

ESG ANNEX 2024

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SODIMAC

TOTTUS

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Banco Falabella

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Corporate Governance



Board Independence

According to DJSI definitions, a Board director is independent when he/she meets at least 4 of the 9 criteria listed below, including at least 2 of the first 3. Following this definition, as of August 2024, six directors are independent.

Director	Enrique Ostalé Cambiaso	Juan Carlos Cortés Solari	Carlo Solari Donaggio	María Cecilia Karlezi Solari	Paola Cúneo Queirolo	Jose Luis del Río Goudie	Alfredo Moreno Charme	Andrés Roccatagliata Orsini	Germán Quiroga Vilardo
1. The director must not have been employed by the company in an executive capacity within the last year.	X	X	X	X	X	N/A	N/A	X	N/A
2. The director must not accept or have a "Family Member who accepts any payments from the company or any parent or subsidiary of the company in excess of \$60,000 during the current fiscal year", other than those permitted by SEC Rule 4200 Definitions.	X	X		X	X	N/A	N/A	X	N/A
3. The director must not be a "Family Member of an individual who is or was during the past three years was employed by the company or by any parent or subsidiary of the company as an executive officer.	X	X	X	X	X	N/A	N/A	X	N/A
4. The director must not be a member of the company's senior management, an adviser or consultant to the company, nor affiliated with a company that provides it such counsel.	X	X	X	X	X	N/A	N/A	X	N/A
5. The director must not be affiliated with a significant client or supplier of the company.	X	X	X	X	X	N/A	N/A	X	N/A

*N/A: Information is not available
18 board meetings were held during 2023

Board Independence

Director	Enrique Ostalé Cambiaso	Juan Carlos Cortés Solari	Carlo Solari Donaggio	María Cecilia Karlezi Solari	Paola Cúneo Queirolo	Jose Luis del Río Goudie	Alfredo Moreno Charme	Andrés Roccatagliata Orsini	Germán Quiroga Vilardo
6. The director must not have personal service contract(s) with the company or be a member of the company's senior management.	X	X	X	X	X	N/A	N/A	X	N/A
7. The director must not be affiliated with a not-for-profit entity that receives significant contributions from the company.	X	X	X	X	X	N/A	N/A	X	N/A
8. The director must not have been a partner or employee of the company's external auditor during the past year.	X	X	X	X	X	N/A	N/A	X	N/A
9. The director must not have any other conflict of interest that the board itself determines as detrimental to his/her independence.	X	X	X	X	X	N/A	N/A	X	N/A

*N/A: Information is not available

Board Industry Experience

Director	Enrique Ostalé Cambiaso	Juan Carlos Cortés Solari	Carlo Solari Donaggio	María Cecilia Karlezi Solari	Paola Cúneo Queirolo	Jose Luis del Río Goudie	Alfredo Moreno Charme	Andrés Roccatagliata Orsini	Germán Quiroga Vilardo
Experience in Risk Management		X							
Experience in cybersecurity									
Operational and/or management experience in the Retail sector, other than Falabella	X							X	
Current participation in other publicly listed companies' boards	0	0	1	0	1	3	0	0	4

Executive and CEO Compensation

CEO compensation – success metrics

Our short-term incentive model works with a matrix of indicators, aligned with three pillars: (i) Financial Results, (ii) Business Unit Performance and (iii) Contribution to our Strategy (or Ecosystem Initiatives). This model applies to every Overhead STI incentive including that of the CEO.

CEO compensation – long-term performance

- We do not defer bonuses for short-term CEO compensation.
- Each eligible executive invests in Falabella stocks, through a loan granted by the company exclusively for this purpose. The loan should be repaid partially during a 4-year time, in which the executive gets back a gross bonus equivalent to 2/3 of each part, if he/she paid his/her part of the loan on time.

Corruption & Bribery

SOCIAL INVESTMENT

Throughout our history, Falabella has been dedicated to enhancing the lives of the people and communities we engage with. Our goal is to foster opportunities that contribute to decreasing inequality and building more equitable societies, implementing different initiatives and programs that aim to create shared value.

Type of Contribution	2022 (CLP)	2023 (CLP)
Cash contribution	4,879,619,219	4,469,605,212
In-kind giving	2,318,012,110	2,833,169,933
Volunteering cost	N/A	11,235,090
Management overhead	1,034,204,967	537,199,705
TOTAL	8,231,836,296	7,851,209,940

Motivation of Contribution	2022 (CLP)	2023 (CLP)
Community investment	4,797,107,747 (*)	4,249,343,206
Charitable donations	2,062,478,043 (*)	2,652,820,938
Commercial initiatives	338,045,539	400,611,001
TOTAL	7,197,631,329	7,302,775,145

(*) These figures have been amended according to most recent reviews.

