FALABELLA

CLIMATE REPORT

2023

+ falabella.com SODIMAC TOTTUS mallplaza Banco Falabella

FALABELLA

Company name	Falabella S.A.
Parent company address	Avenida Presidente Riesco N°5685, 4th floor, Santiago.
Website	investors.falabella.com

To learn more about our financial and non-financial performance, visit:

2023 Annual Report click here

Contents

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You can navigate through the contents of the report by **clicking on each chapter** and its **sub-topics**. You may also click on the **interactive buttons** leading to specific content.

Climate report

Climate change, which is caused primarily by human activities, is one of the largest global environmental challenges. Given its far-reaching implications the issue cannot be addressed in isolation. It is not only an environmental concern but also one of development, with significant impact on society, the economy, ecosystems and people.

Mitigating climate change involves significantly reducing greenhouse gas emissions to levels far below those currently observed. This effort requires global collaboration and understanding, and an active participation of all nations and sectors. While mitigating climate change presents a challenge, it also offers society and businesses an opportunity to adopt more conscientious and sustainable production and consumption patterns. These changes will not only benefit the environment but also promote long-term economic and social wellbeing.

Falabella acknowledges the critical need for collective efforts to mitigate climate change. We aim to both contribute to reducing emissions and enhance our operations' resilience against climate-related risks.

This first Climate Report contains our commitments, progress and vision regarding the challenges we face at Falabella.

Letter from the Chief Executive Officer

"The climate crisis is one of the most significant historical challenges we face globally. As a group with a track record of excellence and a long-term vision, we know that companies must play a role in addressing this issue."

Over the course of our 135-year history, we have played a leading role in the development and growth of the countries where we operate, as well as the progress of their inhabitants. Our five business units—Banco Falabella, Mallplaza, Sodimac, Falabella Retail, Tottus—have enabled us to witness and adapt to major historical, economic, political, and social changes that have impacted consumer behavior and preferences. Our ability to anticipate and respond to market trends has positioned us as a preferred choice for over 35 million customers.

We are currently aware of the global effect of climate change, especially on the markets where we operate. 2023 was the warmest year on record. Our operations on the South Pacific coast were not immune to the impacts of climate change. We experienced extreme rainfall and heat waves in Chile, Peru, and Colombia, driven by the El Niño phenomenon, which has persisted throughout most of 2024, setting high summer temperature records in Chile and Peru.

The climate crisis is one of the most significant historical challenges we face globally. As a group with a track record of excellence and a long-term vision, we know that companies must play a role in addressing this issue. Hence, we are committed to working toward the achievement of key goals to reduce greenhouse gas emissions and make our operations more resilient to climate change, while managing our impacts.

At the beginning of 2023, we announced our commitment to achieve Net Zero status by 2035 for emissions under Scopes 1 and 2. This is based on a strategy to decarbonize our operations, adapt to physical risks, and transition to a low-carbon economy. We have also implemented a governance structure that incorporates the risk management approach.

A year later, this effort is already paying off: we closed 2023 with a 20% reduction of Scope 1 and 2 emissions as compared to our 2021 baseline year, while 73% of our power supply was generated from renewable sources. I would like to especially thank the teams for their commitment in facing the challenge of decarbonization as an opportunity to innovate, collaborate and experience our value of protecting the future.

In this first Climate Report, we provide a detail of our climate action strategy, its Scope, and its alignment with international methodologies and standards, proactively managing the risks and opportunities derived from this global phenomenon. We invite you to explore our progress and join us in reflecting on our key lessons and challenges.

Alejandro González Dale
CEO, Falabella S.A.

Key Financial Figures in 2023

FALABELLA

US$12.8 Bn
Total Revenues

US$2.8 Bn
Online GMV

US$0.8 Bn
EBITDA

We are Falabella

falabella.
falabella.com
Banco Falabella
mallplaza
SODIMAC
TOTTUS
FALABELLA

20,000+
Sellers[3]
US$734 million (+7% yoy)
3P[2] **sales**

35 million
delivered orders[2]
Home Delivery

US$**11.3 Bn**[1]
(-12% yoy)[3]
Revenues from retailers

US$**479MM**
(+13% yoy)[2]
Revenues in Mallplaza

18.6+ million
(+0% yoy)[3]
Loyalty program participants

US$**7.3 Bn**[3]
Gross loan book

FALABELLA

Colombia
26 Department stores
42 Home improvement stores
1,468,008 Active credit cards
4 Shopping centers

Mexico
13 Home improvement stores
669,149 Active credit cards

Peru
35 Department stores
56 Home improvement stores
89 Supermarkets
1,184,289 Active credit cards
15 Shopping centers

Brazil
54 Home improvement stores

Chile
45 Department stores
88 Home improvement stores
72 Supermarkets
2,901,043 Active credit cards
27 Shopping centers

Uruguay
4 Home improvement stores

Argentina
7 Home improvement stores

Operations in
7 countries

1. Figures as of 4Q23, last twelve months (LTM). Home Improvement operation includes the businesses in Chile, Peru, Colombia, Brazil, Mexico, Argentina and Uruguay. Mexico and Colombia do not consolidate in the Financial Statements.
2. Figures as of 4Q23, last twelve months (LTM).
3. Figures as of December 2023. Gross loan book includes financial services in Mexico.

Our Sustainability Strategy

Environmental

E

Climate Action

Goal

Contribute to reducing greenhouse gas emissions and establish operations resilient to climate change risks.

Target

- Decarbonizing controlled sources.
- Implementing renewable energy sources and enhancing energy efficiency.
- Proactively managing climate-change-related risks and opportunities.
- Collaborating with suppliers to minimize the environmental footprint associated with product manufacturing and transportation.

SDG

Circularity and Waste

Goal

Encourage circularity by maximizing resource utilization and minimizing landfill waste.

Target

- Minimizing food waste in supermarkets.
- Implementing integrated waste management systems in stores and shopping centers.
- Optimizing and efficiently utilizing packaging materials.

SDG

Social

S

Diversity, Equity and Inclusion (DEI)

Goal

Foster an inclusive work culture and environment that champions diversity, rejects all forms of discrimination, and promotes equal integration and participation for everyone.

Target

- Ensuring representation of female talent in top and middle management roles as well as in technology-related professions.
- Designing an inclusive journey for our teams.
- Establishing internal networks for development.
- Providing awareness and DEI training for employees.

SDG

Social Impact

Goal

To enhance the lives of individuals and communities we engage with, we strive to create opportunities, diminish inequality, and contribute to the development of a fairer and more equitable society.

Target

- Implementing initiatives and programs across four main areas:
  - Education
  - Entrepreneurship and employability
  - Inclusion and gender equity.
  - Development and empowerment of local communities.
- We evaluate the social impact of these programs based on scientific evidence and their alignment with the Sustainable Development Goals (SDGs).

SDG

Governance

G

Corporate Governance

Goal

Ensure a transparent and ethical business conduct, promoting the creation of sustainable value for the company and its stakeholders.

Target

- Corporate Ethics and Compliance Policies and Programs.
- Implementation of Due Diligence on Human Rights and Corporate Affairs.
- Implementation of the Integrated Risk Management Model.

SDG

1
2
3
4
5
6

Our Commitment

Our Commitment

In Falabella we acknowledge the critical need for collective efforts to mitigate climate change. We are committed to working toward the achievement of clear and science-based goals that reduce greenhouse gas emissions and make our operations more resilient to climate change.

We aim to both contribute to emissions reduction and enhance our operations' resilience against climate-related risks.

