, with the participation of 6,643 CES members, and six mixed online/in-person courses with INACAP, in which 80 CES members participated.

In anticipation of the new requirements of a Data Protection Law in Chile, the company had to re-enroll CES's members, incorporating the signing of an opt-in or informed consent to participation in the program. Some 253,000 members were registered in just six months, a task that previously took years, but the process still meant a drop in membership. However, the renewed CES + CMR Points program is expected to continue growing, accompanying Chile's tradesmen and tradeswomen and providing them with new knowledge and benefits.

## Great Tradesmen's Training Fair

The pandemic did not prevent a new version of Sodimac's Great Training Fair, an annual event for tradesmen. In 2020, the Fair, which took place over three days, was held 100% digitally.

This milestone attracted over 200,000 visitors from the world of construction, 12% of whom were women. They had the opportunity to attend more than 100 online courses, offered by suppliers, and over 305,000 people received training on topics that included tax issues, entrepreneurship and SENCE courses.

The event included some 50 interactive supplier stands through which visitors were able to learn about the latest trends in construction. Through a Support Network space, they could also generate networks and expand their work options.

During the Fair, 40 events using the LiVES format were held to provide technical training. Some of these events were viewed by over 4,000 people as well as being reproduced more than 2 million times.

## Hágalo Usted Mismo

*Hágalo Usted Mismo* (Do It Yourself) is an initiative through which Sodimac seeks to address the different needs of households through tutorials on techniques for home maintenance and repair. It takes the form of videos on YouTube, workshops at stores for customers and special sections in the company's catalogues.

In response to the pandemic, Sodimac developed content especially designed to provide advice to audiences and customers during periods of lockdown so they could take advantage of this time to make improvements in their

homes. Other topics included techniques to reduce the consumption of utilities and, in the case of tradesmen, how to maintain the continuity of their work.

For further information [www.hagaloustedmismo.cl](http://www.hagaloustedmismo.cl).

The pandemic meant that the *Manitos a la Obra* (Little Hands to Work) workshops for children in Sodimac stores had to be suspended. This was also the case of the *Hágalo Usted Mismo en Comunidad* (Do It Yourself in Community) workshops, which Sodimac offers together with the Proyecto Propio Foundation to improve the community's quality of life. However, the content was posted on YouTube and the company hopes to resume the workshops as soon as possible.

In 2020, 98 new videos were posted on the *Hágalo Usted Mismo* YouTube channel. They were viewed more than 90 million times and attracted 430,000 new subscribers, taking the total number of followers to over 1.9 million.





# Commitment to the Environment



## Commitment to the Environment


Sodimac is committed to the fight against climate change and, in line with this, measures and seeks to reduce and mitigate the environmental impacts of its operations. It also implements initiatives to raise awareness and foster care for the environment throughout its value chain.


### Strategic issues

- Climate change
- Operational eco-efficiency
- Protection of biodiversity
- Waste and circularity
- Sustainable logistics

## ¡Certificados por Giro Limpio!

Hoy un 50% de nuestra carga se moviliza en camiones de Giro Limpio, reduciendo nuestro impacto medioambiental:

 Menos emisiones de Gases de Efecto Invernadero (GEI)

 Menos consumo energético

 **Giro Limpio**  
la ruta verde para Chile.



#CuidemosLaCasaDeTodos

### Milestones 2020

- Carbon neutral e-commerce: by offsetting 151,670 journeys for the home delivery of 3,559,331 orders, the company neutralized 5,611 tCO<sub>2</sub>e of emissions.
- Sodimac was the only retailer to be awarded the *Huella Chile* Seal of Excellence (Environment Ministry) for its management and ongoing reduction of greenhouse gas emissions as well as the program's Quantification and Reduction Seals.
- The company received Clean Transport certification from the Energy Sustainability Agency (AgenciaSE) for over 50% of freight transported in certified trucks. AgenciaSE also selected Sodimac to participate in its Electromobility Accelerator, an initiative to foster the adoption of technologies and strategies for efficient and electrified transport.

- Incorporation of NCRE: photovoltaic panels were installed at 20 stores, taking the number of stores with panels to 48 out of the 57 envisaged by 2021; the new panels generated around 11.6 GWh, avoiding the emission of 4,447 tCO<sub>2</sub>e.
- The material used in the packaging of 5,082 products was modified so as to be recyclable in Chile.

### Sustainable Development Goals:





# Combating climate change

(302-1; 302-4; 305-1; 305-2; 305-3; 305-4; 305-5; 305-6)

Sodimac measures, reduces and mitigates its direct and indirect greenhouse gas (GHG) emissions, seeking to improve its environmental performance and meet its goal of a 30% reduction in the carbon footprint under its control (Scopes 1 and 2) by 2021.

The company has measured its carbon footprint every year since 2010, using the Greenhouse Gas Protocol methodology in a process designed with the support of the Proyectae engineering company. This annual measurement includes:

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

## Carbon Footprint

Inventory of GHG Emissions



100% 423 ktCO<sub>2</sub>e



9 ktCO<sub>2</sub>e

Fuels and refrigerant gases

Scope 1

| Source            | % CO <sub>2</sub> e |
|-------------------|---------------------|
| Diesel            | 4%                  |
| Natural gas       | 1%                  |
| LPG               | 81%                 |
| Gasoline          | 4%                  |
| Refrigerant gases | 10%                 |

2%



13 ktCO<sub>2</sub>e

Electricity

Scope 2

| Origin                       | GWh | % CO <sub>2</sub> e |
|------------------------------|-----|---------------------|
| Electricity system average   | 35  | 100%                |
| Electricity system 100% NCRE | 68  | 0%                  |
| Own solar generation         | 12  | 0%                  |

3%



188 ktCO<sub>2</sub>e

Transport of products

Scope 3

| Type                              | % CO <sub>2</sub> e |
|-----------------------------------|---------------------|
| Imports                           | 39%                 |
| Transport under Sodimac's control | 24%                 |
| Transport by third parties        | 37%                 |

44%



184 ktCO<sub>2</sub>e

Transport used by customers

Scope 3

| Means of transport | M pkm | % CO <sub>2</sub> e |
|--------------------|-------|---------------------|
| Private car        | 782   | 94%                 |
| Public transport   | 275   | 6%                  |
| On foot/bicycle    | 15    | 0%                  |

43%



28 ktCO<sub>2</sub>e

Others

Scope 3

| Source                 | % CO <sub>2</sub> e |
|------------------------|---------------------|
| Transport of employees | 45%                 |
| Waste and recycling    | 40%                 |
| Production of fuels    | 4%                  |
| Business travel        | 1%                  |
| Inputs and services    | 3%                  |
| E-commerce             | 7%                  |

7%

Notes: Differences in the sum of the percentages are explained by the use of figures without decimals.  
Scope 2 emissions reported using the market-based method.  
Use of this diagram together with the text is recommended.

Source: Proyectae.

The results for 2020 show that:

- GHG emissions reached 423,000 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e), down by 15% on the previous year. This reduction was explained principally by the pandemic's effects in reducing the number of visitors to stores, the transport of employees and the transport of imports.
- The principal sources of emissions were product transport and logistics (44%), transport used by customers to visit stores (43%) and electricity consumption (3%).
- Out of its total emissions, Sodimac has more direct control over those referred to as Scope 1 and Scope 2, which have their origin in the use of fossil fuels, the leakage of refrigerant gases and electricity consumption, which together totaled 23,000 tCO<sub>2</sub>e (equivalent to 7% of the company's total carbon footprint). Of these, 58% corresponded to electricity consumption.
- In 2020, Scope 1 and 2 emissions were down by 19% on the previous year. This partly reflected the implementation of control measures and the efficient use of energy, an increase in purchases of renewable energy and the installation of solar panels. However, it was also partly a result of the pandemic-related reduction in activity.
- In the case of Scope 3 emissions, 47% was explained by the transport of products and 46% by the transport used by customers to visit stores. Over these emissions, Sodimac exercises indirect control through transport and logistics contracts with third parties and improvements in its e-commerce system, which help to reduce customers' travel to stores. Because indirect information is used to

calculate Scope 3 emissions, the reported information is less precise than for Scopes 1 and 2.

- GHG emissions intensities for Scopes 1 and 2 were 33 kgCO<sub>2</sub>e/m<sup>2</sup> of sales floor and 0.32 kgCO<sub>2</sub>e/UF of sales.
- Total GHG emissions intensities for Scopes 1, 2 and 3 were 616 kgCO<sub>2</sub>e/m<sup>2</sup> of sales floor and 5.9 kgCO<sub>2</sub>e/UF of sales.
- The company continued to implement a range of measures to manage its carbon footprint, both internally and in collaboration with suppliers. They included carbon neutral deliveries, the installation of solar panels, the purchase of renewable energy, an energy monitoring and management system, the eco-design of containers and packaging, the recycling of pallets to produce garden mulch and the use of a carbon neutral taxi service for employees. Together, these measures avoided the emission of 38,000 tCO<sub>2</sub>e, equivalent to 9% of the company's carbon footprint.



## Recognition from the Huella Chile Program

Sodimac has participated in the *Huella Chile* (Chile Footprint) program since 2018. This voluntary program was created by the Environment Ministry to promote the measurement, reporting and management of GHG emissions by public and private organizations.

For the second consecutive year, the company was awarded its Excellence, Quantification and Reduction Seals. It was the only retailer to receive the Seal of Excellence, the highest recognition awarded by the program, which it obtained for its commitment to reducing the impact of its emission and the measures it implemented.



## Carbon neutral e-commerce

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

The system is registered with the Santiago Climate Exchange (SCX), which issues a CO<sub>2</sub>-neutral certification license for the delivery process, guaranteeing the compliance and traceability of the previous stages.

This initiative proved very important in 2020, given the restrictions on movement and lockdowns ordered by the health authorities to contain the spread of Covid-19. This took online shopping to historic levels, making a delivery solution essential.

As a result, the company offset 151,670 journeys in 2020 (80,830 in 2019), involving the delivery of 3,559,331 orders (1,235,940 in 2019) and neutralized 5,611 tCO<sub>2</sub>e in emissions.

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

## Carbon neutral transport of employees

As part of its measures to reduce and offset the emissions generated by its operations, Sodimac continued to use Cabify, a taxi company that offsets its carbon emissions, for the transport of employees in 2020, even though many, particularly in the case of the central office, were working from home. Cabify measures its carbon footprint and offsets its emissions through the Madre de Dios reforestation project in the Amazon. In 2020, journeys with this service totaled 21,379 km against which it offset 3.2 tCO<sub>2</sub>e.



Agencia de  
Sostenibilidad  
Energética



**Giro Limpio**  
la ruta verde para Chile

## AgenciaSE Clean Transport Seal and Electromobility Accelerator

One of the milestones of 2020 was the certification awarded to Sodimac by the Clean Transport program of the Energy Sustainability Agency (AgenciaSE). This certification, introduced in 2020, is awarded to companies that transport at least 50% of the freight they generate in trucks that have the Agency's Clean Transport Seal and, in other words, belong to transport companies that

are committed to energy efficiency and the reduction of their emissions.

AgenciaSE also selected Sodimac to participate in its Electromobility Accelerator, an initiative that seeks to foster the adoption of technologies or strategies for efficient and electrified transportation.

## Operational eco-efficiency

Under the company's internal protocols, the design of all new stores and other buildings related to Sodimac's operations takes into account international sustainable development standards based on the guidelines of the US Green Building Council. This implies the adoption of architectural and infrastructure standards that are conducive to the efficient use of resources.

In line with this, the stores inaugurated in 2020 in Antofagasta and Santiago (the Quilín store in the city's Peñalolén district) were designed to operate with non-conventional renewable energies (NCRE). In the case of the Antofagasta store, its consumption is supplied by solar panels. Their design also permits intensive use of LED lighting technology, among other energy-saving measures, and includes equipment and devices to reduce water consumption.