Emerging Risks

The following risk analysis was performed as an inherent risk assessment of two emerging risks detected by the risk department and the respective functional areas.

(1/2) Emerging trends in physical security that impact the integrity of our customers, suppliers and/or collaborators.

Addressing evolving security threats that could affect the well-being of our customers, visitors, employees and suppliers (CVES) at our facilities is a priority, requiring us to adopt new security strategies. With a permanent commitment to the safety of our stakeholders, we have implemented a “Corporate Safety Table” in which the loss prevention and safety teams of all our businesses participate, coordinated by the Corporate Safety Management. The purpose of this committee is to coordinate the different areas of the organization, gather information for decision making, share best practices, and develop projects with a transversal impact on the businesses that improve safety.

Scope of impact: Regional scope with the potential to affect the operations of all businesses at different levels.

Causes / sources of risk: The criminal activities of transnational and national organized crime gangs in the region, in whose actions we are observing higher levels of violence and corruption capacity. There are risks arising directly from the criminal activity of these organized crime gangs, especially those incidents with a high impact on our facilities, due to their level of violence and the probability of seriously affecting the physical integrity of CVES. But also, those generated by the phenomenon of violence in the environment, which, at the regional level, are beginning to occur with increasing frequency, increasing the probability of collateral effects or damage to the physical integrity of CVES, in transit to and/or from the company's business facilities.

In turn, these risks have significantly increased the perception of insecurity in the environment. As a result, it has contributed to changing consumer habits and affecting the flow of established commerce, forcing a continuous and rapid reaction in terms of security and prevention, to mitigate the effects that this could have on operations in the medium and long term.

Specific impacts on Falabella:

- Legal proceedings in criminal and civil courts
- Legal proceedings in criminal and civil courts
- Permanent closure of premises

Mitigation measures: to deter and/or discourage the planning and execution of high impact crimes, which put at risk the physical integrity of people inside and around business facilities, the following mitigation measures, among others, have been implemented:

Regarding our **employees:** implementation of programs to raise awareness of the risk of overexposure in social networks to avoid and/or mitigate the probability of profiling.

Emerging Risks

(2/2) Emerging trends in physical security that impact the integrity of our customers, suppliers and/or collaborators.

In addition to the provision of means of transportation for the approach and/or withdrawal of store and branch opening and closing to key personnel.

Regarding to **visitors, customers and suppliers**: monitoring of the environment and early warning for temporary and permanent closures of facilities, in the event of risks to physical integrity.

Related to **internal policies and procedures**: conformation from the corporate level of permanent safety working tables at the regional level, for purposes of coordination, case studies (lessons learned), risk assessment and transfer of best practices.

Regarding the **relationship with the authorities**: development and implementation of a “Regional Liaison Plan” to facilitate local coordination in prevention and security matters.

It is worth mentioning that the mitigation measures indicated apply to all BUs, but considering the characteristics of the specific business, its structure, exposure and associated cost.

(1/2) Cybercrime driven by technological developments

Cybercrime driven by technological developments

Cybercrime driven by technological developments refers to the growing threat of sophisticated cyber-attacks that leverage the latest technological innovations, such as artificial intelligence and machine learning, to compromise systems, steal sensitive data and cause group-wide operational disruptions. The scope of the risk is broad, as it could impact multiple areas, such as e-commerce, Cloud and on-premise infrastructure, digital banking platforms and retail sales channels, and materialize in the following ways:

- Advanced **phishing attacks**: use of Artificial Intelligence (AI) to create personalized and convincing phishing emails targeting key employees.
- **Intelligent malware**: malware using machine learning to evade detection systems and adapt to the company's environment.
- Attacks on **the e-commerce platform**: exploitation of vulnerabilities in the e-commerce platform to steal customer data and payment credentials.
- Compromise of **payment systems**: sophisticated attacks on banking infrastructure to manipulate transactions or steal funds and use of AI algorithms to detect patterns and exploit vulnerabilities in fraud detection systems.

Emerging Risks

(2/2) Cybercrime driven by technological developments

- **Data manipulation:** Subtle but significant alteration of financial or inventory data using machine learning techniques to evade detection.
- **Supply chain** attacks: engaging less secure suppliers or technology partners to gain access to company systems and use of AI to identify and exploit the weakest links in the digital supply chain.
- Advanced **social engineering:** use of audio or video deepfakes to deceive employees and gain access to confidential systems or information.
- Attacks on **IoT systems:** exploitation of IoT devices in retail stores or distribution centers to gain access to the corporate network.

Potential impact on the company:

- Direct financial losses due to theft or fraud.
- Recovery and systems strengthening costs.
- Reputational damage and loss of customer confidence.
- Regulatory sanctions for non-compliance with data protection regulations.
- Business interruption and loss of revenue.