At Falabella, we are aware of this challenge and at the beginning of 2023 we announced four commitments aimed at fighting climate change and supporting collective action, taking 2021 as a baseline.

The Intergovernmental Panel on Climate Change (IPCC), in its sixth report, foresees an annual global temperature increase of 1.5°C for 2040, which will bring irreversible consequences for the ecosystems.

In addition, the COP28 conclusions emphasized the urgent need for transitioning from fossil fuels to renewable energy and the importance of setting clear targets for adaptation to climate change. Falabella acknowledges the critical need for collective efforts to mitigate climate change.

These commitments are part of Falabella's strategy to decarbonize its operations and adapt to physical risks while transitioning to a low-carbon economy. We have also implemented a governance structure that incorporates the risk management approach.

Climate Change Commitment

Reaching Net Zero emissions in Scopes 1 and 2 by **2035**

Reducing by **65%** Scope 1 and 2 emissions by 2030

65% of our power supply sourced from renewable sources by 2030

Achieving **20%** reduction of food waste in our supermarkets by 2025

Net Zero Emissions

Net zero emissions describes a state where emissions of greenhouse gasses released into the atmosphere and the removal of these gasses are in balance over a given period. Unlike carbon neutrality, the net zero emissions commitment focuses on reducing or mitigating emissions as much as possible, to then offset unavoidable or residual emissions through high standard carbon capture or removal credits. For Falabella, this implies reducing Scope 1 and 2 emissions by at least 90% compared to the 2021 baseline.

Options for residual offsetting include afforestation, reforestation, direct carbon sequestration, and regenerative agriculture. Such options are being evaluated for Falabella's remediation strategy.

Progress


Banco Falabella
¡Cámbiate a las nuevas tarjetas Mastercard!
¡Ojo con estos fraudes!
¡Cámbiate a las nuevas tarjetas Mastercard!
Escanea aquí
¡Revisa acá las promociones que tenemos hoy para ti!
Seguros Falabella

Progress

The progress we have made at Falabella during 2023 holds a dual significance for us: we recognize that environmental consciousness not only fosters innovation and enhances operational efficiency but also plays a critical role in shaping customer preferences, fostering loyalty, and enhancing overall value.

↓20%

We reduced Scope 1 and 2 emissions by 20% as compared to 2021, which means a reduction of emissions associated with sources under the company's direct **(Scope 1)** and indirect control, such as the power supply acquired by the company **(Scope 2)**.

73% of our **power supply** came from renewable sources, considering 265 power facilities under renewable energy purchase and sale agreements signed by Chile and Peru. This enabled us to reach our first corporate goal, which we defined in 2023 for 2030.

We rose six places from 2022 in the *Carbon Disclosure Project's* **international climate change assessment**, which evaluates the quality of climate change management in companies to help investors and other stakeholders make informed decisions about their investments and other commitments. We achieved a **B rating**, which recognizes companies that have addressed the environmental impact of their operations and made good progress in managing the risks and opportunities posed by climate change.

We also reduced **food waste** by 7% in absolute tons compared to 2021. This accounts for more than 1,200 tons of food that were used for purposes other than disposal, thus avoiding the generation of methane, a very short-lived greenhouse gas, which has 28 times more global warming potential than carbon dioxide.

FALABELLA

SCOPES

The Scopes correspond to the definition of the *Greenhouse Gas Protocol* (Corporate Standard) and indicate a company's level of control over its greenhouse gas emissions.

Scope 1: direct greenhouse emissions from sources controlled or owned by the company.

Scope 2: emissions that a company causes indirectly and come from sources of energy purchased and used by the company.

Scope 3: emissions associated with a company's value chain, which are not under its control.

Governance

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Governance

The **Board of Directors of Falabella S.A.** oversees the implementation of the corporate sustainability strategy, approves the allocation of annual budgets for decarbonization initiatives, and requests changes and updates from management, thus guiding and strengthening our strategic approach and resource allocation management. In 2023, the progress of our climate change strategy was presented to the Board once, to be repeated annually beginning in 2024.

The Board of Directors of Falabella S.A. oversees the implementation of the corporate sustainability strategy

In management, the highest role with responsibilities dedicated to climate-change-related issues is the Corporate Strategy and Sustainability Officer (CSO), who works in tandem with the business units' Corporate Managers in managing and implementing Falabella's Climate Action strategy. This collaborative approach ensures climate objectives are woven into the strategic and financial planning of our business units and aligns incentives for key roles responsible for executing sustainability initiatives, including climate change mitigation. To incentivize robust management of our climate initiatives, we include related performance indicators in the annual objective matrices for relevant roles. Notably, annual reduction targets for Scopes 1 and 2 are built to align performance to our expected reduction pathway for the medium and long term, aiming to achieve our commitments, and they are a part of the monetary incentive for the Corporate Strategy and Sustainability Manager. This incentive also extends to other business unit executives and managers. For example, in Mallplaza, footprint reduction is an ESG indicator that, along with other metrics, accounts for approximately 33% of those used to assess the performance of the **General Manager, Corporate Managers, Managers and Assistant Managers of this business unit.**

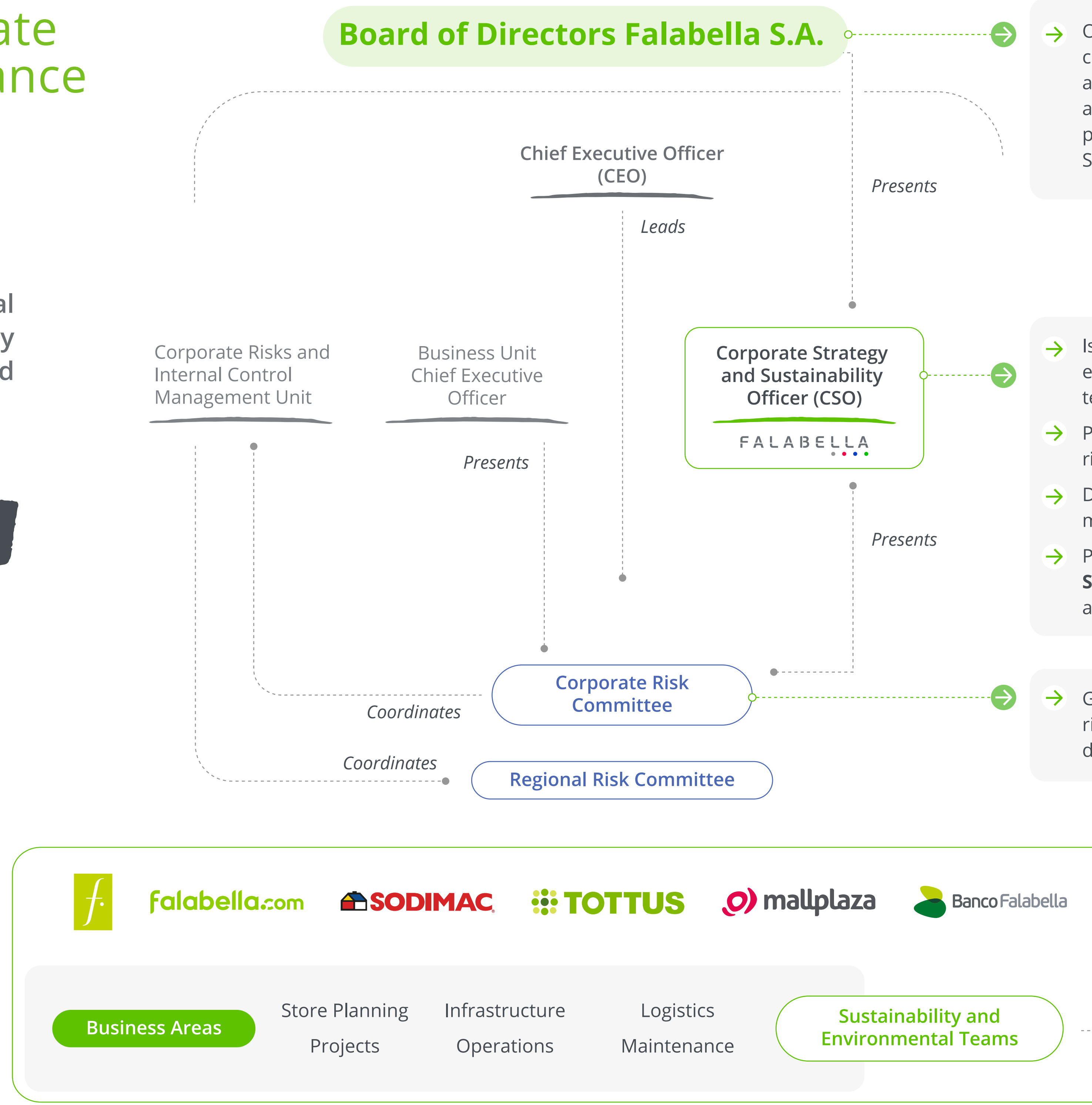
The role of the **Climate Change Risk Specialist** within the Corporate Strategy and Sustainability Management is crucial. This specialist is tasked with reporting on carbon footprint performance, monitoring climate change risks, and managing decarbonization plans. These reports are reviewed semi-annually with the CEO and executive team, and quarterly by the Company's Corporate Risk Committee. Furthermore, each business unit regularly assesses its progress and management through its specialized committees.