## Progress on clean energy

The company is implementing a plan for the installation of photovoltaic panels on the roofs of 57 of its facilities between 2017 and 2021, with a view to increasing to 34% the proportion of its total electricity consumption supplied by self-generated renewable energies.

In 2020, photovoltaic panels were installed at 20 stores, taking the total to 48. They generated around

11.6 GWh, avoiding the emission of 4,447 tCO<sub>2</sub>e. Once implementation of the plan is complete, the project will generate approximately 46 GWh/year, equivalent to the consumption of over 19,000 households, and avoid the emission of some 20,000 tonnes of CO<sub>2</sub>.

In the power it acquires from generators, the company also gives priority to non-conventional renewable energies (NCRE). In 2017, the Falabella group signed an agreement with Acciona Energía under which Sodimac can switch 38 of its stores and other installations around Chile to clean energies. In 2020, supply under this contract reached close to 72 GWh, avoiding the emission of 27,693 tCO<sub>2</sub>e, equivalent to 7% of Sodimac's carbon footprint.

The company is also implementing a range of eco-efficiency measures, including a plan for a progressive switch to electromobility for both home deliveries to customers and the operation of its distribution centers and stores.

## Water footprint

(303-5)

Given the nature of its activities, Sodimac does not consume water for industrial purposes. It is used only for employees in showers and canteens and for customer bathrooms.

The water consumed at the company's stores, distribution centers and support offices is supplied by each town and city's water company and, after its use, is discharged into the public wastewater system in accordance with the regulation in force. Because store consumption is low and the company does not use water for industrial purposes, it does not have specific projects for recycling or reusing water.

In 2020, work continued on gathering information about the company's water consumption. This gave a total consumption of 642,000 m<sup>3</sup>, considering the 78 establishments billed directly by the corresponding water company. In the case of other establishments, consumption was estimated, with the company undertaking to attempt to measure the consumption of all its stores precisely in order to implement water efficiency plans.

During the year, the company continued to implement campaigns to raise awareness of the importance of responsible water use and promote products that help households to save water.

## Environmental expenditure and investment

In 2020, Sodimac implemented a number of important environmental investments.

| Project ('000 CLP)                            | 2018             | 2019             | 2020             |
|---|------------------|------------------|------------------|
| Changes in lighting                           | 1,810,477        | 847,196          | 918,568          |
| Clean Points                                  | 828,628          | 680,358          | 691,817          |
| Waste treatment                               | 94,250           | 77,811           | 22,328           |
| Carbon footprint measurement                  | 13,805           | 14,119           | 46,340           |
| REP inventory                                 | 34,357           | 20,670           | 21,789           |
| Environmental declarations                    | 59,560           | 68,988           | 30,332           |
| Environmental platform                        | 51,802           | 36,265           | 23,843           |
| Waste warehouse                               | 55,798           | 9,500            | -                |
| Eco-products consultancy                      | 21,876           | -                | -                |
| Sponsorship of Sustainable Construction Forum | 2,500            | -                | -                |
| Organic waste (canteen)                       | 1,099            | -                | -                |
| <b>Total</b>                                  | <b>2,974,152</b> | <b>1,754,907</b> | <b>1,755,017</b> |

Source: Sodimac.

# Compliance and waste management

(307-1; 306-2)

## Environmental compliance

Sodimac's Environment area, which forms part of the Legal Affairs and Sustainability area, is responsible for identifying risks and leading initiatives to ensure compliance with environmental regulation, along with other actions required for the sustainability of the company's operations.

Sodimac's Sustainability Policy is implemented in accordance with the environmental legislation in force and the different voluntary undertakings into which the company has entered. It also files declarations with the Environment Ministry's Register of Emission and Transfer of Pollutants (RETC).

In 2020, three complaints about noise were presented against the company in local small claims courts. They were handled by the company's legal team and, as of end-2020, two cases had been resolved, resulting in fines for 201,902 Chilean pesos, while the third remained under investigation.

The legal environmental requirements to which the company adheres are divided into 12 areas:

### 1. Waste management and disposal

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

### 2. Emissions from fixed sources

The company registers all the generator sets and fire pumps of each of its establishments and monitors their fuel consumption and hours of use on a monthly basis. It also files an annual declaration for each store in the RETC system.

### 3. Light pollution

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

### 4. Canteens

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

Software líder en gestión de cumplimiento ambiental y sustentabilidad corporativa

Más información



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

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

### 6. Pest control

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

### 7. Hazardous substances

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

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

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

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

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

### 10. Municipal permits

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

### 11. Industrial review

This process evaluates the risks that an installation poses in terms of the damage and harm it could

cause to employees, the neighborhood and the community. Activities can be classified as inoffensive, a nuisance, unhealthy, polluting or hazardous. Its aim is to establish the conditions in which activities are located in accordance with Municipal Zoning Plans and in harmony with their residential surroundings and the environment.

## 12. Health report

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

## Waste management

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

Sodimac has a policy on the recovery and recycling of its own waste and that generated by the community. It includes programs designed to ensure the correct disposal of waste.

### Disposal of non-hazardous waste

In alliance with Sociedad Recuperadora de Papel (Sorepa), Sodimac implements a plan for recycling the paper and cardboard used by suppliers as packaging for their

products. In 2020, 4,927 tonnes of material were recycled, including white and magazine paper, cardboard and mixed paper and white and colored thin cardboard as well as plastic film and wood. In collaboration with the company Armony Sustentable, 335 tonnes of pallets and other wood were also transformed into garden mulch.

During the year, the company also generated 24,332 tonnes of non-hazardous waste for which it does not yet have a recycling or reuse plan. This was sent to a duly authorized landfill.

| Disposal                                     | Unit | 2018   | 2019   | 2020   |
|--|------|--------|--------|--------|
| Non-hazardous waste sent to landfill         | t    | 29,295 | 28,050 | 24,332 |
| Non-hazardous waste recycled                 |      | 5,663  | 5,176  | 5,262  |
| Own recycling - cardboard, paper and bobbins | t    | 5,190  | 4,728  | 4,471  |
| Own recycling - plastic film                 | t    | 215    | 244    | 241    |
| Own recycling - wood                         | t    | 258    | 204    | 215    |
| Own recycling - wood for mulch               | t    | -      | -      | 335    |

Source: Sodimac.

### Disposal of hazardous waste

For the elimination from its stores of solid and liquid waste that could be harmful to people or the environment, the company applies a protocol that covers the disposal of used batteries, fluorescent tubes, electronic articles, empty paint tins, solvent containers, oils and solid waste

contaminated with hydrocarbons, all of which are stored in duly labeled plastic containers. The company also has a Standard Operating Procedure (POE) for hazardous materials. In areas where chemicals are stored, all stores have equipment for handling spillages appropriately.

With prior official authorization, Veolia, a company that collects and transports hazardous waste, is responsible for taking this waste to the final disposal plant where it is rendered inert and subjected to a recovery process



while all those elements of which use cannot be made or which do not have value undergo chemical and physical treatment.

| Disposal                           | Unit | 2018 | 2019 | 2020 |
|------------------------------------|------|------|------|------|
| Hazardous waste sent for treatment | t    | 93   | 85   | 35   |

Source: Sodimac.



## National Network of Clean Points

In one of its initiatives to reduce the environmental impact of its operations and achieve “zero waste”, Sodimac has implemented a National Network of Clean Points, which also helps the community to minimize its waste and dispose of it responsibly.

This network, which is the largest of its type in the country, comprises 20 Clean Points, operated by TriCiclos, from Arica in the north of Chile to Chiloé in the south. Eighteen are open to the general public while the other two serve the employees of the company’s central office and its main distribution center.

The Clean Points receive 12 types of recyclable material with a guaranteed form of recycling. They include PET plastics, polythene, polypropylene, polystyrene, glass, aluminium, scrap metal and food cans, tetra pack containers, cardboard, paper, newspapers and magazines, which are compacted and sent to recycling companies. In addition, thanks to an alliance between Sodimac and the WOM telecommunications company, the Clean Points also receive electronic waste (old mobile phones, tablets and cables) for recycling or, through the Chilenter Foundation, reuse. The process includes the extraction and reuse of components that can be harmful to the environment.

## Alliance between Sodimac and Papa John’s

**In 2020, Sodimac and the Papa John’s pizza chain signed an alliance under which the latter’s customers will be able to take their used pizza boxes to Sodimac’s Clean Points for composting. This agreement is an unprecedented initiative since, until now, the different public and private recycling collection points in Chile have not accepted pizza boxes.**

## Protocols for safe Clean Point operation during the pandemic

In 2020, Sodimac’s Clean Points Network was severely affected by the pandemic. Due to the lockdowns, public and private recycling collection points were closed, which considerably reduced recycling and waste treatment in Chile. However, the authorities subsequently recognized the essential nature of their operation and gradually allowed them to reopen in different municipal districts.

In response, Sodimac and TriCiclos implemented a protocol

to safeguard the health of their personnel and users, establishing that, before visiting a Clean Point, the latter had to register on <https://triticlos.net/agendatuhora/>. This measure sought to limit the number of people at a Clean Point at a given moment and ensure social distancing. The use of masks was also required, along with other measures such as control of temperature and the sanitization of hands and waste. In addition, each Clean Point was disinfected regularly.



Between January and December 2020, the National Clean Points Network was used by 268,000 members of the community and collected 2,409,822 kilos of waste. Given that the Clean Points were closed for several months due to the pandemic, this was a very significant result. Since the network's creation in 2010, it has received over 3.7 million visits and recycled more than 21 million kilos of waste.

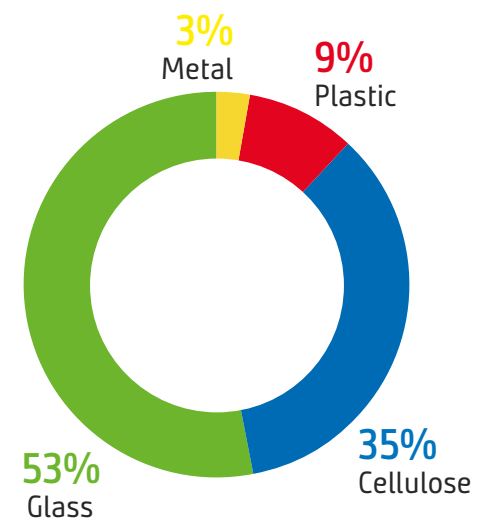
### Recycling at Clean Points

|        | 2018    | 2019    | 2020    |
|--------|---------|---------|---------|
| Tonnes | 3,206   | 4,162   | 2,409   |
| Visits | 832,049 | 847,097 | 268,322 |

Source: Triciclos.

### Material Recycled, 2020

Type of material, 2020 (%)



Source: Triciclos.



### Promoting recycling for customers

In the context of the implementation of Chile's Extended Producer Responsibility Law (REP Law), Sodimac is contributing its experience in encouraging organizations and households to improve their waste reduction, reuse and recycling habits. In this, it is supported by organizations that include the Santiago Chamber of Commerce (CCS) and the Chilean-North American Chamber of Commerce (AmCham). The initiatives implemented include:

- Sodimac recycles paper, cardboard and stretch film and is progressing with the disposal of wood, achieving a recycling rate of close to 18% of the post-industrial waste generated by its stores.
- Through its National Network of Clean Points, the company contributes to management of the community's waste.

- It is carrying out a study of the materials and an inventory of the containers and packaging of over 3,000 own brand products and implementing a right-sizing program, proposing improvements to containers to modify their size, weight or materials as necessary. It is also working with suppliers of some lines of products such as lighting, introducing changes to reduce the use of plastic.
- In 2016, Sodimac signed a Clean Production Agreement to establish a management plan that, in 2020, resulted in the recovery of 80 tonnes of old batteries from its Car Center customers.
- The company has also continued to manage the old tires of its Car Center customers, recovering 148 tonnes in 2020.
- As part of a program to recover disused items from customers for repair and/or recycling, the company has implemented *Haciendo ECO* (Being ECO) campaigns.