Protective Measures:

Network and systems security: New generation firewalls and intrusion detection/prevention systems (IDS/IPS). Patch and update management process. Multifactor authentication (MFA) in critical systems.

Data protection: Encryption of data at rest and in transit. Data Loss Prevention (DLP) solutions. Regular vulnerability assessments and penetration testing.

E-commerce and retail security: Secure payment gateways under PCI DSS compliance. Anti-fraud-based systems to detect suspicious transactions. Protection of point-of-sale systems with specialized anti-malware solution. Conducting regular audits and ethical hacking exercises on the Falabella group's ecosystem.

Payment systems security: Real-time transaction monitoring systems. Analysis of user and entity behavior to detect anomalous activities. Transaction limits and approval processes for high-risk transactions.

Access management: Application of principle of least privilege and segregation of duties. Privileged account management solution (PAM). Periodic reviews of access and privileges.

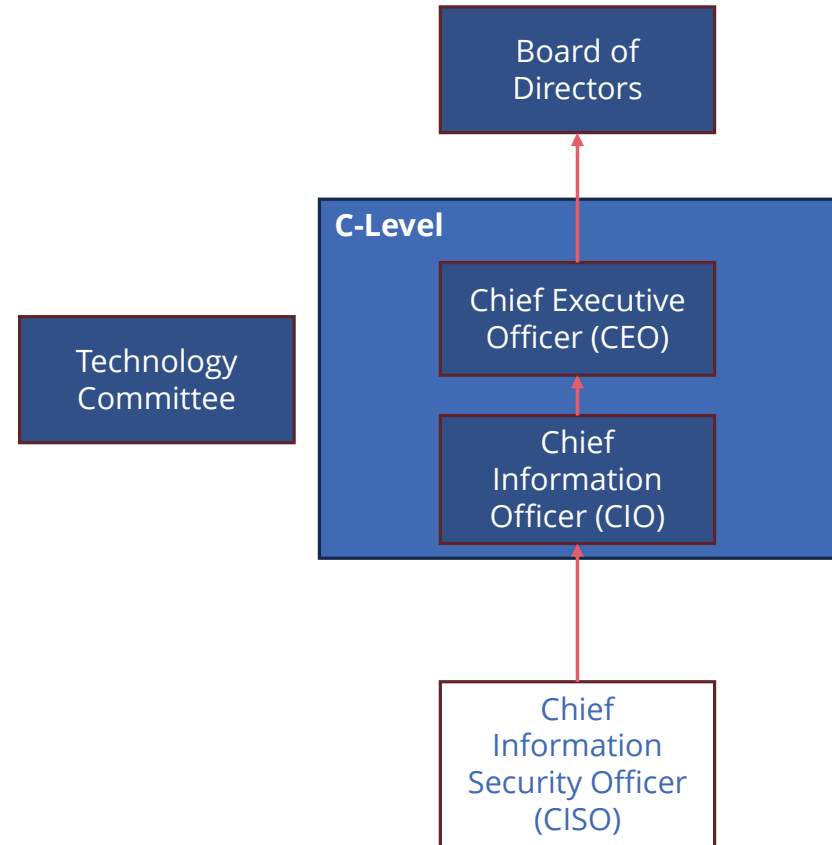
Other measures include: training and awareness on Cybersecurity for all employees and Ethical Phishing exercises; Definition of security standards for suppliers & third-party risk management process; Cloud-based DDoS mitigation services. Load balancers and traffic filtering systems; Development and testing of security incident response plan and crisis plan; Advanced monitoring and analysis through SIEM (Security Information and Event Management) solution. Big data analysis to detect advanced threats.

Cybersecurity Governance

Since June 2023, Mr. Germán Quiroga has served as the director responsible for information security and, in this function, has coordinated with the Chief Information Officer of the Company.

Rodrigo Martins is the Chief Information Security Officer (CISO), and as such, is responsible for cybersecurity within the Falabella ecosystem.

The CISO reports directly to Ashish Grover, Chief Information Officer (CIO) of the Falabella Group.



02

Our Team



Workforce Breakdown: Gender

Based on our 2023 Annual Report, at the end of the year, **48.9%** of management positions in Falabella's income-generating areas were occupied by women.