The highest management role responsible for executing sustainability initiatives, including climate change mitigation is the **Corporate Strategy and Sustainability Officer (CSO)**

Falabella's climate change governance structure

Our corporate Environmental and Climate Change Policy was approved by the Board of Directors.

Learn more about our **Environmental and Climate Change Policy**



- Oversees corporate management of climate change risks and opportunities on an annual basis and approves the strategy, commitments, budgets and investments associated with sustainability plans, including Falabella's Climate Change Strategy and decarbonization plan.

- Is the highest management role responsible for executing sustainability initiatives, including climate-change-related issues.
- Provides guidelines, tracks and reports the evolution of risks and opportunities derived from climate change.
- Defines acceptable and tolerable thresholds to manage physical risks associated with climate change.
- Proposes, leads and oversees the **Climate Change Strategy:** its approach, goals, methodologies and action plans with all business areas.

- Gains insight into the management and status of risks, including climate change risks and decarbonization plans.

Implement work plans associated with the climate change strategy in coordination with the Corporate Strategy and Sustainability Management Unit.

Strategy

Our Strategy

Our climate change strategy aims to reduce greenhouse gas emissions and make our operations more resilient to climate change. This translates into two equally relevant focuses.

Mitigation

Adaptation

Milestones

The mitigation and adaptation strategy has been structured and deployed transversally as a key driver of the Group's Sustainability Strategy. This strategy is implemented in every market and business operated by Falabella at a regional level.

2011

- For the first time, we measured the carbon footprint at our home improvement stores (SODIMAC)
- Our San Felipe department store was the first to earn the LEED Silver certification (falabella.)

2012

- We were the first Latin American shopping mall certified according to ISO 50001: Mallplaza Sur (mallplaza)

2015

- We commissioned our first solar PV power plant for self-consumption at Homecenter Copiapo (SODIMAC)

2019

- We were awarded the Excellence Seal under the HuellaChile program, becoming the first retailer to obtain this distinction. In addition, we started to offset the emissions produced by our home deliveries through the acquisition of carbon credits on the Santiago Climate Exchange (SCX) (SODIMAC)
- For the first time, we measured our Scope 1 and 2 emissions and achieved carbon neutrality in these two Scopes (falabella.)

2020

- Approval of our Corporate Environmental and Climate Change Policy (FALABELLA)

2021

- For the first time, we measured and verified our greenhouse gas emissions at a regional level, according to the Falabella baseline (FALABELLA)
- The Ministry of the Environment awarded Falabella the first and second Star of the Carbon Footprint Recognition Program (falabella., TOTTUS)
- 100% of our power supply was certified as sourced from renewable sources (falabella.)

2022

- Our bank branch in Parque Arauco was the first to earn the LEED BD+C Silver certification (Banco Falabella)

2023

- We committed to achieving net zero Scope 1 and 2 emissions by 2035, compared to 2021, with an interim reduction target of 65% by 2030
- We approved a corporate Energy Policy, whose purpose is to promote an energy efficiency culture and to progressively reduce both direct emissions from fossil fuels and indirect emissions from the use of electricity (FALABELLA)

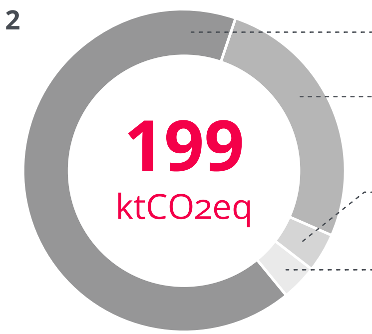
2023

- We were part of the launch of the Taskforce for Scope 3 of the European Do-It-Yourself Retail Association and the Global Home Improvement Network (SODIMAC)
- We renovated six supermarkets in Chile and Peru with more efficient and environmentally friendly refrigeration systems (TOTTUS)

Our 2023 Carbon Footprint

Emission source

Scope 1 and 2 emissions



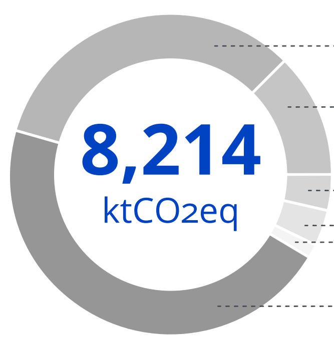
131 Fugitive emissions

53 Electricity

8 Mobile combustion sources

7 Stationary combustion sources

Scope 3 emissions



2,716 Use of sold products

1,018 "Downstream" transport and distribution

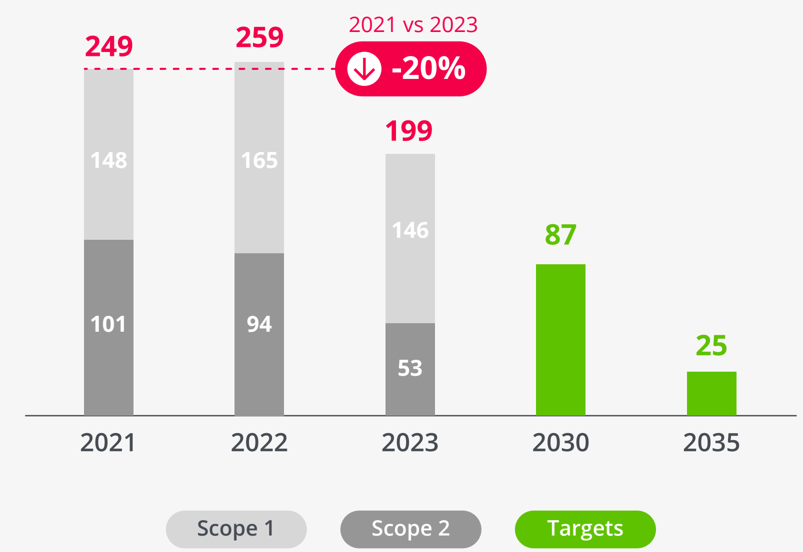
301 "Upstream" transport and distribution