In 2019, the campaigns included the recycling of pressure washers, soldering equipment, barbecues, white goods and furniture, totaling 44.6 tonnes of material and 41 pieces of furniture. In 2020, the campaigns had to be suspended but the plan is to resume them after the pandemic. However, Sodimac has a home collection service for used white goods that recovered 35 tonnes of products from customers for repair and/or recycling, including a total of 678 washers, refrigerators, cookers and cupboards.

- In 2018, Sodimac signed a Zero Waste to the Landfill Disposal Clean Production Agreement (APL) that seeks, within 24 months, to minimize the generation of solid waste and increase its reuse with a view to a definitive reduction in the waste that the signatory companies send for final disposal. Through this agreement, it is possible to match the supply of solid waste with the recycling companies that belong to the National

Recycling Industry Association (ANIR), contributing to the development of the recycling industry and facilitating the construction of a closed cycle of waste management.

- In 2019, Sodimac joined a Clean Production Agreement (APL) designed to create a collective system for the management of used electrical and electronic goods and improve information about the sector. One of the key measures under the Agreement, which will be implemented over a period of 24 months, will be to define a model for the inclusion of grassroots recyclers in the management and handling of this waste, taking into account the issues of storage, transport and pre-treatment and its hazardousness. A map of existing

public-private initiatives and pilot programs for the recovery and reuse of post-consumption electrical and electronic articles will also be drawn up in order to gather reliable and extrapolative information about real management capacity. In addition, public education campaigns about management of waste of this type will be implemented. This will enable the company to prepare for correct implementation of Chilean Law N° 20.920 by designing a management system that addresses the complexity of the electrical and electronic goods market, with its variety of products, models and useful lives as well as the presence of substances classified as hazardous waste.



## Sodimac and the Chilean Plastics Pact

Sodimac is a member of the Chilean Plastics Pact (PCP), an initiative led by the Fundación Chile technology transfer institute and the Environment Ministry. This initiative seeks to encourage different actors in the value chain (companies, the public sector and NGOs) to reflect about alternatives for collaboration and innovation that give rise to new ways of manufacturing, using, reusing and recycling plastics.

In 2020, Sodimac continued working with the *Circula el Plástico* (Circulate Plastic) Summit and participating in working groups, campaigns and activities as a

means of exercising collaborative leadership on changes in plastics production models and the reduction of their impact on the environment.

The year's main activities included:

1. A Technical Document on Problematic Plastics was prepared, identifying plastics in the portfolios of the Pact's members that have no circular alternative and on which measures for their reduction will, therefore, be taken.
2. A webinar on Reuse Strategies in Chile, including success stories and the potential for reuse, was

held. It highlighted projects and initiatives under B2C reuse models in order to identify implementation alternatives in Chile.

3. Two studies (on regulation and technologies) were carried out, producing recommendations and identifying measures to be taken by the Pact to improve infrastructure and increase the volume of plastic recycling.
4. An open innovation invitation, The Plastic Evolution, was issued together with Chile Global Ventures, posing two challenges suggested by different members of the Pact.

5. A Manual of Concepts and Good Practices Associated with the Plastics Circular Economy was drawn up as a communications guide for companies and organizations in general, advertising and communications agencies and citizens.



## Promoting sustainability

### Product packaging and design

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

The company has also set itself the challenge of ensuring that 100% of the containers and packaging of the products it markets is recyclable by 2020, starting with its own brands. In 2020, the packaging of 5,082 SKUs was modified so that it is recyclable in Chile. The company also carried out a study of the packaging of its own brands. In 83% of cases, it was classified as recyclable.

### Education and responsible consumption

Sodimac promotes care for the environment and the circular economy among its customers, employees, suppliers and the community in general. For this purpose, it takes advantage of its different platforms (catalogues, website,

advertising campaigns and presence in stores as well as its *Hágalo Usted Mismo* (Do It Yourself) program) to heighten community awareness and help generate changes in conduct that contribute to the combat of climate change and its effects. The company also facilitates access to sustainable products and services and promotes their use.

### ECO Products and Services

Under its *Hacienda ECO* (Being Eco) initiative, Sodimac markets over 4,400 products and services with environmental and social attributes. They include lines of cleaning products and storage and household items manufactured with plastic waste received at the company's Clean Points. This circular economy initiative, which is the result of an alliance with TriCiclos and Comberplast, is the first such initiative by a retailer in South America.

To carry their special labeling, ECO products must comply with the standards and requirements established by the company's Quality Control area. They include products in which more than 50% of the content is recycled and which are biodegradable in no more than six months, are reusable or can be reassembled. Other products are verifiably efficient in their use of energy or water or are free of volatile organic compounds (VOCs), which are harmful to health. They also have recognized certification and are manufactured with care for natural resources and mitigating environmental impacts.

Through this policy, the company encourages responsible consumption and the efficient use of resources and contributes to inclusive trade by carrying products that generate a positive impact on society.

### Sustainable Products

| Aspect of sustainability                    | 2018         | 2019         | 2020         |
|---|--------------|--------------|--------------|
| Energy saving and efficiency                | 544          | 1,620        | 1,470        |
| Water saving and efficiency                 | 78           | 392          | 380          |
| Recycled, reused and biodegradable products | 25           | 347          | 498          |
| Products from sustainably managed forests   | 997          | 425          | 615          |
| Healthy home                                | -            | 1,629        | 1,416        |
| Inclusive trade                             | -            | -            | 54           |
| <b>TOTAL</b>                                | <b>1,644</b> | <b>4,413</b> | <b>4,433</b> |

Source: Sodimac.

### Support for public-private initiatives

Each year, Sodimac supports initiatives implemented by public and private institutions to promote care for the environment:

#### Earth Hour

On 28 March 2020, Sodimac switched off the signs on the fronts of its stores, distribution centers and administrative offices around the country for one hour, once again supporting Earth Hour, the largest global initiative to create awareness of climate change.

Sodimac also promoted the activity on social media and its online channel as well as making announcements about it to customers in stores and involving its employees.



# Commitment to the Community



# Commitment to the Community

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



## Strategic issues

- Social investment
- Management of community relations

## Milestones 2020

- Sodimac implemented and proactively participated in actions to support communities directly affected by the health crisis, working particularly with Movidos x Chile and Techo, its strategic allies in this field.
- The company's work with Techo resulted in the implementation of three definitive housing projects, designed and built with the families themselves, benefiting around 1,100 people from the Maipú district of Santiago and the cities of Valparaíso and Copiapó, who previously lived in shantytowns.
- Global Compact Chile recognized Sodimac for the contribution of its *Construyendo Sueños de Hogar* (Building Dreams of Home) program to the Sustainable Development Goals.
- Sodimac joined *Ciudad Colaborativa* (Collaborative City), a public-private initiative that seeks to respond

to the numerous challenges and pressing needs that have arisen from Covid-19 in relation to the planning of new urban social life; it provides free support to municipal governments for the design, development and implementation of projects for public spaces.

## Sustainable Development Goals:



## Supporting communities

(413-1) (413-2)

The unprecedented local and global situation in 2020 underscored the great value of the policies implemented by Sodimac over the years in a bid to gain a greater understanding of the needs and expectations of the communities where it operates.

The company's constant evaluation of its impact, backed by qualitative and quantitative studies, provided extremely valuable information for the design and implementation of measures to support the communities with the most pressing needs in the face of the health crisis.

## Social investment, 2020

(203-1)



| Area                    | Type             |           |               |          | Total<br>'000 CLP |
|-------------------------|------------------|-----------|---------------|----------|-------------------|
|                         | Money            |           | In-kind       |          |                   |
|                         | '000 CLP         | %         | '000 CLP      | %        |                   |
| Investment in community | 874,337          | 98        | 18,298        | 2        | 892,635           |
| Commercial initiatives  | 149,447          | 100       | -             | 0        | 149,447           |
| Donations               | 45,315           | 62        | 27,652        | 38       | 72,967            |
| <b>Total</b>            | <b>1,069,099</b> | <b>96</b> | <b>45,950</b> | <b>4</b> | <b>1,115,049</b>  |

## Working with neighbors in the context of the health crisis

In 2020, Sodimac participated in and proactively implemented initiatives to support communities that were directly affected by the health crisis.

The company participated actively in Movidos x Chile and Techo campaigns to help people and families in a situation of vulnerability.

Through the *Aquí Somos Todos* (Here We Are All) program of the Canal13 television channel, Sodimac supported 21 cases of improvement of housing and other installations.

It donated different materials and products to institutions that

included the hospitals of Valdivia and La Calera and the Huechuraba Emergency Hospital in Santiago.

In the framework of the *Plan Protege Calle* (Street Protection Plan) of the Ministry of Social Development and the Family, the company donated blankets for people living on the streets.

Together with other Falabella companies, it also supported the *Red de Alimentos* (Food Network) campaign and the donation of boxes of food organized by the Confederation of Production and Commerce (CPC).

## Ciudad Colaborativa

The year's key activities included the company's collaboration with *Ciudad Colaborativa* (Collaborative City), an initiative that seeks to respond quickly and effectively to the numerous challenges and pressing needs that have arisen from Covid-19 in relation to the planning of new urban social life.

The initiative provides free support to municipal governments for the design, development and implementation of Tactical Intervention Plans with projects for public spaces that can be implemented quickly and inexpensively and deliver immediate results. Under the initiative, actors from the public and private sectors and different organizations work together to open the way to the improvement of public spaces and other actions around the country.





## Territorial management

(413-2)

The company strives to provide clear and timely information about its projects to the authorities, formal and informal leaders and neighbors, explaining the calendar for the project and the negative impacts as well as the positive externalities (job creation and social and environmental initiatives) that arise from the construction of a store.

In 2020, it opened a new store in the Quilín sector of Santiago's Peñalolén municipal district. With a sales floor of 12,136 m<sup>2</sup>, it includes the Homecenter and Constructor formats and serves an area that has seen important residential growth in recent years. The new store created some 140 direct jobs (as well as other indirect jobs).

In addition, the company opened a new store in Antofagasta, with an area of 13,960 m<sup>2</sup>, that also includes the Homecenter and Constructor formats. It employs over 120 people (without including indirect jobs). Located in the Paseo La Portada shopping center in the northern part of the

city, it is Sodimac's fourth store in Antofagasta and serves the inhabitants of an area that has experienced significant real estate growth.

During the year, the company also opened its first store under the Sodimac Express brand. Located in the Chicureo district of Santiago, with an area of 810 m<sup>2</sup>, it occupies an existing building which the company accepted the challenge of adapting, creating a new proposition to enable the store's neighbors to see products for themselves and obtain expert advice. Combined with the company's online services, this allows the company to offer them a full service for their home improvement projects while it builds a larger store, with the Homecenter and Constructor formats, in the nearby Colina district, which it expects to open in 2023.

Sodimac seeks to deepen its capacity to listen to stakeholders and foresee territorial controversies that could arise as a result of the construction of new stores or other facilities. For this purpose, the Planning, Development and Projects area uses a tool specially developed for the company, known as the Intelligent Territorial Early Warning Matrix (MIATT). Its application in each territory where the company plans to build, extend or remodel facilities means that the company's Sustainability Policy is taken into account in the investment evaluation process.



Through this tool, it is possible to analyze projects' limitations and generate the technical, economic and social measures to ensure that they comply with not only regulation but also the company's standards as regards sustainable growth. Its purpose is to identify territorial indicators that could compromise the company's sustainability and reputation, ensuring they are managed in a timely manner, even if a project is implemented by outside contractors.

Negative impacts on the community include the case of the Sodimac Homecenter Los Carrera store that was set on fire during the outbreak of social unrest in 2019, affecting residents of neighboring condominiums. Sodimac opted not to rebuild the store and to return the site, which it rented, to its owner. This decision was taken as part of Sodimac's constant evaluation of locations in light of

the needs of customers and employees. It did not affect the company's undertaking to paint the facades of the Antillanca Community buildings as part of the voluntary mitigation to which it agreed in the wake of the fire in October 2019.