Employee Development Programs

Program # 1

Name and description	Business Benefits	Relevant KPIS
<p>Falabella Digital School:</p> <p>This program that enhances digital transformation at Falabella, offering our teams training and development opportunities in digital roles.</p> <p>Available in Chile, Peru and Colombia, 513 people have taken part in its three 3 training phases: digital immersion, technical bootcamps and professional practice, with three lines of specialization: Data Analysis, UX/UI Design and Front/Back End Development.</p> <p>The program has promoted the training and development of digital skills for employees and personswith disabilities who have been part of it, impacting their employability options in the field of digital transformation.</p> <p>Through this program, shared digital values have been created, enhancing the innovation, that is key to digital transformation.</p>	<p>The Digital School program allows the improvement of digital leadership skills, motivating our team members who are interested in the technological - digital field, and aiding in their development, which ultimately facilitates the transformation of our company.</p> <p>To define the program's training content, an analysis was carried out of the skills most required by our companies, mainly Front End Developers and UX/UI Designers, including, in 2022, the Data Analytics specialization.</p> <p>Participants do a period of professional practice in the IT Departments of different companies in the group, which gives them hands-on experience in these digital settings, allowing them to adapt to new roles. The time and cost of searching for professionals with these profiles are also reduced.</p>	<p>The program's impact on the corporation is measured in the number of people who manage to be converted to digital roles. For instance, In 2023, 49 employees successfully completed the technical bootcamp phase, of which:</p> <ul style="list-style-type: none"> • 24 people improved their Data Analysis skills; • 10 did so in web development (JavaScript, Back End, Front End, Developer); and • 15 developed skills in UX/UI Design. <p>This is also measured as an increase in the number of "technological vacancies". In this regard, having people prepared internally to fill vacancies in digital roles is a competitive advantage that also drives the internal development of collaborators.</p>

Employee Development Programs

Program # 2

Name and description	Business Benefits	Relevant KPIS
<p>Learning Culture Program</p> <p>This program aims to improve employee performance, productivity and commitment, promoting their learning and development at all levels and areas of the organization. It seeks to pervade organizational culture at a cultural level, with a focus on the establishment, reevaluation and promotion of social, experiential and educational learning habits. To meet this objective, we have developed initiatives in two areas that are detailed below:</p> <ol style="list-style-type: none"> 1. Increase the offer of e-learning courses. 2. Promote learning habits in the workflow through the implementation of practices such as continuous feedback, networking, mentoring, shadowing, and experiential learning and foster values such as psychological safety, diversity and inclusion, and a culture of errors. <p>To sustain these initiatives, 3 central enablers were developed:</p> <ul style="list-style-type: none"> • Community of Learning Ambassadors made up of 28 management-level Leaders, who have been trained to fulfill the role of promoting and modeling continuous learning, • Recognition program, which rewards monthly collaborators who self-manage their learning. • Communication campaign focused on raising awareness about the value of learning. 	<p>This program, as mentioned, seeks to establish a culture of self-learning that positively impacts the business from the tools it provides to its collaborators. Specifically, it seeks to impact the following areas of human capital:</p> <ul style="list-style-type: none"> • Increased talent retention. • Increased employee commitment. • Improvement of performance and productivity in different areas. • Reduced costs in promoting compliance with training programs, achieving greater coverage of collaborators who complete them. 	<p>Impact is measured through:</p> <ol style="list-style-type: none"> 1. The Annual Culture Survey, carried out in October 2023 in which collaborators are consulted anonymously about their learning experience in 2 areas: <ul style="list-style-type: none"> • Access to the training necessary to do the job well, which obtained 78% positive responses • Continuous learning opportunities, which obtained 81% positive responses. <p>These 2 areas have a strong correlation with the level of commitment to the organization declared by the collaborators and are the 2 best evaluated areas, while also having the strongest correlation with the intention to remain in the organization.</p> 2. The results of training management: 89,122 people have been trained, for an average of 19.6 hours per person. The global training NPS was 62 points in 2023 for the Falabella Group.

Long-Term Incentives:

MBA Program

The objective of this strategic program is to provide scholarships for MBAs and other master's degrees to further train employees with high performance and high leadership potential. In 2023, a total of four scholarships (three MBAs and one master's degree) were awarded to attend the best universities in the world, providing 100% financing. Financing covers the total tuition fee and a USD 5,000 stipend.

Upon return, MBA scholarship recipients must stay at the company for three years, or two in the case of a master's degree in another area.

Lost-Time Injury Frequency Rate (LTIFR) - Contractors

Complementing the independent verification of metrics carried out in our 2023 Annual Report by an external auditor - which includes GRI metrics related to health and safety - all our companies in Chile must, by compliance, obtain verification certificates of the accident rate indicators of workers and contractors, through a mutual security company in charge of this audit.

03

Creating Long-Term Value





Contributions and Other Spendings

Falabella participates in many national and international associations and organizations, in order to develop strategic alliances with common interests that reinforce our sustainability objectives.

More information on these contributions can be found in the 2023 [Annual Report](#), page 117.