286 End-of-life disposal of sold products

110 Other categories

3,782 Purchased goods and services

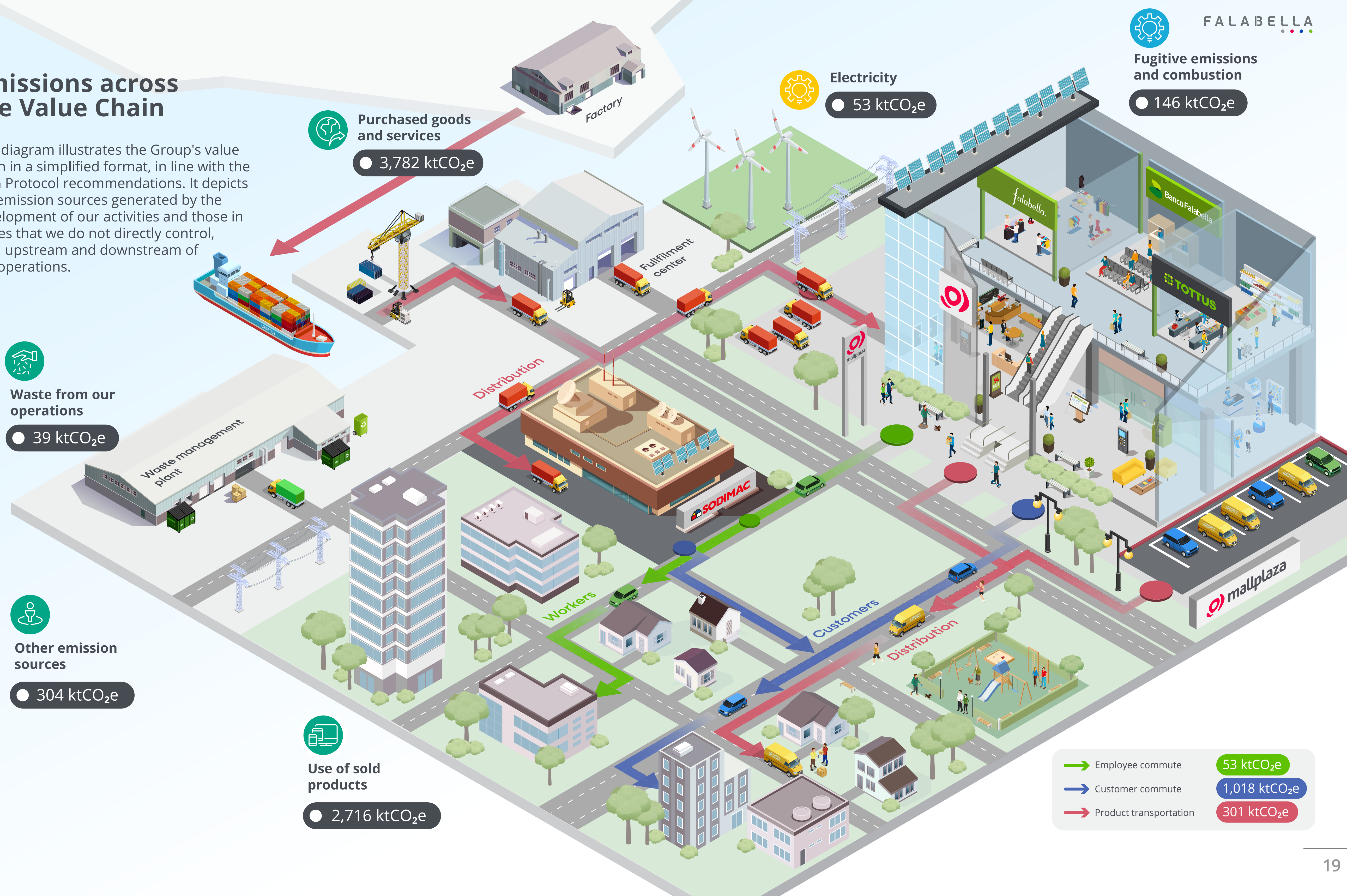
Our decarbonization progress (ktCO2eq)

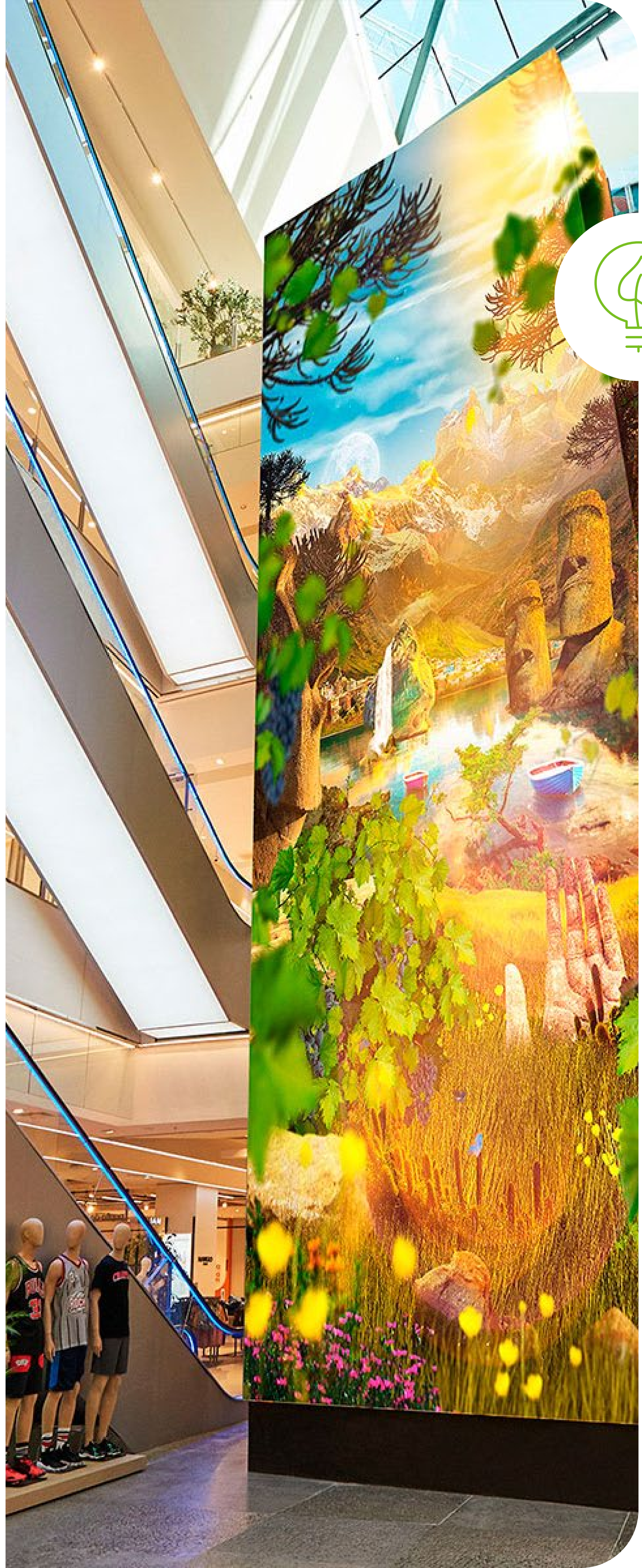


To learn more from our Carbon Footprint click **here**

Emissions across the Value Chain

This diagram illustrates the Group's value chain in a simplified format, in line with the GHG Protocol recommendations. It depicts the emission sources generated by the development of our activities and those in stages that we do not directly control, both upstream and downstream of our operations.