In 2020, the company implemented an engagement and communications process with neighbors of the new Sodimac Homecenter Temuco Los Pablos store, which it is building. It is aware that the situation has been difficult for them and has implemented a series of measures to reduce impacts (noise-reducing screens, reduction of working hours and information about the work to be undertaken). It is also in contact with the local authorities to collaborate on the traffic and safety issues that worry the new store's neighbors.

## Local job creation

Sodimac gives priority to hiring people who live within each store's area of influence. In this way, it is able not only to create job opportunities for the surrounding community but also reduce employees' commuting times.

Each year, the company participates in job fairs as a means of attracting local talent. It also has alliances with

institutions that offer free technical training to low-income young people so they can acquire knowledge that facilitates their labor market insertion.

In 2020, the company hired 1,373 new employees (760 men and 613 women).

## Construyendo Sueños de Hogar

Together with its employees, Sodimac has consolidated one of Chile's most important corporate volunteer programs, *Construyendo Sueños de Hogar* (Building Dreams of Home). It seeks to contribute to the development of the communities in the places where the company has its operations.

Since the program involves work on the ground, it requires the right conditions for planning and implementing its activities. In 2020, given the pandemic, it was impossible to guarantee these conditions and the program's calendar of activities had to be rescheduled. New dates will be announced on [www.construyendosuenosdehogar.cl](http://www.construyendosuenosdehogar.cl) as soon as the situation permits.



Under this program, neighborhood or community organizations can apply for support for projects to repair, remodel or otherwise improve infrastructure or public spaces. Sodimac provides the necessary materials and their transport while company volunteers work together with members of the community itself, implementing the project in an important collaborative and participatory effort.

The program has a Consultative Council that includes company directors and leaders of civil society, who participate in its global evaluation and oversee its proper application, contributing advice and points of view about the principal issues that involve society and its relations with Sodimac.

The program also contributes special funding for employees with projects to improve their homes and quality of life.

In the 14 years since its creation, *Construyendo Sueños de Hogar* has implemented 788 projects, directly helping over 198,000 people, thanks to the participation of more than 15,000 volunteers.



## RECONOCIMIENTO CATEGORÍA PROSPERIDAD

### Recognition from Global Compact in Prosperity category

As part of the celebration of the 20<sup>th</sup> anniversary of the United Nations Global Compact, the Chilean section of this initiative recognized Sodimac for the contribution of its *Construyendo Sueños de Hogar* (Building Dreams of Home) program to reducing inequalities and making cities more inclusive, safe, resilient and sustainable (SDGs 10 and 11).

The recognition, in the Prosperity category, was presented at a ceremony in which the Minister of Social Development and the Family, Karla Rubilar, participated and which also drew attention to a number of different initiatives.

### CONSTRUYENDO SUEÑOS DE HOGAR

SODIMAC



### Construyendo Sueños de Hogar

|         | Nº of projects | Direct and indirect beneficiaries * |
|---------|----------------|-------------------------------------|
| 2018    | 110            | 24,607                              |
| 2019    | 83             | 40,190                              |
| 2020 ** | -              | -                                   |

(\* ) The number of beneficiaries depends on the scope of each project.

(\*\* ) The program was postponed due to the pandemic.

Source: Sodimac.

## Our alliances

(102-13)

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



### TECHO

For the past 13 years, Sodimac has collaborated with Techo, an NGO, in an alliance that seeks to help build fair and sustainable cities. Much of the company's work consists of direct support for families on their road to definitive housing, providing a contribution for the operation of Techo's social real estate branch as well as offering the organization special prices and logistics support.

Techo's work has focused on supporting its social real estate operation, which manages definitive housing projects for families in shantytowns. In 2020, it completed three projects that consisted of apartments designed and built with the families themselves, benefiting approximately 269 families (1,100 people) from the Maipú district of Santiago and the cities of Valparaíso and Copiapó, who previously lived in different shantytowns. Over the life of the alliance, Sodimac has contributed to the implementation of 97

definitive housing projects in different cities, benefiting over 8,100 people.

In December, Sodimac accompanied the families who benefited in 2020 in celebrating their first Christmas in their own home, organizing different activities for the children and the community. This initiative marked a very important stage in Sodimac's relationship with the families and the company hopes to repeat it in 2021. The company also gave each community materials with which to enhance different spaces where neighbors can meet.

In 2020, as part of its alliance with Techo, Sodimac also supported the NGO's institutional campaign, its digital fundraising campaign and the Chile *Comparte Vivienda* (Chile Shares Housing) campaign of Techo-Chile and Fundación Vivienda. The initiative provided 500 basic dwellings for families without a place to live, a need made even more pressing by the pandemic. The new homes have a flexible modular design that offers a higher standard.

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



### Junto al Barrio Foundation

Over the past eight years, the alliance between Sodimac and the Junto al Barrio Foundation has intervened over 39 socially very vulnerable neighborhoods, significantly impacting the quality of life of 65,607 direct beneficiaries and more than 260,000 indirect beneficiaries.

Sodimac financially supports the Foundation's different projects in vulnerable communities around the country. The projects include the painting of murals, the restoration of public squares, improvements in neighborhood meeting halls and community vegetable gardens.

In 2020, the company participated in community projects in the Renca and Valparaíso municipal districts. Key events included the inauguration of the Plaza Blanca Vergara in the Renca municipal district of Santiago, thanks to collaboration between the Neighborhood Association, the Junto al Barrio Foundation, Sodimac and the municipal government. This project provided a meeting place for the community and connection between it and the Renca Hill.

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



### Movidos x Chile

Since 2017, Sodimac has participated in *Movidos x Chile* (Moved for Chile), an initiative promoted by the Community of Solidarity Organizations to facilitate collaboration among different organizations in the event of a natural disaster and/or other type of crisis in the country and serve as a permanent mechanism for coordination in the case of an emergency. For this purpose, the company has protocols with procedures as well as an Emergency Operational Committee.

In 2020, the network grew to include 128 civil society organizations and 22 companies as well as three government bodies and two international organizations.

The mechanism was activated in 2020 to address the Cerro Rocuant wildfire in Valparaíso and the Alto del Carmen landslide in the Atacama Region and to support community actions in the face of the pandemic. The platform supported 131 social causes, benefiting 95,688 people, and provided 23,922 food kits and 604,211 personal protective elements.

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

## basepública

### Support for Base Pública

Sodimac has joined *Base Pública* (Public Base), a non-profit organization that serves as a channel of communication and space for dialogue between people and social organizations about ideas and collaborative actions that promote a more human and sustainable future. In 2020, the company participated in the editorial board of the website's *Ciudad y Territorio* (City and Territory) section and also supported the eight sessions of the

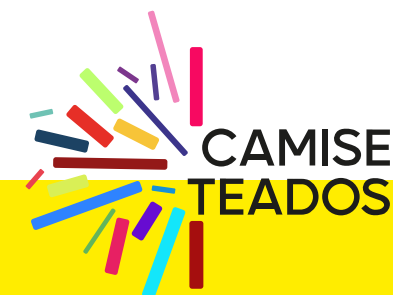
In Situ program of conversations about city and territory whose participants included social, political, NGO, and academic actors. The main issues addressed were the increase in shantytowns in urban areas, socio-spatial segregation, pollution, the lack of green areas and the value of rural territory.

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

### Camiseteados Campaign

Sodimac joined the 2000 *Camiseteados* (Wearing the Colors) campaign which, for the fifth consecutive year, selected citizens who are true anonymous heroes because, with commitment and solidarity and without expecting anything in return, they generate initiatives that benefit others around them.

Each year, citizens themselves propose candidates through an open platform. The nominations are then exhaustively reviewed to determine who warrants the title of *Camiseteado*. The winners star in micro-documentaries that are posted



on different platforms and become active ambassadors of the initiative.

The Minister of Social Development and the Family, Karla Rubilar, as well as leading figures from civil society and the business world, participated in the virtual award ceremony in December. It featured inspiring stories about the agents of change selected as *Camiseteados* from among the more than 5,000 names proposed from all the different regions of the country.

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



# Appendices

# Appendix 1

(102-7; 201-1)

## Economic development

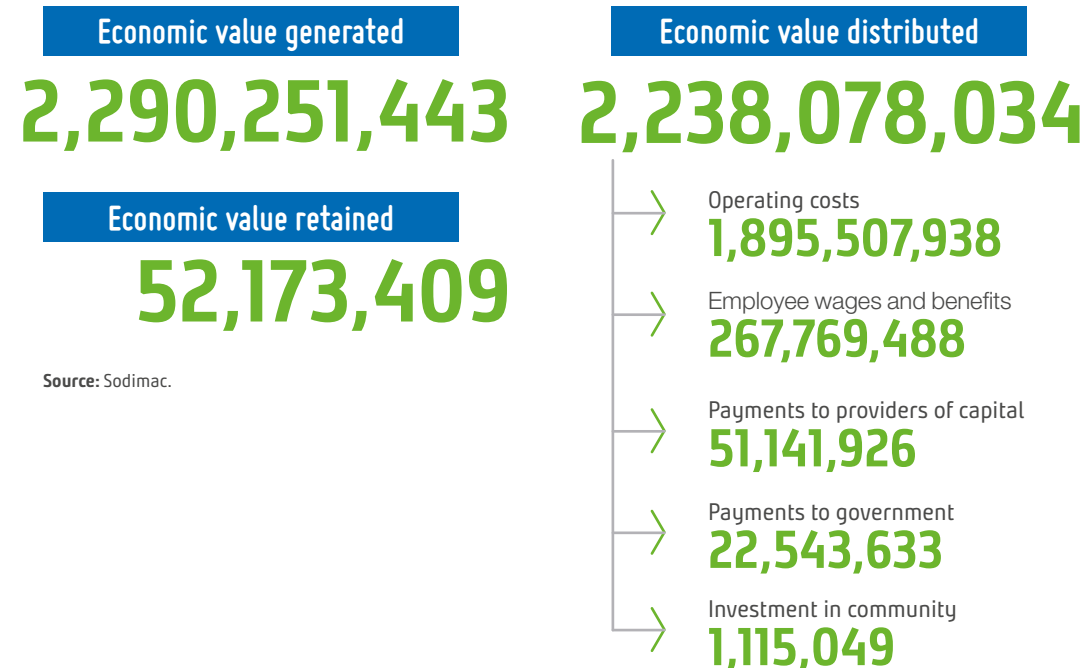
In 2020, Sodimac continued to lead the home improvement sector in Chile, with a market share that, including its Imperial subsidiary, reached 26.3%. At 2,290,251,443 Chilean pesos, its revenues, including Imperial, showed an increase on 2019 that was explained principally by the growth of e-commerce and higher demand for construction and home improvement products.

| Economic performance ('000 CLP) | 2018           | 2019           | 2020           |
|---------------------------------|----------------|----------------|----------------|
| Operating income                | 2,169,506,069  | 2,092,652,566  | 2,290,251,443  |
| Operating costs                 | -1,492,383,885 | -1,473,123,084 | -1,576,085,290 |
| Operating margin                | 677,122,184    | 619,529,482    | 714,166,153    |
| Payment of dividends *          | 50,137,028     | 18,867,613     | 19,640,371     |
| Profits                         | 67,143,340     | 10,049,515     | 61,245,797     |

Source: Sodimac.

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

## Economic value generated and distributed



## Economic value generated and distributed

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

### Suppliers: Operating costs

(102-48)

The company's operating costs, including exploitation costs and administration and marketing expenses, reached 1,895,507,938,000 Chilean pesos in 2020, up by 7% from 1,772,662,404,000 pesos in 2019.