Contributions to:	2019	2020	2021	2022	2023
Lobbying organizations	0	0	0	0	0
Political organizations or candidates	0	0	0	0	0
Trade unions, think tanks and other tax-exempt organizations	1,085,000,000	1,421,000,000	905,094,739	944,854,147	1,161,956,508
Others	0	0	0	0	0
TOTAL (CLP)	1,085,000,000	1,421,000,000	905,094,739	944,854,147	1,161,956,508
Coverage (as % of income)	100%	100%	100%	100%	100%

Largest Contributions and Expenditures

Issue	Corporate Position	Name of organization, candidate or topic	Total spending in 2023 (CLP)
Financial Industry Organizations	Support	The contribution made to the Organizations of the Financial Industry aims to promote self-regulation initiatives and the development of best business practices in the country. It seeks to promote continuous improvement for the benefit of the inclusion and protection of consumers, promoting the highest standards of service and enabling better knowledge of the products offered to our current and potential customers.	\$495,333,214
Chambers and associations of shopping centers	Support	Contributions to shopping center chambers and associations have the strategic objective of aligning ourselves with the market, sharing best practices for the benefit of shopping centers and discussing the issues that affect these associations.	\$276,020,079

Largest Contributions and Expenditures

Name of organization, candidate or topic	Total spending in 2023 (CLP)
<p>The Chilean Chamber of Shopping Centers is an independent, non-profit trade association that brings together individuals and legal entities that own or manage shopping centers. Its objective is to actively contribute to the comprehensive development of the shopping mall sector, and to provide Chilean consumers with world-class standards.</p>	191,877,006
<p>ComexPerú is a business association that seeks to contribute public policy proposals, based on the defense of principles and not particular interests, in order to promote job creation, opportunities and a better quality of life for citizens. It brings together the main exporters, importers and service providers in various economic sectors such as agro-exports, mining, energy, manufacturing, retail, tech, logistics, tourism, infrastructure and health, among others.</p>	139,589,857
<p>The Association of Shopping and Entertainment Centers of Peru - ACCEP, created in June 2001, and of which which encompasses the country's leading shopping centers, aims to promote the development of the industry by representing, promoting and defending its members before public and private organizations.</p>	47,819,460

Tax Reporting

Country - Tax Jurisdiction	Total Revenue	Profit (Loss) Before Tax	Tax Paid	Tax Accrued (Current year)	Number of workers
ar: Argentina	99,517,760	6,544,582	457,183	616,977	900
br: Brazil	256,156,275	-9,676,513	326,397	420,066	3,217
cl: Chile	7,861,901,815	190,810,686	88,649,225	122,059,732	42,817
cn: China	9,671,734	509,206	183,836	109,298	152
hk: Hong Kong	-	-9,117	38,702	-	-
co: Colombia	951,165,265	-41,653,796	14,900,409	4,698,507	6,705
in: India	19,619,064	2,493,871	594,744	261,681	419
pe: Peru	3,314,233,115	73,247,516	41,628,591	27,775,534	28,628
uy: Uruguay	68,500,655	2,114,742	180,567	188,370	422
mx: Mexico	43,969,293	-23,362,871	97,883	-	153
us: United States	19,787	-820,657	1,352	-	1
gb: Great Britain	-	-5,168,922	-	33,269	-
de: Germany	9,067	3,935,128	16,436	15,613	-
Total	12,624,763,830	198,963,855	147,075,324	156,179,048	83,414

Notes:

- All reported amounts are in thousands of Chilean Pesos (CLP). For entities that do not use CLP, the exchange rate has been calculated as of December 31, 2023, except in the "Tax Paid" column. For this column, refer to the definition provided below.
- The figures in the above table are derived solely from entities within the Falabella Group that are consolidated for the purposes of the 2023 Consolidated Financial Statements of Falabella S.A. As a result, the personnel figures may differ from those reported in other sections of the 2023 Annual Report.
- Total Revenue:** Represents the aggregate from both related and unrelated parties, as recorded by each company within the reporting country.
- Profit (Loss) Before Tax:** Represents the aggregate profit or loss before tax as determined by each company within the reporting country.
- Tax Accrued:** This represents the income tax calculated on the taxable income of each company within the reporting country for the 2023 fiscal year.
- Tax Paid:** As of the date of this report, this column includes the tax paid for the 2022 fiscal year, which was due in the 2023 tax year. This is consistent with the information presented in the 1937 Affidavit for Tax Year 2023 submitted to the Internal Revenue Service on behalf of Falabella S.A.
- Number of Workers:** Represents the total count of employees reported by each entity within the reporting country.

Effective Tax Rate

	Business segment	2022 (thousand CLP)	2023 (thousand CLP)
Earnings before tax	Non-banking business	111,740,789	175,868,820
	Banking business	142,521,869	23,095,035
	TOTAL	254.262.658	198,963,855
Reported tax	Non-banking business	20,698,736	(27,913,013)
	Banking business	(1,479,651)	17,533,669
	TOTAL	19,219,085	(10,379,344)
Effective tax paid	Non-banking business	(166,498,406)	(81,077,619)
	Banking business	(122,009,232)	(50,089,386)
	TOTAL	(278,507,638)	(131,167,005)

- This document is intended to serve as an explanation of Falabella's effective tax rate for 2022-2023, which has been impacted by non-recurring losses during 2023.