Mitigation

We are committed to decarbonizing our operations

In 2023 we announced our first climate change goal approved by Falabella's Board of Directors, which consists of achieving net zero Scope 1 and 2 emissions by 2035, aligned with the corporate Greenhouse Gas Protocol (GHG) standard. In addition, using 2021 as the baseline, we proposed an interim reduction target of 65% of emissions by 2030. This commitment is based on an operational control approach in our subsidiaries, including department stores, home improvement stores, supermarkets, shopping centers, logistics centers, bank branches and offices in Chile, Peru and Colombia, which account for 95% of our consolidated revenues in 2023.

Our short and long-term targets are aligned with the Science Based Targets Initiative criteria for Scopes 1 and 2. The standard calls for an absolute linear annual reduction of 4.2% to keep global temperature rise below 1.5°C. Therefore, our interim reduction goal for 2030 is even more ambitious than the annual reduction percentage, on a cumulative basis.

Falabella's decarbonization plan is based on a detailed analysis of operations and the measures required for mitigation, as well as the external factors and risks that influence greenhouse gas emissions in the categories associated with these Scopes.

Although we have not yet established specific targets for Scope 3, we recognize the critical challenge it represents for our industry and its relevance to our long-term sustainability strategy. Hence, we will assess collaborative ways to work with our partners and suppliers to identify carbon footprint reduction opportunities across our value chain.

With this commitment, we aim to reduce the environmental impact of our operations in the region, with the main purpose of reducing emissions from sources owned or controlled by the company.

Adoption of renewable energies

Our operations increasingly rely on **renewable energy**, presenting a significant opportunity to reduce our carbon footprint and support the decarbonization of the energy matrix in the countries where we operate. To this end, we actively pursue power purchase agreements (PPA) with suppliers that supply certified and traceable electricity from renewable sources to our facilities. We currently have renewable energy supply agreements with Enel in Chile and Statkraft in Peru, covering a total of 265 facilities. These agreements have enabled us to elevate the share of our electricity sourced from renewable sources to 73% as of 2023.

Facilities under a renewable power supply contract

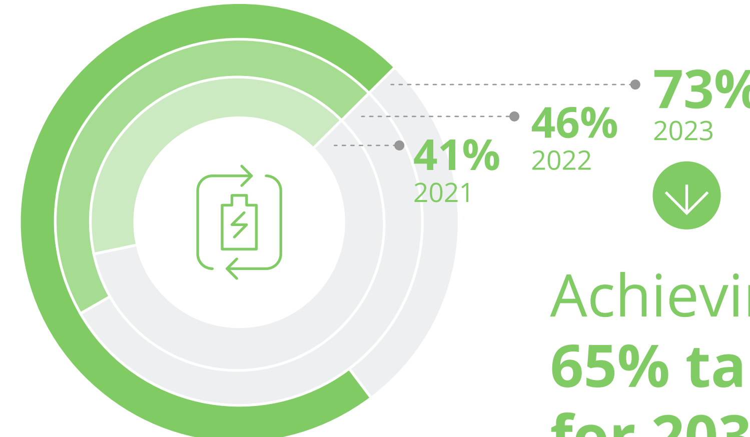
Chile

129	27	4
stores	shopping centers	logistic centers

Peru

88	14	3
stores	shopping centers	logistic centers

Supply from renewable sources
at our facilities (%)



Achieving our **65% target for 2030**

The Group's power consumption
per type in 2023

570 GWh
renewable energies

64 GWh
fossil fuels

207 GWh
conventional electricity (grid)

Efficient power consumption

Within the framework of the new **energy efficiency** regulations in Chile, Falabella has adopted a Corporate Energy Policy. This policy is designed to set foundational principles that govern the behaviors of our ecosystem and employees, fostering an energy-efficient culture aimed at progressively reducing both direct emissions from fossil fuel use and indirect emissions from electricity consumption. In alignment with this policy, Falabella has designed and implemented energy management systems that meet these regulatory standards. Mallplaza has also achieved ISO 50001 certification for energy management across all its shopping centers in Chile.

These systems are structured to provide a consistent framework for setting and reviewing energy objectives and targets, ensuring the availability of resources to meet these targets, continual enhancement of energy performance and management systems, and supporting the design and procurement of energy-efficient products and services.

At Falabella, we leverage technology to optimize energy use and reduce electricity consumption, maintaining comfort for both customers and staff within our premises. Our strategy includes the use of centralized control systems, as well as efficient climate control and lighting solutions to enhance energy efficiency. Our design and construction practices for new stores and shopping centers integrate energy-saving measures such as LED lighting, natural light utilization, and the selection of building materials that improve thermal efficiency, thus minimizing our energy needs.

Sustainable construction

Our infrastructure and project teams are dedicated to updating the group's real estate projects, balancing growth and development with the goal of **minimizing environmental impact.**

Our sustainable construction strategy is focused on creating healthy, safe, and comfortable spaces, founded on the following pillars:

MATERIAL

Use low-carbon building materials and promote recycling of waste in the construction process.

DESIGN

Employ design techniques to enhance the thermal and lighting performance of buildings, reducing their energy requirements.

ENERGY EFFICIENCY

Incorporate highly energy-efficient equipment for major uses, such as heating, ventilation, air conditioning, and lighting.

WATER EFFICIENCY

Install efficient plumbing fixtures and systems that promote responsible use of valuable water resources.

WASTE

Create spaces and provide equipment suitable for waste separation and transport.

WELLBEING

Ensure adequate ventilation, natural lighting, and safety to enhance the well-being of individuals.

LEED Certification

At Falabella, we implement architectural and engineering standards to improve our environmental performance through the LEED® (Leadership in Energy & Environmental Design) certification system. This system assesses, rates, and verifies sustainability aspects in various facilities, allowing us to operate with improved habitability and indoor comfort conditions. Additionally, it fosters operational efficiencies in water and energy consumption, as well as reducing construction waste generation.

In 2023, we achieved LEED Silver certification for the expansion of the Falabella San Bernardo Distribution Center and Certified level for Mallplaza Comas in Peru.

LEED-certified surface

15% certified square meters

CHILE	**342,135** m²	certified
PERU	**287,282** m²	certified
COLOMBIA	**241,526** m²	certified

*Considering all of our own stores, shopping centers and distribution centers with ID+C certification (interior design and construction) or BD+C (design and construction).

Adoption of low-impact cooling technologies

One of our **key decarbonization initiatives** is upgrading our supermarkets with refrigeration systems that not only offer lower global warming potential but also bring reduced maintenance costs and enhanced energy efficiency. The adoption of these advanced technologies has been pivotal in mitigating our Scope 1 emissions, given that fugitive emissions comprise over 90% of this category in our baseline.

In 2023, we successfully replaced refrigeration systems in six supermarkets across Chile and Peru, replacing those that use R-22 or R-507 gasses with transcritical CO_2 (R-744) refrigeration equipment. These investments are supported by a strategic coordination between our Corporate Sustainability Management and maintenance teams, ensuring prompt responses to any refrigerant leaks in stores still using high-impact gasses.

Indirect emissions in our value chain

Most of our Scope 3 emissions are embedded into our products. At present, both of our Falabella Retail and Sodimac business units promote product offerings with healthy and sustainable attributes in its sales catalogs. These attributes consider, among others, a publicly measured or third-party verified carbon footprint. In addition, Sodimac Chile has developed a carbon neutral program for home deliveries.