### Employees: Wages and benefits

In 2020, expenditure on wages and benefits reached 267,769,488,000 Chilean pesos, up from 262,009,110,000 pesos in the previous year.

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

The company paid 51,141,926,000 Chilean pesos to providers of capital in 2020, down from 57,421,973,000 pesos in 2019. This included payments to the company's shareholders and financial costs.

### Government: Payments and taxes

In 2020, earnings tax totaled 22,543,633,000 Chilean pesos, an increase from 2,889,058,000 pesos in 2019 in line with the company's higher results.

### Community: Contributions and investments

In 2020, the company invested 1,115,049,000 Chilean pesos in different projects that benefited the community. Key initiatives included the Clean Points recycling network, CES scholarships and donations to the Techo organization and the Junto al Barrio Foundation.

### Financial assistance received

In 2020, Sodimac used 806,492,000 Chilean pesos from the SENCE tax credit for employees' training and education.

#### Financial assistance from the government ('000 CLP)

|   | 2018             | 2019             | 2020           |
|---|------------------|------------------|----------------|
| <b>Donations</b>  |                  |                  |                |
| Tax credit  | 261,470          | 208,327          | 99,571         |
| <b>Fixed asset credit</b>                                 |                  |                  |                |
| Use of credit (upper limit of 500 monthly tax units, UTM) | 24,176           | 24,812           | 25,515         |
| <b>SENCE credit</b>                                       |                  |                  |                |
| SENCE certificate   | 1,773,856        | 1,807,849        | 806,492        |
| <b>Total</b>  | <b>2,059,502</b> | <b>2,040,968</b> | <b>931,578</b> |

Source: Sodimac.

## Tax principles

(207-1)

As part of Falabella S.A., Sodimac adheres to its Tax Policy for the materialization of its contribution to society through the taxes to which it is liable under Chilean legislation. Application of this policy by the company is supervised by a Tax Committee formed by representatives of the Finance, Legal Compliance and Accounting areas, which reports to the general manager.

The company has established the following tax principles:

- Compliance with its obligations under tax law, applying plausible and good-faith interpretations of tax norms;
- Truthful description of all operations and transactions without the use of structures that distort the underlying

economic situation, which was the legitimate business reason for these operations or transactions, to reduce the applicable tax or take advantage of tax benefits for which the company would not otherwise be eligible;

- Collaborative, truthful and fair relations with the tax authorities through representatives especially appointed for this purpose;
- Due consideration of these tax principles in business decisions with tax implications.

In line with the increase in the company's results, it paid earnings tax of 22,543,633,000 Chilean pesos in 2020, up from 2,889,958,000 pesos in 2019.



## Appendix 2

### Sodimac Chile Workforce

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

(102-8)

As of end-2020, Sodimac had 15,145 employees of whom 59% were men and 41% were women.

#### Employees by geographical area

|                              | 2018          |           | 2019          |           | 2020          |           |
|------------------------------|---------------|-----------|---------------|-----------|---------------|-----------|
|                              | Full-time     | Part-time | Full-time     | Part-time | Full-time     | Part-time |
| Northern Zone                | 1,585         | 767       | 1,529         | 782       | 1,413         | 667       |
| Central Zone                 | 1,862         | 975       | 1,862         | 976       | 1,681         | 865       |
| Southern Zone                | 2,569         | 1,326     | 2,497         | 1,326     | 2,336         | 1,083     |
| Santiago Metropolitan Region | 6,568         | 2,368     | 6,543         | 2,466     | 5,298         | 1,802     |
| <b>Total</b>                 | <b>18,020</b> |           | <b>17,993</b> |           | <b>15,145</b> |           |

Source: Sodimac.

#### Employees by type of working day

|              | 2018          |           | 2019          |           | 2020          |           |
|--------------|---------------|-----------|---------------|-----------|---------------|-----------|
|              | Full-time     | Part-time | Full-time     | Part-time | Full-time     | Part-time |
|              | 12,584        | 5,436     | 12,393        | 5,600     | 10,728        | 4,417     |
| <b>Total</b> | <b>18,020</b> |           | <b>17,993</b> |           | <b>15,145</b> |           |

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

Source: Sodimac.

#### Employees by type of contract

|                     | 2018          |       | 2019          |       | 2020          |       |
|---------------------|---------------|-------|---------------|-------|---------------|-------|
|                     | Men           | Women | Men           | Women | Men           | Women |
| Indefinite contract | 10,108        | 6,864 | 9,914         | 6,756 | 8,548         | 5,886 |
| Fixed-term contract | 745           | 303   | 853           | 470   | 363           | 348   |
| Subtotal            | 10,853        | 7,167 | 10,767        | 7,226 | 8,911         | 6,234 |
| <b>Total</b>        | <b>18,020</b> |       | <b>17,993</b> |       | <b>15,145</b> |       |

Source: Sodimac.

## Workforce by type of post and gender

(102-8; 405-1)

As of end-2020, 58 women held executive posts at Sodimac, accounting for 34% of all such posts. Sodimac's wage policy is based on variables related to professional value and does not distinguish by gender, seeking to avoid wage gaps between women and men.

### Total employees

| Type of post                         | 2018            |       | 2019            |       | 2020            |       |
|--------------------------------------|-----------------|-------|-----------------|-------|-----------------|-------|
|                                      | N° of employees |       | N° of employees |       | N° of employees |       |
|                                      | Men             | Women | Men             | Women | Men             | Women |
| Managers and assistant managers      | 397             | 123   | 405             | 128   | 173             | 58    |
| Professional and technical personnel | 2,306           | 1,841 | 2,213           | 1,762 | 1,650           | 1,419 |
| Other employees                      | 8,150           | 5,203 | 8,149           | 5,336 | 7,088           | 4,757 |
| Total men/women                      | 10,853          | 7,167 | 10,767          | 7,226 | 8,911           | 6,234 |
| <b>Total</b>                         | <b>18,020</b>   |       | <b>17,993</b>   |       | <b>15,145</b>   |       |

Source: Sodimac.

### Managers

| Age range         | 2018       |            | 2019       |            | 2020       |            |
|-------------------|------------|------------|------------|------------|------------|------------|
|                   | Men        | Women      | Men        | Women      | Men        | Women      |
| Less than 30      | 2          | 1          | 1          | 3          | 2          | 1          |
| 30-49             | 259        | 92         | 259        | 97         | 98         | 39         |
| 50 and over       | 136        | 30         | 145        | 28         | 73         | 18         |
| <b>Total</b>      | <b>397</b> | <b>123</b> | <b>405</b> | <b>128</b> | <b>173</b> | <b>58</b>  |
| <b>% of total</b> | <b>76%</b> | <b>24%</b> | <b>76%</b> | <b>24%</b> | <b>75%</b> | <b>25%</b> |

Source: Sodimac.

### Professional and technical personnel

| Age range         | 2018         |              | 2019         |              | 2020         |              |
|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                   | Men          | Women        | Men          | Women        | Men          | Women        |
| Less than 30      | 395          | 299          | 337          | 248          | 196          | 151          |
| 30-49             | 1,586        | 1,331        | 1,540        | 1,291        | 1,193        | 1,086        |
| 50 and over       | 325          | 211          | 336          | 223          | 261          | 182          |
| <b>Total</b>      | <b>2,306</b> | <b>1,841</b> | <b>2,213</b> | <b>1,762</b> | <b>1,650</b> | <b>1,419</b> |
| <b>% of total</b> | <b>56%</b>   | <b>44%</b>   | <b>56%</b>   | <b>44%</b>   | <b>54%</b>   | <b>46%</b>   |

Source: Sodimac.

## Other employees

| Age range         | 2018         |              | 2019         |              | 2020         |              |
|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                   | Men          | Women        | Men          | Women        | Men          | Women        |
| Less than 30      | 3,693        | 1,601        | 3,490        | 1,573        | 2,653        | 1,343        |
| 30-49             | 3,107        | 2,781        | 3,232        | 2,837        | 3,163        | 2,548        |
| 50 and over       | 1,350        | 821          | 1,427        | 926          | 1,272        | 866          |
| <b>Total</b>      | <b>8,150</b> | <b>5,203</b> | <b>8,149</b> | <b>5,336</b> | <b>7,088</b> | <b>4,757</b> |
| <b>% of total</b> | <b>61%</b>   | <b>39%</b>   | <b>60%</b>   | <b>40%</b>   | <b>60%</b>   | <b>40%</b>   |

Source: Sodimac.

## New hires

| Type of post                         | 2018         |              | 2019         |              | 2020         |            |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|
|                                      | Men          | Women        | Men          | Women        | Men          | Women      |
| Managers and assistant managers      | 20           | 8            | 23           | 12           | 6            | 5          |
| Professional and technical personnel | 262          | 184          | 165          | 103          | 75           | 48         |
| Other employees                      | 3,490        | 1,391        | 2,354        | 1,047        | 679          | 560        |
| <b>Total men/women</b>               | <b>3,772</b> | <b>1,583</b> | <b>2,542</b> | <b>1,162</b> | <b>760</b>   | <b>613</b> |
| <b>Total</b>                         | <b>5,355</b> |              | <b>3.704</b> |              | <b>1.373</b> |            |

Source: Sodimac.

## New hires by geographical area (stores)

|                              | 2018         |             | 2019         |             | 2020        |             |
|------------------------------|--------------|-------------|--------------|-------------|-------------|-------------|
|                              | Men          | Women       | Men          | Women       | Men         | Women       |
| Santiago Metropolitan Region | 1,446        | 696         | 1,038        | 536         | 320         | 215         |
| Central Zone                 | 565          | 225         | 392          | 144         | 119         | 104         |
| Northern Zone                | 549          | 208         | 351          | 159         | 201         | 197         |
| Southern Zone                | 702          | 260         | 521          | 180         | 120         | 97          |
| <b>Rate of new hires</b>     | <b>18.1%</b> | <b>7.7%</b> | <b>12.8%</b> | <b>5.7%</b> | <b>2.1%</b> | <b>2.3%</b> |

Source: Sodimac.

## Turnover by geographical area and age

(401-1)

### Turnover by geographical area

| Geographical area                    | 2018  |       | 2019  |       | 2020   |       |
|--------------------------------------|-------|-------|-------|-------|--------|-------|
|                                      | Men   | Women | Men   | Women | Men    | Women |
| Santiago Metropolitan Region         | 1,791 | 816   | 1,345 | 648   | 1,310  | 834   |
| Central Zone                         | 619   | 230   | 425   | 167   | 331    | 222   |
| Northern Zone                        | 694   | 266   | 335   | 139   | 358    | 256   |
| Southern Zone                        | 858   | 245   | 574   | 219   | 495    | 264   |
| Total annual exits                   | 3,962 | 1,557 | 2,679 | 1,173 | 2,494  | 1,576 |
| Annual turnover by geographical area | 36.5% | 21.7% | 24.9% | 16.2% | 15.4%  | 9.7%  |
| Average annual turnover              | 29.1% |       | 20.6% |       | 25.17% |       |

### Turnover by age

| Age range                 | 2018  |       | 2019  |       | 2020   |       |
|---------------------------|-------|-------|-------|-------|--------|-------|
|                           | Men   | Women | Men   | Women | Men    | Women |
| Less than 30              | 2,362 | 722   | 1,726 | 551   | 1,089  | 476   |
| 30-49                     | 840   | 477   | 797   | 525   | 982    | 853   |
| 50 and over               | 760   | 358   | 156   | 97    | 423    | 247   |
| Total annual exits        | 3,962 | 1,557 | 2,679 | 1,173 | 2,494  | 1,576 |
| Annual turnover by gender | 36.5% | 21.7% | 24.9% | 16.2% | 26.1%  | 23.9% |
| Average annual turnover   | 29.1% |       | 20.6% |       | 25.17% |       |

*Turnover = Annual exits/workforce as of December.*

*Includes all causes of dismissal.*

*Source: Sodimac.*

## Voluntary turnover by geographical area and age

### Voluntary turnover by geographical area

| Geographical area                    | 2018   |       | 2019  |       | 2020  |       |
|--------------------------------------|--------|-------|-------|-------|-------|-------|
|                                      | Men    | Women | Men   | Women | Men   | Women |
| Santiago Metropolitan Region         | 536    | 284   | 477   | 274   | 205   | 116   |
| Central Zone                         | 161    | 63    | 154   | 63    | 54    | 24    |
| Northern Zone                        | 268    | 93    | 145   | 57    | 84    | 43    |
| Southern Zone                        | 228    | 80    | 177   | 69    | 80    | 32    |
| Total annual exits                   | 1,193  | 520   | 953   | 463   | 423   | 215   |
| Annual turnover by geographical area | 10.99% | 7.26% | 8.85% | 6.41% | 4.42% | 3.26% |
| Average annual turnover              | 9.12%  |       | 7.63% |       | 3.95% |       |

### Voluntary turnover by age

| Age range                         | 2018  |       | 2019  |       | 2020  |       |
|-----------------------------------|-------|-------|-------|-------|-------|-------|
|                                   | Men   | Women | Men   | Women | Men   | Women |
| Less than 30                      | 762   | 268   | 660   | 242   | 253   | 114   |
| 30-49                             | 248   | 151   | 251   | 186   | 149   | 84    |
| 50 and over                       | 183   | 101   | 42    | 35    | 21    | 17    |
| Total annual exits                | 1,193 | 520   | 953   | 463   | 423   | 215   |
| Average annual turnover by gender | 10.9% | 7.26% | 8.85% | 6.41% | 4.42% | 3.26% |
| Average annual turnover           | 9.12% |       | 7.63% |       | 3.95% |       |

Source: Sodimac.