04

Value Chain



KPIs for Supplier Screening

		Tottus	Falabella Retail	Sodimac	Mallplaza
Total number of Tier-1 suppliers		4,504	8,252	8,438	1,987
Total number of significant suppliers in Tier-1	By commercial criteria	324	4,641	3,205	121
	By ESG criteria	22		1,396	
% of total spending on significant suppliers in Tier-1		N/A	95%	N/A	52%

KPIs for Supplier Assessment

	Falabella Retail	Sodimac	Mallplaza	Tottus	Consolidated
Total assessments of suppliers	1,716	1,396	1,007	839	4,958
Number of suppliers assessed with substantial current/potential negative impacts	36	536	630	22	1,224
% of suppliers with current or potential significant negative impacts that have an approved corrective action/improvement plan	100%	100%	28%	0%	99%
Number of suppliers assessed with current or potential significant negative impacts whose contracts/business relationships have been terminated.	0	0	39	0	39
Total number of suppliers supported in the implementation of a corrective action plan.	36	256	11	0	303
% of significant suppliers involved in capacity building programs.	0%	100%	11%	0	23%

Product Recalls

A product recall is a request by a manufacturer to stores and/or customers to return a product after discovering safety issues or defects in the product, which could endanger the consumer or put the manufacturer/seller at risk of legal action. This does not include customer product returns or products that were damaged or unsellable before reaching stores.

Falabella is committed to the health and safety of our customers and members and to providing products that are safe and compliant, all supported by our professionals in health and wellness, product safety, and food safety. In the event of a product recall, we work quickly to block the item from sale and remove it from our stores and websites. Additionally, we communicate to our customers who have already purchased the product that they can return it to the store and receive a refund.

This indicator does not apply to Linio or Falabella.com because they do not offer private label products.

To learn more and find our 2023 private label recalls, please visit our [2023 Annual Report](#), p142.

05

Social Impact



Living Wage Methodology

Falabella has made a living wage calculation for its entry-level employees, based on the DJSI definitions of basic expenses (food, clothing, and housing) and additional costs (health, transportation, and personal care items). The methodology then takes the basic salary ranges and compares them to the cost of living in each country.

Some basic points for Falabella are:

- 1) The minimum and half points of our salary ranges are higher than the legal minimum salary.
- 2) The midpoints of our salary ranges are greater than the cost of living.
- 3) The salary bands are an international methodology, which we already apply and are updated annually. The estimated cost of living is based on the comparison of three approximations that include costs by category, published on specialized sites, and official government information.



Online Strategies & Customers Online

Item	2023
% of total customers using online services solutions/sales platform	21%
% of revenues generated online	21%

Privacy Policy: Systems/Procedures

Falabella internally supervises and audits its personal data protection compliance program through its business units. More recently, so far in 2024, our Colombian subsidiaries underwent an independent external party audit of our practices and procedures.



Customer satisfaction measurement

Complementing our 2023 Annual Report, our consolidated NPS for 2023 was 57%.

06

Environmental Impact



Environmental Policy & Commitments

Falabella's Environmental Program is designed to establish, communicate, and guide the behavior of its employees and suppliers in relation to environmental stewardship. The program also outlines the necessary mechanisms to ensure compliance with the voluntary environmental commitments made by its various companies, as well as adherence to regulatory requirements. This framework enables effective management of environmental risks through measures related to regulation, communication, implementation and control.

In terms of communication, the program aims to raise awareness of environmental responsibilities and the expected standards of conduct that Falabella upholds with its diverse stakeholders. Some of these initiatives include:

- 1. Onboarding:** The Environmental Program is integrated into the mandatory onboarding process for new hires, ensuring they understand the key regulatory elements and associated obligations.
- 2. Training for Relevant Positions:** Annual training is provided for specific roles that are particularly relevant to regulatory obligations, focusing on the responsibilities tied to their functions.
- 3. Suppliers Day:** An annual meeting with Falabella's main suppliers is held to outline their obligations as commercial partners, in line with local regulations and internal compliance standards. The importance of supporting Falabella's environmental objectives and goals is also emphasized.
- 4. Internal Regulatory Communication:** The Environmental Program's content is disseminated through the company's internal digital platforms, aiming to keep our employees informed of relevant environmental news and updates.