In 2023, Sodimac was part of the deployment of the EDRA (European DIY Retail Association) / GHIN (Global Home Improvement Network) Scope 3 work group, a group of major trade associations of home improvement companies from around the world, which are working to develop methodologies to collect and calculate Scope 3 emissions, define how to use suppliers' information and share best practices. They are expected to produce a specific sectoral guideline to address accounting, supplier data, goals and commitments, and reduction of Scope 3 emissions associated with supplier activities.

In 2023, Sodimac was part of the deployment of the EDRA / GHIN Scope 3 work group.

Adaptation

Falabella is aware that climate change entails risks and opportunities exposing it to unfavorable impacts on its physical assets and value chain.

Climate change is a potential risk that exposes us to unfavorable impacts on people, physical assets and economic sectors, resulting from the occurrence of adverse weather conditions, such as high temperatures and extreme precipitation, drought or rising sea levels. In addition, the transition to a low-carbon economy may have consequences for business activities and higher costs in the value chain.

To address this, we have advanced in integrating the recommendations of the Task Force on **Climate-related Financial Disclosures (TCFD)** and hereinafter, the S2 standard of the **International Financial Reporting Standards (IFRS)**, through the use of established governance bodies, reporting lines, processes, roles and methodologies.

In 2023, we hosted multidisciplinary workshops across each business vertical in Chile, Peru, and Colombia to identify specific physical risks and establish controls against climate hazards such as high temperatures and extreme precipitation.

We have included climate change risks in our Integrated Risk Management Model, in line with the TCFD recommendations.

Identified climate-related risks

Risk category	Specific risks	Time horizon
Acute Physical	Unavailability of personnel due to disruption of routes or transportation systems	Short term
	Unavailability of critical suppliers due to disruption of routes or transportation systems	
	Unavailability of facilities due to leaks and/or saturation of sewers	
	Loss of assets due to leaks and/or saturation of sewers	
	Unavailability of facilities due to basic power outage	
	Fires	
	Unavailability of systems due to telecommunications outages or IT equipment failures	
	Impossibility of product deliveries due to disruption of routes or transportation systems	
	Reduced customer/visitor flow due to disruption of routes or transportation systems	
	Reduction in customers' ability to pay due to climate-related emergency expenses	
Chronic Physical	Staff and customer dissatisfaction due to thermal environment	Short term
	Increased costs due to energy use in air conditioning / refrigeration	
	Unavailability of facilities due to the proliferation of pests and vectors	Mid term
	Unavailability and/or deterioration in product quality	
Reputational	Inconsistency between what has been declared and what has been executed, due to noncompliance with the established commitments or for making inaccurate or misleading statements	Short term
	Inadequate response to current and changing customer preferences	
Regulatory and legal	Increased costs related to infrastructure development and deployment under new regulations	Mid term
	Extended taxation on direct greenhouse gas emissions within our value chain	
	Implementation of new regulatory requirements in operation	Long term
Technological	Obsolescence of emission-intensive equipment	Long term
Market	Changes in demand and loss of revenue due to changes in customer behavior	Long term
	Increased supply chain costs due to raw material and production price variability	

CLIMATE RISKS CATEGORY

Physical risks encompass the potential for losses due to extreme weather events (acute physical risks) or from gradual shifts in climate patterns.

Transition risks involve risks associated with shifting to a low-carbon economy and can include regulatory, legal, technological, reputational, and market risks.

Analysis of the geographic distribution of our assets

We conducted an analysis of the geographic distribution of our assets across Chile, Peru, and Colombia to identify which regions are most exposed and to anticipate potential impacts from physical climate risks. This involved zoning various regions where our assets are located.

This zoning facilitates a more specific assessment of climate hazards and their geographic distribution relative to our asset locations. Utilizing climate data in this manner enables a more sophisticated scenario analysis, enhancing our ability to accurately reflect the real-world situations at our various facilities and project their potential future states over the short, medium, and long term.

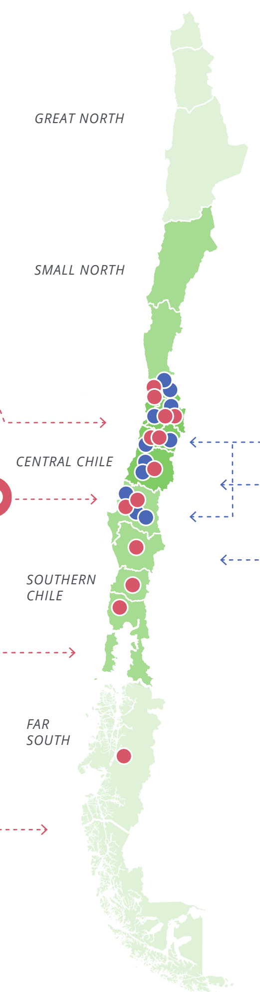
The next step of our strategy involves quantifying the potential impacts of identified risks across varying timeframes, integrating these assessments with relevant climate scenario projections.

Our focus will shift towards prioritizing specific risks, geographic areas, and climate zones. We aim to systematically characterize the effectiveness of existing controls by utilizing a standardized methodology that complements our integrated risk management model. Additionally, we will calculate and assess both inherent and residual risk levels to effectively monitor and adjust our risk management strategies based on their performance.

Zoning the regions where we operate enables us to assess the magnitude of climate hazards and their geographic distribution relative to our asset locations.

Disasters relating to climate change in 2023

CHILE



Central Zone
- Valparaíso
- Metropolitana
- L.B.O'Higgins

Dec. 6 - 11, 2023

Feb. 1 - March 6, 2023

Central Zone
- Valparaíso
- Metropolitana
- L.B.O'Higgins
- Maule

Southern Zone
- Ñuble
- Biobío
- Araucanía
- Los Ríos
- Los Lagos

Far South of Chile
- Aysén

Central Zone
- Valparaíso
- Metropolitana
- L.B.O'Higgins
- Maule

Southern Zone
- Ñuble

June 21 - 25, 2023

Aug. 17 - 21, 2024

Central Zone
- Valparaíso
- Metropolitana
- L.B.O'Higgins
- Maule

Southern Zone
- Ñuble
- Biobío

PERU

Jan. 1 - March 29, 2023

North Coast Area
- Tumbes
- Piura
- Lambayeque
- Cajamarca
- La Libertad

Central South Coast Area
- Áncash
- Lima

Peruvian Sierra
- Arequipa

North Coast Area
- Tumbes
- Piura
- Lambayeque
- La Libertad

Central South Coast Area
- Áncash
- Lima

Cyclone Yaku

March 8 - 11, 2023

Nov. 27 - 29, 2023

Peruvian Sierra
- Chilca
- Huancán
- Huancayo

April 10 - 12, 2023

North Coast Area
- Piura
- Lambayeque
- La Libertad

Central Coast Area
- Lima

Mountain Range
- Huancavelica

Feb. 5 - 7, 2023

Central South Coast Area
- Camaná, Arequipa

COLOMBIA

Andean Region
- Medellín, Antioquia

Jan. 14, 2023

Oct. 30 - Nov. 28, 2023

Caribbean Region
- Atlántico
- Bolivar
- Magdalena
- La Guajira

July 18, 2023

Andean Region
- Quetame, Cundinamarca

March 28 - 31, 2023

Pacific Region
- Suárez
- Caloto
- Jambaló
- Santander de Quilichao
- La Vega

Jan. 10, 2023

Pacific Region
- Rosas, Cauca

Percentage of facilities by geographic area in each country

High	over 20%
Medium	10 - 20%
Low	below 10%

Storms · Flooding · Fires · Mudslides

To identify and characterize climate related disasters, our databases come from the following sources:
CEPALSTAT. Statistical Databases and Publications. ECLAC, United Nations.
RED / Center for the Research on Epidemiology of Disasters, Catholic University of Lovaine / International Disaster Database (EM-DAT).