## Appendix 3

### Inventory of Greenhouse Gas (GHG) Emissions<sup>1</sup>

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

| A                          | Source  | 2018                 | 2019                 | 2020                 | 2020        |
|----------------------------|---|----------------------|----------------------|----------------------|-------------|
|                            |   | k tCO <sub>2</sub> e | k tCO <sub>2</sub> e | k tCO <sub>2</sub> e | %           |
| 1                          | Fuel consumption in fixed and mobile sources  | 7.0                  | 6.8                  | 8.5                  | 2%          |
| 1                          | Leakage of refrigerant gases                  | 2.2                  | 1.1                  | 1.0                  | 0.2%        |
| <b>Subtotal Scope 1</b>    |   | <b>9.3</b>           | <b>7.9</b>           | <b>9.5</b>           | <b>2%</b>   |
| 2                          | Electricity consumption (market-based method) | 22                   | 20                   | 13                   | 3%          |
| <b>Subtotal Scope 2</b>    |   | <b>22</b>            | <b>20</b>            | <b>13</b>            | <b>3%</b>   |
| <b>Subtotal Scopes 1+2</b> |   | <b>32</b>            | <b>28</b>            | <b>23</b>            | <b>5%</b>   |
| 3                          | Inputs and services                           | 1.9                  | 1.4                  | 0.9                  | 0.2%        |
| 3                          | Production of Scope 1 fuels                   | 1.0                  | 1.0                  | 1.1                  | 0.3%        |
| 3                          | Waste and recycling                           | 14                   | 13                   | 11                   | 3%          |
| 3                          | Business travel                               | 3.0                  | 2.3                  | 0.2                  | 0.1%        |
| 3                          | Transport of employees                        | 22                   | 20                   | 13                   | 3%          |
| 3                          | Transport of products                         | 257                  | 194                  | 188                  | 44%         |
| 3                          | Customers' transport to stores                | 243                  | 235                  | 184                  | 43%         |
| 3                          | E-commerce                                    | 1.2                  | 1.3                  | 2.1                  | 0.5%        |
| <b>Subtotal Scope 3</b>    |   | <b>542</b>           | <b>469</b>           | <b>400</b>           | <b>95%</b>  |
| <b>Total GHG emissions</b> |   | <b>574</b>           | <b>497</b>           | <b>423</b>           | <b>100%</b> |

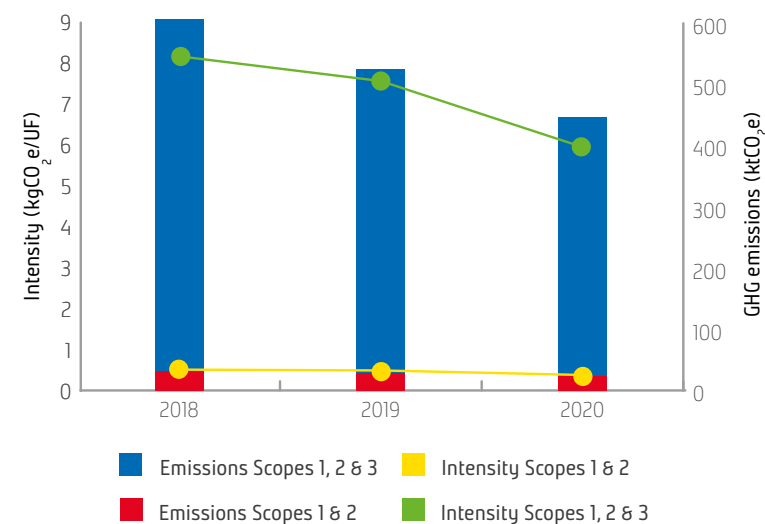
Source: Proyectae.

<sup>1</sup> ktCO<sub>2</sub>e = 1,000 tonnes of carbon dioxide equivalent.

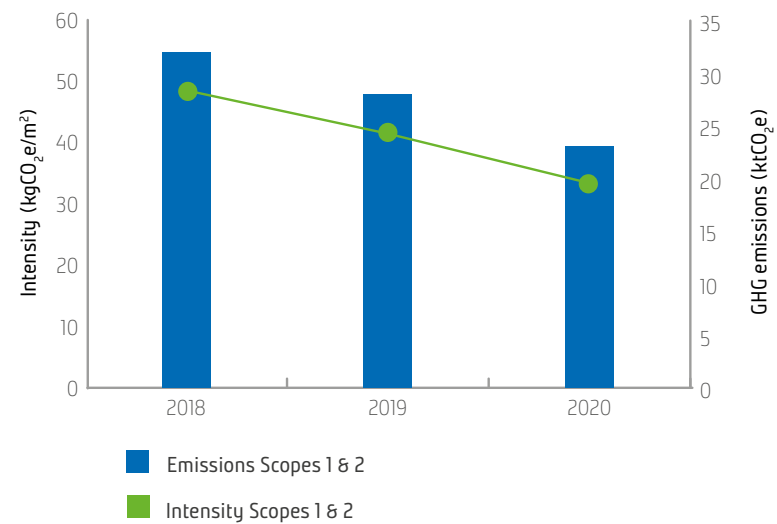
### Indicators of Intensity of GHG Emissions

(305-4)

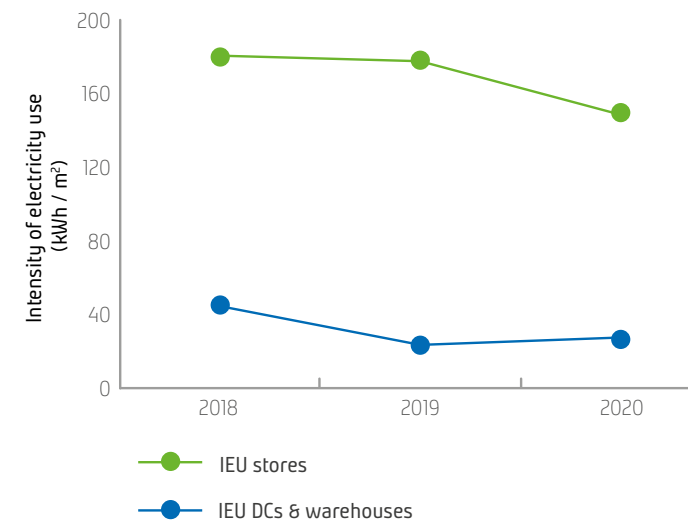
#### GHG emissions by sales (UF)



Intensity of Scope 1 and 2 emissions by store area



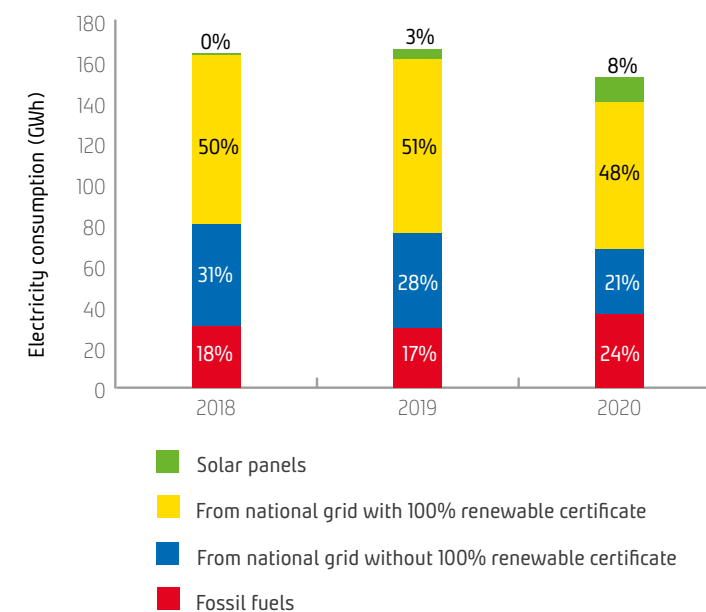
Intensity of electricity use (kWh/m<sup>2</sup>) (302-3)



Source: Proyectae.

## Distribution of electricity consumption by source

Electricity consumption by source



Source: Proyectae.

# GRI Index

(102-55)

## 2019 Sustainability Report Standards (GRI)

### Gri Content Index

#### General Disclosures

| Standard   | Standard Number | Indicator  | Page                       |
|--|-----------------|--|----------------------------|
| GRI 102: General Disclosures<br>1. Profile of the organization | 102-1           | Name of the organization                                     | 3                          |
|  | 102-2           | Activities, brands, products, and services                   | 15,17                      |
|  | 102-3           | Location of headquarters                                     | 3                          |
|  | 102-4           | Location of operations                                       | 15,16                      |
|  | 102-5           | Ownership and legal form                                     | 15                         |
|  | 102-6           | Markets served   | 16,17                      |
|  | 102-7           | Scale of the organization                                    | 16, 17, 119                |
|  | 102-8           | Information on employees and other workers                   | 121,122                    |
|  | 102-9           | Supply chain   | 17,76                      |
|  | 102-10          | Significant changes to the organization and its supply chain | 11, 16                     |
|  | 102-11          | Precautionary principle or approach                          | 19, 21, 24, 27, 32, 37, 40 |
|  | 102-12          | External initiatives   | 5, 24, 27, 44              |
|  | 102-13          | Membership of associations                                   | 37, 116                    |
| GRI 102: General Disclosures<br>2. Strategy                    | 102-14          | Statement from senior decision-maker                         | 5                          |
|  | 102-15          | Key impacts, risks, and opportunities                        | 9                          |
| GRI 102: General Disclosures<br>3. Ethics and integrity        | 102-16          | Values, principles, standards, and norms of behavior         | 13, 49                     |
|  | 102-17          | Mechanisms for advice and concerns about ethics              | 49, 77                     |