Energy Management Programs (1)

Falabella has adopted a Corporate Energy Policy establishing principles for promoting energy-efficient practices across our ecosystem and workforce. It is aimed at progressively reducing both direct emissions from fossil fuel use and indirect emissions from electricity consumption. To achieve this, we have implemented the following energy management programs:

Energy audits to identify opportunities to improve energy performance

In 2023, as part of the implementation of the energy management system, Tottus, Falabella Retail, and Sodimac in Chile conducted energy audits based on electricity, gas, and diesel consumption. These audits identified significant energy uses and led to the definition of energy baselines, opportunities for improvement, objectives and goals, and action plans to achieve these targets. Mallplaza, meanwhile, recertified its operations under ISO 50001, focusing on identifying energy efficiency measures to reduce total energy consumption by 10-20%. Additionally, Falabella Retail carried out its first energy audit in compliance with energy efficiency laws, while Sodimac developed a procedure for identifying opportunities to enhance energy performance, also reviewing different technology options.

Quantified targets to address energy savings

Based on the analysis of opportunities for improvement and their prioritization, Tottus set a general objective to improve total electricity use by December 2024, compared to the established energy baseline. Specific goals were also set, such as a 7% improvement in total electricity performance at the Puente Alto site and raising awareness about energy use among 20% of our total employees. Mallplaza committed to using 100% LED lighting and implementing automatic Energy Management Systems in its 25 urban centers. Furthermore, Sodimac established internal energy-saving targets, achieved through investments in technology, monitoring, control, and training.

Energy Management Programs (2)

Falabella has adopted a Corporate Energy Policy establishing principles for promoting energy-efficient practices across our ecosystem and workforce. It is aimed at progressively reducing both direct emissions from fossil fuel use and indirect emissions from electricity consumption. To achieve this, we have implemented the following energy management programs:

Investments in innovation or R&D to decrease energy consumption

In 2023, we upgraded refrigeration systems at Tottus Plaza Egaña and San Bernardo to more energy-efficient refrigerants. Additionally, over 36,900 square meters of sales area were fitted with LED lighting. Mallplaza also implemented an AI-driven project to control and regulate air conditioning energy use based on the number of visitors in urban centers. This technology enhances the efficiency of air conditioning management, contributing to reduced energy consumption.

Energy efficiency training provided to employees to raise awareness of energy consumption reduction

In 2023, Tottus conducted five training sessions focused on the benefits of its energy management system. Mallplaza continues to provide ongoing training to its technical professionals on the implementation and management of its energy system under ISO 50001 standards. Falabella Retail has imparted training on the energy efficiency law, the interpretation of ISO 50001 certification, and operational control. Sodimac has introduced regular information sessions to raise awareness of energy consumption and promote behaviors that support energy efficiency.

Waste Management Programs

Incorporating circular economy principles into waste management, both during operations and post-consumer phases, is a global challenge. At Falabella, we tackle these challenges through concrete actions aligned with our core value of "Protecting the Future." Our initiatives include the following programs:

Waste audits to identify opportunities for improving waste performance

Tottus stores certified under the Clean Production Agreement have implemented a Zero Waste to Landfill program, which includes audits conducted by waste management contractors. These audits evaluate the types of domestic waste generated, where it is produced, its recyclability, and its contribution to overall waste composition. The objective is to identify previously overlooked recoverable waste and assess the feasibility of recycling it. Sodimac and Mallplaza, in turn, monitor waste transport and disposal monthly through an online platform to optimize container usage and achieve higher efficiency.

Waste reduction training provided to employees

At Tottus stores in La Cisterna and Puente Alto, training sessions were conducted to improve waste segregation at the source, with the aim of increasing recycling rates. Additional training supported projects focused on recovering organic waste of farinaceous origin in some stores in the Metropolitan Region, reducing the amount sent to landfills. Mallplaza, with ISO 14001 certification for 68% of its malls, integrates environmental protection training into its operations. Falabella Retail offers e-learning courses on the Extended Producer Responsibility Law (Ley REP) and runs information campaigns on waste management in stores. Sodimac provides ongoing training to employees on proper waste management and the use of waste monitoring platforms.

Waste diversion from landfills is certified by an independent accredited body

Falabella has independently verified GRI indicator 306-2, which tracks waste recovery data in its 2023 [Annual Report](#).

Water Efficiency Management Programs (1)

We have implemented the following programs to safeguard water resources:

Water use assessment to identify opportunities for water efficiency improvement

Mallplaza conducts an annual water footprint assessment to identify systems with the highest water consumption and evaluate opportunities for reducing it. Sodimac has implemented a water monitoring system to track consumption habits and take corrective actions to align usage with expected levels.

Actions to reduce water consumption

Tottus participates in a climate and environmental governance initiative developed by the Municipality of Puente Alto, where stores in the municipality commit to raising awareness among workers about best practices in water efficiency. Posters have been installed to promote water-saving practices among employees, and similar materials have been made visible to customers. Additionally, Mallplaza has implemented a remote water use monitoring platform, along with the installation of water-efficient urinals and taps.