Adaptation Initiatives

Implementing climate change prevention and response measures is paramount to ensure our workers, customers and communities safety and satisfaction, as well as the continuity and sustainability of our operations and services.

Prevention

Implementing climate change prevention measures is paramount to ensure continuous business operations, thereby mitigating negative impacts of climate change before they occur. These measures will not only reduce the vulnerability of our assets, workers and customers but also mitigate the economic costs associated with business interruption, and the recovery and reconstruction costs after a weather contingency. The actions to be implemented are defined by each business unit in accordance with their specific needs, risks and challenges. Some of these initiatives include:

- Preventative infrastructure maintenance: roofing, sewage and power systems, among others.
- Performance of emergency drills and training for rescue crews, key teams and workers.
- Monitoring of atmospheric events and generation of early alerts on diverse media and platforms.
- Coordination with key local stakeholders to facilitate the monitoring and the adoption of preventative measures.

Response

Response measures are essential to cope with the immediate and short-term effects of extreme events associated with climate change once they have occurred. Such measures include the ability to react effectively to events such as floods, landslides, forest fires and heat waves. We believe that a fast and coordinated response can protect our employees and customers, support the community, minimize the damage to our infrastructure, and reduce operational downtime and economic losses. Below are some of these response initiatives:

- Coordination with local and national authorities for a diagnosis of the emergency, identification of the needs and definition of the actions to be implemented.
- Communication with our customers at the affected zones to inform them of the situation and the possible consequences on services and operations.
- Support for our workers and communities, in agreement with the needs detected (in-kind or financial donations, personal care kits, food, clothing assistance, volunteering activities, among others).
- Make available our facilities for local support initiatives in coordination with public, private and civil society organizations.

SODIMAC

Brigada Construye Bien

Sodimac Perú launched the 'Brigada Construye Bien' initiative in collaboration with NGOs and various public and private sector organizations. This initiative is dedicated to training and providing information on measures for risk reduction, preparedness, response, and rehabilitation in response to emergencies, promoting safe construction practices such as the use of high-quality materials and reinforced infrastructure.

For more information click **here**

We are all part of Brigada Construye Bien

Watch the video **here**

Alliances and Awards

Alliances

At Falabella, we engage with various associations and organizations that fight climate change and actively participate with our peers, NGOs and local authorities to meet global sustainability goals.

Beyond the efforts we at Falabella make to fight climate change, we actively engage with our peers, NGOs and local authorities to meet global sustainability goals. In consequence, we participate in several initiatives and partnerships with coordinated efforts to reduce and remediate environmental impacts. The most important initiative is the coordinated response from the different jurisdictions where we operate, pursuant to the Paris Agreement.

Chile's **Ministry of the Environment**, through the HuellaChile program and the Ministry of the Environment in Peru, through the Huella de Carbono Peru program lead voluntary efforts as individual agencies, just as Falabella and its subsidiaries do, in addition to collaborating with trade associations and others to meet the goals established in the Nationally Determined Contributions (NDC) included in the Paris Agreement. Apart from our direct engagement, Falabella forms part of Chilean and Peruvian business partnerships which are also committed to these programs.

Falabella and its subsidiaries are active members of the **UN Global Compact**, a United Nations initiative to promote the adherence of the private sector in Chile to the Sustainable Development Goals (SDGs) through ten principles focused on human rights, labor relations, the environment and anti-corruption.

Furthermore, our subsidiaries Falabella Retail, Sodimac, Banco Falabella and Mallplaza form part of **Acción Empresas**, the local chapter of the WBCSD, which, in addition to being an agency recognized by and registered with HuellaChile, has set up a public-private partnership with the Ministry of the Environment and the Chilean Economic Development Agency (CORFO) that reports to the Ministry of Economy, to promote climate change mitigation and adaptation initiatives through the Transforma Cambio Climático Program.

Falabella and its subsidiaries Tottus, Falabella Retail, Mallplaza, Seguros Falabella and Sodimac, form part of the **Sustainability Committee of the Santiago Chamber of Commerce**. The Chamber is registered with the HuellaChile Program of the Ministry of the Environment and has been distinguished by its annual contributions.

Finally, the **Chilean Chamber of Construction**, where Sodimac and our infrastructure supplies subsidiary participate, has formally expressed its interest in responding to the commitments adopted in the Paris Agreement, which materializes through its environmental sustainability pillar and its contribution to the National Carbon Footprint Strategy.

Awards

Our climate change strategy has been recognized by various national and international entities, which underline the Group's commitment, good practices and active role in the efforts to reduce its environmental impact and carbon footprint.

CDP DISCLOSER 2023

B Rating

Carbon Disclosure Project (CDP) in international climate change assessment.

- +6 positions compared to 2022

MSCI

In 2023, **Falabella was awarded an A rating** for its sustainability management in ESG criteria for the first time. This achievement places the company at the top among national retailers and distinguishes it as one of only six Chilean companies rated above BBB.

Member of Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

Falabella S.A. achieved its highest score to date in the Dow Jones Sustainability Index, placing it **among the top 5 global companies in the Retailing category.** It was also one of two Chilean companies featured in the World, Chile, and Mercado Integrado de América Latina (MILA) indexes.

UNIVERSIDAD ADOLFO IBÁÑEZ

brinca.

Falabella S.A. ranked fourth in the **First Sustainability Ranking of the IPSA Companies**, prepared by Universidad Adolfo Ibáñez and Brinca Consultants, which underlines the progress in several ESG aspects and the transparency, availability and completeness of the information.

Several of the group's companies were recognized under the **Ministry of the Environment's Huella Chile program.**

Sodimac Chile was distinguished with the Excellence seal along with the Greenhouse Gas (GHG) Quantification and Reduction seals. Falabella Retail was awarded the Quantification and Reduction seals, whereas Banco Falabella and Tottus were honored with the Quantification seal.

HuellaChile CUANTIFICACIÓN Gases de Efecto Invernadero	HuellaChile REDUCCIÓN Gases de Efecto Invernadero	HuellaChile Declaración de EXCELENCIA
Business unit		
falabella.	falabella.	SODIMAC
SODIMAC	SODIMAC	
Banco Falabella		
TOTTUS		

HUELLA DE CARBONO PERÚ

In the **Huella de Carbono Peru initiative**, efforts throughout our ecosystem were acknowledged in 2023: Sodimac, Tottus and Falabella Retail earned their third star for measuring, verifying and reducing their operational footprint, while Falabella.com, Mallplaza and Open Plaza each achieved their second star for measuring and verifying their emissions.

Business unit

Business unit	
SODIMAC	★★★☆
TOTTUS	★★★☆
falabella.	★★★☆
falabella.com	★★☆☆
mallplaza	★★☆☆
OPEN	★★☆☆

icontec Carbono Neutro Certificado

Sodimac Colombia was certified as a **carbon-neutral company** in Scopes 1 and 2 by ICONTEC.

For the fifth consecutive year, Falabella Retail Colombia received **carbon neutrality certification in Scopes 1 and 2** from ICONTEC for reducing its environmental impact and offsetting remaining emissions.

Business unit

SODIMAC
falabella.