### General Disclosures

| Standard  | Standard Number | Indicator   | Page           |
|---|-----------------|---|----------------|
| GRI 102: General Disclosures<br>4. Governance             | 102-18          | Governance structure  | 39, 44, 48     |
|   | 102-19          | Delegating authority  | 44, 46, 48     |
|   | 102-20          | Executive-level responsibility for economic, environmental, and social topics | 39, 44         |
|   | 102-22          | Composition of the highest governance body and its committees                 | 44, 45, 46, 48 |
|   | 102-23          | Chair of the highest governance body  | 45             |
|   | 102-24          | Nominating and selecting the highest governance body                          | 44             |
|   | 102-26          | Role of highest governance body in setting purpose, values, and strategy      | 19, 39, 44, 48 |
|   | 102-28          | Evaluating the highest governance body's performance                          | 40, 44         |
|   | 102-29          | Identifying and managing economic, environmental, and social impacts          | 19, 48, 51     |
|   | 102-30          | Effectiveness of risk management processes                                    | 40, 52         |
|   | 102-31          | Review of economic, environmental, and social topics                          | 44             |
|   | 102-32          | Highest governance body's role in sustainability reporting                    | 39             |
|   | 102-35          | Remuneration policies   | 49             |
| GRI 102: General Disclosures<br>5. Stakeholder engagement | 102-40          | List of stakeholder groups  | 32             |
|   | 102-41          | Collective bargaining agreements  | 71             |
|   | 102-42          | Identifying and selecting stakeholders  | 32             |
|   | 102-43          | Approach to stakeholder engagement  | 32, 89         |
|   | 102-44          | Key topics and concerns raised  | 32             |

### General Disclosures

| Standard  | Standard Number                 | Indicator  | Page  |
|---|---------------------------------|--|---|
| GRI 102: General Disclosures<br>6. Reporting practice | 102-45                          | Entities included in the consolidated financial statements | 2   |
|   | 102-46                          | Defining report content and topic boundaries               | 38  |
|   | 102-47                          | List of material topics                                    | 38  |
|   | 102-48                          | Restatements of information                                | Restatement of operating costs in 2019, page 120. |
|   | 102-49                          | Changes in reporting                                       | There were no significant                         |
|   | changes in Scope or Boundaries. | Periodo objeto del informe                                 | 2   |
|   | 102-50                          | Reporting period   | 2   |
|   | 102-51                          | Date of most recent report                                 | 2   |
|   | 102-52                          | Reporting cycle  | 2   |
|   | 102-53                          | Contact point for questions regarding the report           | 2, 135  |
|   | 102-54                          | Claims of reporting in accordance with the GRI Standards   | 2   |
| GRI 102: General Disclosures External Assurance       | 102-56                          | External assurance   | 128   |

### GRI Content Index

| Standard                     | Standard Number | Indicator  | Page           |
|------------------------------|-----------------|--|----------------|
| GRI 103: Management Approach | 103-1           | Explanation of the material topic and its boundary | 38             |
|                              | 103-2           | The management approach and its components         | 19, 21, 24, 49 |
|                              | 103-3           | Evaluation of the management approach              | 40             |

**Economic Category**

| <b>Standard</b>                    | <b>Standard Number</b> | <b>Indicator</b>  | <b>Page</b>   |
|------------------------------------|------------------------|---|---|
| GRI 201: Economic Performance      | 201-1                  | Direct economic value generated and distributed                                 | 119   |
| GRI 202: Market Presence           | 202-1                  | Ratios of standard entry level wage by gender compared to local minimum wage    | 60  |
|                                    | 202-2                  | Proportion of senior management hired from the local community                  | 59  |
| GRI 203: Indirect Economic Impacts | 203-1                  | Infrastructure investments and services supported                               | 111   |
| GRI 204: Procurement Practices     | 204-1                  | Proportion of spending on local suppliers                                       | 76  |
| GRI 205: Anti-Corruption           | 205-1                  | Operations assessed for risks related to corruption                             | 52  |
|                                    | 205-2                  | Communication and training about anti-corruption policies and procedures        | 49, 52  |
|                                    | 205-3                  | Confirmed incidents of corruption and actions taken                             | 54  |
| GRI 206: Anticompetitive Behavior  | 206-1                  | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | There were no legal actions on these grounds during the reporting period. |
| GRI 207: Taxes                     | 207-1                  | Approach to tax   | 120   |

**Environmental Category**

| <b>Standard</b>                            | <b>Standard Number</b> | <b>Indicator</b>   | <b>Page</b> |
|--|------------------------|--|-------------|
| GRI 302: Energy                            | 302-1                  | Energy consumption within the organization                           | 97          |
|  | 302-3                  | Energy intensity   | 127         |
|  | 302-4                  | Reduction of energy consumption                                      | 97          |
| GRI 303: Water and effluents               | 303-5                  | Water consumption  | 101         |
| GRI 305: Emissions                         | 305-1                  | Direct (Scope 1) GHG emissions                                       | 97, 126     |
|  | 305-2                  | Energy indirect (Scope 2) GHG emissions                              | 97, 126     |
|  | 305-3                  | Other indirect (Scope 3) GHG emissions                               | 97, 126     |
|  | 305-4                  | GHG emissions intensity  | 97, 126     |
|  | 305-5                  | Reduction of GHG emissions   | 97          |
|  | 305-6                  | Emissions of ozone-depleting substances (ODS)                        | 97          |
| GRI 306: Effluents and Waste               | 306-1                  | Waste generation and significant waste-related impacts               | 103         |
|  | 306-2                  | Management of significant waste-related impacts                      | 102         |
|  | 306-3                  | Waste generated  | 103         |
|  | 306-4                  | Waste diverted from disposal   | 103         |
|  | 306-5                  | Waste directed to disposal   | 103         |
| GRI 307: Environmental Compliance          | 307-1                  | Non-compliance with environmental laws and regulations               | 102         |
| GRI 308: Supplier Environmental Assessment | 308-2                  | Negative environmental impacts in the supply chain and actions taken | 78, 79      |

Social Performance Category

| Standard  | Standard Number | Indicator  | Page   |
|---|-----------------|--|--|
| GRI 401: Employment                                       | 401-1           | New employee hires and employee turnover   | 124  |
|   | 401-2           | Benefits provided to full-time employees that are not provided to temporary or part-time employees             | 61   |
|   | 401-3           | Parental leave   | 66   |
| GRI 403: Occupational Health and Safety                   | 403-1           | Occupational health and safety management system   | 67   |
|   | 403-2           | Hazard identification, risk assessment, and incident investigation   | 67, 69   |
|   | 403-4           | Worker participation, consultation, and communication on occupational health and safety                        | 67   |
|   | 403-8           | Workers covered by an occupational health and safety management system.  | 67   |
|   | 403-9           | Work-related injuries  | 67   |
|   | 403-10          | Work-related ill health  | 67   |
| GRI 404: Training and Education                           | 404-1           | Average hours of training per year per employee  | 57   |
|   | 404-2           | Programs for upgrading employee skills and transition assistance   | 58   |
|   | 404-3           | Percentage of employees receiving regular performance and career development reviews                           | 59   |
| GRI 405: Diversity and Equal Opportunity                  | 405-1           | Diversity of governance bodies and employees   | 45, 122  |
|   | 405-2           | Ratio of basic salary and remuneration of women to men   | 66   |
| GRI 406: Non-discrimination                               | 406-1           | Incidents of discrimination and corrective actions taken   | 50   |
| GRI 407: Freedom of Association and Collective Bargaining | 407-1           | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 79   |
| GRI 412: Human Rights Assessment                          | 412-1           | Operations that have been subject to human rights reviews or impact assessments                                | 51   |
| GRI 413: Local Communities                                | 413-1           | Operations with local community engagement, impact assessments, and development programs                       | 93, 111  |
|   | 413-2           | Operations with significant actual and potential negative impacts on local communities                         | 111, 113                                       |
| GRI 414: Supplier Social Assessment                       | 414-1           | New suppliers that were screened using social criteria   | 78   |
|   | 414-2           | Negative social impacts in the supply chain and actions taken  | 78   |
| GRI 415: Public Policy                                    | 415-1           | Political contributions  | Sodimac does not make political contributions. |

## Social Performance Category

| Standard                              | Standard Number | Indicator  | Page  |
|---------------------------------------|-----------------|--|---|
| GRI 416: Customer Health and Safety   | 416-1           | Assessment of the health and safety impacts of product and service categories                  | 79, 81  |
|                                       | 416-2           | Incidents of non-compliance concerning the health and safety impacts of products and services. | 92  |
| GRI 417: Product and Service Labeling | 417-1           | Requirements for product and service information and labeling                                  | 80  |
|                                       | 417-2           | Incidents of non-compliance concerning product and service information and labeling            | 92  |
|                                       | 417-3           | Incidents of non-compliance concerning marketing communications                                | 92  |
| GRI 418: Customer Privacy             | 418-1           | Substantiated complaints concerning breaches of customer privacy and losses                    | There were no legal actions on these grounds during the reporting period. |
| GRI 419: Compliance                   | 419-1           | Non-compliance with laws and regulations in the social and economic area                       | 92  |

## Material Topics not included in GRI Standard

| Material Topic                             | Standard Number | Description                                | Page     |
|--|-----------------|--|----------|
| Employment and work climate                | 103-2           | The management approach and its components | 61       |
| Culture (includes Quality of Life Program) | 103-2           | The management approach and its components | 61 to 64 |
| Diversity and inclusion                    | 103-2           | The management approach and its components | 64 to 67 |



EY Chile  
Avda. Presidente Riesco 5435  
piso 4, Las Condes  
Santiago

Tel: +56 (2) 2676 1000  
www.eychile.cl

# External Assurance Statement

## Informe de Verificación Limitada Independiente del Reporte de Sostenibilidad de Sodimac S.A. 2020.

Señores  
Presidente y Directores  
Sodimac S.A.  
Presente

### Alcance

Hemos efectuado una verificación limitada e independiente de los contenidos de información y los datos presentados en el Reporte de Sostenibilidad 2020 de Sodimac S.A., el cual tiene por alcance temporal el periodo comprendido entre el 01 de enero de 2020 y el 31 de diciembre de 2020. Toda información fuera de este periodo no fue parte de la verificación.

La preparación del Reporte de Sostenibilidad, la información y las afirmaciones contenidas, la definición del alcance del Reporte, la gestión y el control de los sistemas de información que proporcionan los datos reportados, son de exclusiva responsabilidad de la Administración de Sodimac S.A.

### Estándares y procedimientos de verificación

Nuestra verificación fue efectuada de acuerdo con la norma de verificación internacional para auditorías de información de financiera ISAE 3000, establecida por el International Auditing and Assurance Board de la International Federation of Accountants, y el estándar para la elaboración de Reportes de Sostenibilidad del Global Reporting Initiative (GRI).

Nuestros procedimientos fueron diseñados con el objetivo de:

- ▶ Verificar que la información y los datos presentados en el Reporte de Sostenibilidad 2020 de Sodimac S.A. estén debidamente respaldados por evidencias.
- ▶ Determinar que Sodimac S.A. haya elaborado su Reporte de Sostenibilidad 2020 conforme a los indicadores de desempeño y los principios del estándar GRI.
- ▶ Confirmar el nivel de aplicación (Esencial) declarado por Sodimac S.A. a su Reporte de Sostenibilidad 2020, según estándar GRI.

### Procedimientos realizados

Nuestra labor de verificación consistió en la indagación con representantes de la Dirección, Gerencias y Unidades de Sodimac S.A., involucrados en el proceso de elaboración del Reporte, así como en la realización de otros procedimientos analíticos y pruebas de muestreo tales como:

- ▶ Entrevistas a personal clave de Sodimac S.A.
- ▶ Revisión de la documentación de respaldo proporcionada por Sodimac S.A.
- ▶ Revisión de fórmulas y cálculos asociados a información cuantitativa mediante re-proceso de datos.
- ▶ Revisión de la redacción del Reporte 2020, asegurando que no se induzca a error o duda respecto a la información presentada.

### Independencia

EY Consulting SpA es una firma independiente, sin relación con el cálculo, elaboración o suministro de los datos económicos, ambientales o sociales presentados en el Reporte de Sostenibilidad 2020 de Sodimac S.A.