Actions to improve wastewater quality

To enhance wastewater quality, Tottus manages Liquid Industrial Waste (LIW) through several measures: physical purification treatment systems, the injection of bacteria to reduce oil and fat concentrations in wastewater, preventive maintenance of grease traps, and training on best practices for managing liquid industrial waste in processing rooms. Monthly audits are conducted in stores to monitor LIW management, and a quarterly report is generated by the operations area to inform stores about the status of critical locations concerning wastewater quality.

Water Efficiency Management Programs (2)

We have implemented the following programs to safeguard water resources:

Setting water consumption reduction targets

Mallplaza aims to reduce its direct water use intensity by 30% by 2025, using 2019 as the baseline.

Application of water recycling

In its Cali operations, Mallplaza has introduced rainwater recycling for use in bathrooms and the irrigation of green spaces.

Employee awareness training on water efficiency management

Mallplaza, with ISO 14001 certification for 68% of its malls, provides training on environmental protection, including water efficiency management.

Packaging commitment

Regarding the commitments and programs established to manage impacts related to packaging use, Falabella has taken the following steps:

Measurable group-wide commitment to reducing the volume and/or weight of packaging

In January 2024, Falabella Retail and Falabella.com entered into a Clean Production Agreement (CPA) with the Santiago Chamber of Commerce and the Sustainability and Climate Change Agency of the Chilean Ministry of the Environment. This two-year public-private partnership aims to identify opportunities to reduce the environmental footprint of packaging throughout the lifecycle of e-commerce and to execute collaborative actions that enhance circularity. The agreement includes a commitment to reduce e-commerce packaging weight by 5% by the end of 2025.

Programs to phase out single-use plastic packaging

Mallplaza has launched its “Plaza 0” program, making it the first mall in Chile to take action against disposable plastic tableware and packaging in food courts. This initiative aligns with Chile's Single Use Plastics Law, which mandates that within a determined timeline, no restaurant or store serving food may use non-reusable products.

Programs to ensure that recyclable packaging is actually recycled

Sodimac has established a nationwide network of recycling points in Chile, ensuring that the public has access to recycling facilities and effectively recycles packaging materials such as cardboard, glass and plastics. The company tracks the weight of recovered paper and cardboard, plastics, metals, and glass on its website. The company also offers products made from plastic waste collected at its recycling points. Furthermore, Sodimac's waste recovery for cardboard, plastic wrap, and wood is managed by specialized, certified companies, guaranteeing effective recycling.

Raw materials

Regarding commitments and programs set to manage impacts related to raw materials, the company has implemented the following:

Sodimac

Sodimac has created the **ECO Products** range, known for its positive environmental and social attributes. **ECO Products** must meet specific standards and requirements to be included in our assortment as detailed by our Quality Control team and outlined in our [Sustainable Product System Guide](#). This guide dictates that eligible products must have one or more of the following: third-party certifications, a third-party validated carbon footprint, or an Environmental Impact Declaration published under a current program.

The example presented here refers to FSC certification for our own brand wood beams and sawn wood, which shows our commitment for the sustainability of raw materials origin and environmental impact.

Retail

Falabella Retail's +Verde program considers a responsible sourcing component. This initiative defines preferred raw materials and the minimum percentages that must be contained in the composition of a given product to be included as part of the program. For a raw material to be considered as having a sustainable attribute, it must be traceable through a certification of origin which includes aspects such as a reduction of the negative environmental impact on soil quality, biodiversity, pollution, and the use of fresh water, in addition to social aspects such as human health and fair trade. +Verde aims for sustainably sourced raw materials to comprise 30% of units sold by 2030, the progress of which can be found in Falabella Retail's Sustainability Report.



Raw Material KPIs

The following KPIs reflect Falabella Retail's material mix in its Conscious Brands product catalog, which in 2023 accounted for 1.2% of the Group's consolidated revenue, or 1.6% of Falabella's revenue from consolidated retailing activities.

2023	Amount	Standard name	Share of materials used that are certified	Share of materials used that are recycled:
Cotton	5,210 tons (5,210,378 kg)	GOTS, OCS	5 %	10 %
Wool	2,712 tons (2,711,604 kg)	None	0 %	0 %
Silk	0 tons	None	0 %	0 %
Leather	148 tons (147,739 kg)	None	0%	0 %
Cashmere	0.65 tons (646 kg)	None	0%	0 %
Natural Rubber	4,324,766 tons (4,324,765,925 kg)	GRS, RCS	0.5 %	0.5 %
Down	0.32 tons (31,791 kg)	RDS	60%	0 %
Man-made cellulosic fibers	1,198 tons (1,198,050 kg)	EcoVero, Tencel Lyocell, Modal	22 %	4 %

2023	Amount	Percentage derived from recycled plastics
Plastic materials in products	6,599 Tons (6,599,093 kg)	14 %

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