### Nuestra responsabilidad

Nuestra responsabilidad se limita exclusivamente a los procedimientos mencionados en los párrafos anteriores, y corresponde a una verificación de alcance limitado, la cual sirve de base para nuestras conclusiones. Por defecto, no aplicamos procedimientos de verificación extendidos, cuyo objetivo es expresar una opinión de verificación externa sobre el Reporte de Sostenibilidad de Sodimac S.A. 2020. En consecuencia, no expresamos una opinión.

### Conclusiones

Sujetos a las limitaciones del alcance señaladas anteriormente, y basados en nuestro trabajo de verificación limitada independiente del Reporte de Sostenibilidad 2020 de Sodimac S.A., concluimos que no ha llegado a nuestro conocimiento ningún aspecto que nos haga pensar que:

- ▶ La información y los datos publicados en el Reporte de Sostenibilidad 2020 de Sodimac S.A. no están presentados de forma correcta.
- ▶ El Reporte de Sostenibilidad 2020 de Sodimac S.A. no haya sido elaborada en conformidad con la versión estándar para la elaboración de Reportes de Sostenibilidad del GRI.
- ▶ La opción declarada por Sodimac S.A. no cumple con los requisitos para tal nivel, de acuerdo con lo establecido en la norma de aplicación GRI.

### Recomendaciones de mejora

Sin que incidan en nuestras conclusiones con base en el alcance limitado de la verificación, hemos detectado oportunidades de mejora al Reporte de Sostenibilidad 2020 de Sodimac S.A. Estas oportunidades se detallan en un informe de recomendaciones separado, presentado a la Administración de Sodimac S.A.

Saludamos atentamente a usted,

EY Consulting SpA.

Chris Heidrich  
Partner, Assurance

Elanne Almeida  
Partner, ESG

28 de abril, 2021  
I-00220/21

RGE/men  
60241993

# Feedback Questionnaire

(102-53)

We would like to know your opinion. Please send a scanned copy of the questionnaire or a digital photograph to:

**Juan Carlos Corvalán R.**

Legal Affairs and Sustainability Manager  
E-mail: jcorvalan@sodimac.cl

**Pablo Urbina M.**

Assistant Sustainability Manager  
E-mail: purbina@sodimac.cl

**1. To which of the following groups of Sodimac stakeholders do you belong?** Please tick an alternative.

- |                                       |                                    |
|---------------------------------------|------------------------------------|
| <input type="checkbox"/> Shareholders | <input type="checkbox"/> Community |
| <input type="checkbox"/> Employees    | <input type="checkbox"/> NGO       |
| <input type="checkbox"/> Customers    | <input type="checkbox"/> Media     |
| <input type="checkbox"/> Suppliers    |                                    |

**2. Which of the following chapters of the Report did you find most interesting?** Please score from 1 to 5 where 1 is the least important and 5 is the most important.

- |   |  |
|---|--|
| <input type="checkbox"/> Corporate governance | <input type="checkbox"/> Our customers |
| <input type="checkbox"/> Our employees        | <input type="checkbox"/> Environment   |
| <input type="checkbox"/> Our suppliers        | <input type="checkbox"/> Community     |

**3. In your view, which topic should have been addressed in greater depth?** Please score from 1 to 5 where 1 is the least important and 5 is the most important.

- Economic performance
- Relations with government
- Relations with employees
- Relations with suppliers
- Relations with customers
- Environmental impact
- Community relations

# Glossary

## Assurance

Review of an organization's processes and systems by an independent third party in order to assure compliance with certain standards or norms. In the case of sustainability reports, for example, it consists in review of the report by independent third parties who verify that the information it contains is accurate and reflects the company's situation.

## Auditing

Process to verify compliance with a certain norm or standard which may refer to quality or environmental, social or other matters. The process may culminate in certification under a particular standard such as ISO 9001 or ISO 14000. Audits of social responsibility tend to include quality aspects and environmental and social standards.

## Benchmarking

Comparison of a company's systems, processes, results or best practices with those of other companies in the same sector or other sectors. Permits identification of trends and/or opportunities for improvement.

## Biodiversity

A wide variety of ecosystems and natural patterns that have arisen as a result of numerous evolutionary processes, genetic differences in each species and interactions with the environment as the basis of life on the planet.

## Carbon footprint

A measure of the impact of human activities on the global climate, expressed in terms of the amount of greenhouse gases (GHGs) produced during the life cycle of a product or service. To simplify the presentation of information and permit comparisons, emissions of the different GHGs (water vapor, carbon dioxide, methane, nitrous oxides, ozone and chlorofluorocarbons) are expressed in equivalent tonnes of CO<sub>2</sub> (tCO<sub>2</sub>e).

## Circular economy

The economic and production model in which the value of products, materials and resources remains in the economy for as long as possible and waste is minimized (Source: European Commission). It is based on the management of waste through the 3Rs (reduction, recycling and reuse). The underlying idea is that the current linear flow of materials (resources-products-waste) needs to be transformed into a circular flow (resource-product-recycled resource).

## Climate change

The increase in the average temperature of the planet attributed directly to human activity which, by changing the composition of the atmosphere, raises temperatures, augmenting the natural variations in climate seen over comparable periods of time.

## Code of conduct

Formal declaration of a company's ethical principles and norms of behavior towards stakeholders that must be applied in all its operations. Unlike legal obligations, codes of conduct are voluntary and are adopted as part of the company's commitment to social responsibility and as a means of guiding its leaders and employees in how to address the day-to-day dilemmas that arise when moral decisions have economic implications. Many companies have begun to expand application of their codes of conduct to their supply chain.

## Corporate governance

The manner in which a company or organization is led and managed from the strategic standpoint and that of its organizational culture, based on ethical principles and incorporating the culture of sustainability in its decision-making.

## Dialogue with stakeholders

Also referred to as "stakeholder engagement"; the process through which a company consults its stakeholders about their expectations and incorporates these into its sustainability strategies and plans.

## Energy efficiency

Those practices or activities that reduce the amount of energy used to produce a unit of a product or service or to reach the energy requirements related to a certain level of comfort. (Source: World Energy Council)

## Global Reporting Initiative (GRI)

Founded in 1997, a joint initiative of the Coalition for Environmentally Responsible Economies (CERES), an NGO, and the United Nations Environment Programme (UNEP) which seeks to ensure the quality, rigor and usefulness of companies' sustainability reports. To this end, it drew up the GRI Sustainability Reporting Guidelines, setting out the principles and indicators to be reported. It also has a complementation agreement with the International Organization for Standardization (ISO) so as to assure the new ISO 26000 standard on social responsibility. The fourth version of the GRI guidelines, known as G4, came into force in May 2013 and its use has been obligatory since 1 January 2016. Until 31 December 2015, companies could use the G3 version in the transition period.



## Greenhouse gases (GHGs)

A phenomenon under which certain gases in the earth's atmosphere retain part of the energy the land emits when warmed by solar radiation. This process is accentuated by their emission and the high concentration, principally of CO<sub>2</sub>, in the atmosphere as a result of the burning or evaporation of fossil fuels such as oil, coal and natural gas. This causes overheating and contamination of the earth's surface.

## Innovation

The transformation of an idea into a new or improved product, service or operating process. If an understanding of the context is one of the bases of innovation, knowledge about stakeholders' expectations may be an important input for the process of business innovation.

## ISO 26000

A standard developed by the International Organization for Standardization (ISO), also known as the Social Responsibility Standard. In order to respect the culture and legislation of each country, its guidelines are general and non-specific. It is not, therefore, a management system standard. Similarly, it was not drawn up for third-party certification or auditing but can be assured. It can be used by any type of organization, whether public or private, large or small, for-profit or non-profit, in either developing or industrialized countries.

## Material topics

Those topics that reflect the organization's significant economic, environmental and social impacts or that substantively influence the assessments and decisions of stakeholders. To determine if an aspect is material, qualitative analysis, quantitative assessment and discussion are recommended (Source: GRI-G4 Standards Glossary).

## Responsible procurement

The incorporation by an organization of procurement policies, best supply practices and fair treatment of suppliers. This is achieved by establishing systems for selecting and evaluating suppliers which include environmental and social criteria that ensure proper payment conditions and foster alliances of mutual interest.

## Responsible supply chain management

The practice that identifies and controls the economic, social and environmental impacts of an organization's procurement practices. To this end, it acts on two fronts: a) ensuring that practices towards suppliers are ethical through the creation of and adherence to an internal Code of Conduct which prevents abusive contractual conditions; and b) ensuring selection of those suppliers who control and manage their social and environmental impacts, scrutinizing them according to evaluation and selection criteria based on compliance with social and environmental requirements.

## Retail

The economic sector that comprises companies specializing in the mass marketing of products or services, including stores and, particularly, large chains of stores such as supermarkets, department stores, home improvement stores, hardware stores, pharmacies and bookstores.

## Social responsibility (ISO 26000 definition)

The responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that:

- contributes to sustainable development, including health and the welfare of society;
- takes into account the expectations of stakeholders;
- is in compliance with applicable law and consistent with international norms of behavior; and
- is integrated throughout the organization and practiced in its relationships.

## Stakeholder engagement

Any activity or activities implemented in a bid to create opportunities for dialogue between an organization and one or more of its stakeholders in order to allow the organization to make informed decisions.

## Stakeholders

Entities or individuals that can reasonably be expected to be significantly affected by the organization's activities, products, and services; and whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives. Stakeholders include entities or individuals whose rights under law or international conventions provide them with legitimate claims vis-à-vis the organization.

Stakeholders can include those who are invested in the organization (such as employees, shareholders and suppliers) as well as those who have other relationships to the organization (such as vulnerable groups in local communities or civil society organizations). (Source: GRI-G4 Standards Glossary.)

## Standard operating procedures

Documents that standardize procedures at Sodimac Chile's stores, distribution centers and support offices, simplifying training and maximizing time and resources.

## Sustainability

The rational and responsible use of natural resources and energy; that is, permitting and fostering their renewal and avoiding the extinction of natural resources and flora and fauna. It is also understood as the growth of an organization taking into account social responsibility towards its surroundings and the human groups where it operates.

## Sustainability Report

Report prepared by a company to give account of the results of its economic, social and environmental management. It includes information about its activities and impacts in these three spheres during the reporting period. It is a vehicle for transparent disclosure through which to report to and communicate with the company's stakeholders about its impacts on employees, customers, suppliers, the community and the environment and through which to foster dialogue between the parties. It generally covers the following key areas: ethical principles, product and capital markets, working conditions, human rights, the environment and the community. In the case of sustainability reporting, the Global Reporting Initiative (GRI) is an internationally accepted standard for companies of all sizes and sectors.

## Sustainable development

Development that satisfies the needs of the present without compromising the ability of future generations to satisfy their needs. It involves taking economic, social and environmental factors and their interdependence into account in an organization's decisions and activities.

## Sustainable Development Goals (SDGs)

A universal call to adopt measures to end poverty, protect the planet and ensure peace and prosperity for all. The 17 goals defined for the 2030 Agenda for Sustainable Development - approved by world leaders in September 2015 at a historic UN summit - officially came into force on 1 January 2016. Over the following 15 years, under these new universally applicable goals, countries will intensify their efforts to eradicate poverty in all its forms, reduce inequality and combat climate change while ensuring that no one is left behind. For further information, see <https://sustainabledevelopment.un.org/>.

## Transparency

Openness about an organization's actions and impacts and willingness to communicate them clearly, accurately and fully.

## UN Global Compact

An international initiative of voluntary commitment to ethical conduct whose aim is for all companies or organizations in any country to incorporate its Ten Principles on human rights, labor, the environment and anti-corruption into their strategies and operations ([www.unglobalpact.org](http://www.unglobalpact.org)).



**Design and layout:**

Espacio Vital  
[www.espaciovital.cl](http://www.espaciovital.cl)  
Sodimac Content Team

**Editing:**

Transparentia Consultores

**Photographs:**

Sodimac Archive



[www.sodimac.cl](http://www.sodimac.cl)