Annexes

Our Carbon Footprint

Description	Unit	2021	2022	2023
Scope				
Scope 1	tCO_2e	148,378	164,969	**145,950**
Scope 2 (Location-based)	tCO_2e	192,721	181,454	**165,080**
Scope 2 (Market-based)	tCO_2e	101,493	94,103	**53,219**
Scope 1 + 2 (Market-based)	**tCO_2e**	**249,871**	**259,072**	**199,169**
Emissions intensity Scope 1 and 2 (tCO_2e per MM USD of revenues)	**tCO_2e/MM USD**	**23**	**22**	**19**
3.1 Purchased goods and services	tCO_2e	5,033,192	4,188,925	**3,782,345**
3.3 Non-A1 and A2 Energy-Related Activities	tCO_2e	2,233	2,380	**2,644**
3.4 Upstream Transportation and Distribution	tCO_2e	541,799	474,246	**300,681**
3.5 Waste Generated in Operations	tCO_2e	40,405	40,728	**39,386**
3.6 Business Travel	tCO_2e	2,334	5,832	**8,422**
3.7 Employee Transportation	tCO_2e	53,089	56,145	**53,078**
3.9 Downstream Transportation and Distribution	tCO_2e	988,665	1,104,404	**1,018,323**
3.11 Use of sold products	tCO_2e	4,143,476	2,907,128	**2,715,934**
3.12 End-of life disposal of sold products	tCO_2e	443,779	370,854	**286,441**
3.13 Downstream Leased Assets (Market-based)	tCO_2e	6,080	8,411	**6,435**
Scope 3 (Market-based)	tCO_2e	11,255,053	9,159,052	**8,213,690**
Total (Market-based)	**tCO_2e**	**11,504,924**	**9,418,124**	**8,412,859**
Measurement Coverage	**%**	**96%**	**97%**	**95%**

NOTES

1. Calculation Methodology: Reporting follows the "Corporate Accounting and Reporting Standard" set by the Greenhouse Gas Protocol (GHG Protocol). Emissions are quantified in tons of carbon dioxide equivalent (tCO2e), covering seven greenhouse gasses including CO2, CH4, N2O, HFCs, PFCs, SF6, and NF3

2. Emission Calculations: Greenhouse gas (GHG) emissions data are derived by multiplying activity data by documented emission factors in line with GHG Protocol guidelines.

3. Global Warming Potentials: The Global Warming Potentials utilized are from the IPCC Sixth Assessment Report (AR6), published in 2021.

4. Emission Factors: Emission factors are sourced from traceable and recognized databases, updated annually where possible, and categorized into three main groups:

- **Energy:** Derived from official sources within each country, including electricity and fuels.
- **Materials, transport, other:** Based on factors published by the DEFRA (Department for Environment, Food & Rural Affairs) or Ecoinvent 3.9.1.
- **Manufacture of marketed products:** Calculated using a spend-based method with factors from the DEFRA.

5. Scope 2 is reported by location method and market method. The locational method reflects the average emissions of the grid from which the electricity is purchased (using an average emission factor); the market method reflects the emissions of the electricity that the organization has contractually chosen to purchase and where it has the certified attribute of the source of origin (using the emission factor of the specific generator providing the electricity). This year the residual emission factor published by the Chilean Ministry of Energy was included, which was also applied retroactively to the 2021 and 2022 data.

6. Customer commute impact: Evaluates the environmental impact of customers' commute to Falabella Group facilities, using surveys to gather data on transportation means and travel distances.

7. Energy Consumption Reporting: Mallplaza and Falabella Inmobiliario report their energy consumption for common areas and parking under Scope 2, and tenant consumption under Scope 3.

8. Recalculation has been made for the years 2021-2022, in accordance with the GHG Protocol criteria. The main adjustments are as follows:

i. Operational Adjustment: We adjusted the methodology for estimating refrigerant gas leakage in department stores, home improvement stores, and supermarkets in Peru using actual refrigerant gas replenishment data. The financial services vertical prioritizes banking operations, excluding insurance and other regional transactions.
ii. Emission Factor and Global Warming Potential Updates: Shifted from AR5 to AR6 for Global Warming Potentials and updated the emission factors.
iii. Updated emission factors.

Thanks to these adjustments, Scope 1 and 2 emissions baseline (market-based, 2021) increased by 12%.

9. Carbon Intensity Calculation: Based on absolute Scope 1 and 2 emissions normalized by the group's consolidated revenues for the reporting calendar year.

10. Measurement Coverage: Expressed as a percentage of total revenues from the quantified business units relative to Falabella S.A.'s total consolidated revenues. Excluded from this consolidation are the Home Improvement formats in Colombia and Mexico, and Financial Services in Mexico.

11. Data from 2023 and the restatement of 2021 baseline were verified by an independent third party, in accordance with the corporate GHG Protocol and standard GRI 305, and as established in the third-party assurance report included in Falabella's 2023 Annual Report.

Energy consumption of own operations

Description	Unit	2021	2022	2023	Unit	2023	Percentage
Scope							
Total consumption	**MWH**	**761,734**	**844,724**	**841,050**	**Terajoules (TJ)**	**3,028**	**100%**
Total non-renewable energy	**MWH**	**486,856**	**487,964**	**271,147**	**Terajoules (TJ)**	**976**	**32%**
Fossil Fuels	MWH	62,728	70,467	**63,732**	Terajoules (TJ)	**229**	**8%**
Electricity from the grid	MWH	424,128	417,497	**207,415**	Terajoules (TJ)	**747**	**25%**
Steam/heating/cooling and other energy	MWH	-	-	**-**	Terajoules (TJ)	**-**	**0%**
Total renewable energy	**MWH**	**274,877**	**356,760**	**569,903**	**Terajoules (TJ)**	**2,051**	**68%**
100% renewable electricity (PV panels)	MWH	17,809	18,866	**15,974**	Terajoules (TJ)	**58**	**2%**
100% renewable electricity (contractual, I-RECs)	MWH	274,788	337,788	**553,755**	Terajoules (TJ)	**1,993**	**66%**
Biofuels	MWH	89	106	**174**	Terajoules (TJ)	**1**	**0%**
Non-renewable energy	%	64%	58%	**32%**			
Renewable energy	%	36%	42%	**68%**			
Measurement coverage	**%**	**96%**	**97%**	**95%**			

NOTES

1. Information is sourced from billing and internal records. We have conducted a retroactive review of electricity consumption and its renewable attribute documentation for 2021 and 2022. As a result, the reported figures have been restated compared to previous disclosures.

2. Consumption data for months where billing is incomplete, such as December of the current year which has not yet been billed, are estimated.

3. Our renewable energy usage includes energy from certified sources obtained through power purchase agreements (PPAs) and those with issued certificates (I-REC). Additionally, electricity generated from our own photovoltaic plants is included.

4. The conversion factors used are sourced from the Chilean Ministry of Energy and are based on the Lower Calorific Power.

5. Coverage is calculated as a percentage of total revenues from the quantified business units relative to Falabella S.A.'s total consolidated revenues. Notably, Home Improvement formats in Colombia and Mexico, and Financial Services in Mexico are not included in this consolidation.

6. Energy consumption external to the organization is not covered in this disclosure. However, electricity consumption related to significant activities in the value chain is incorporated into the Scope 3 carbon footprint measurement.

7. In the report, renewable energy supply is detailed as a percentage of total electricity consumption. This includes 100% renewable electricity sources (counter-current, I-RECs, on-site photovoltaic panels), which accounts for 73% of the total electricity mix.

(*) In compliance with SASB standards (CG-MR-130a.1), the report includes indicators on total energy consumed, the percentage of grid electricity, and the percentage of renewable energy used.

TCFD Index

TCFD Pillar	Reference	Page(s)
Governance - Disclose the organization's governance around climate-related risks and opportunities.	**(a)** Describe the Board's oversight of climate-related risks and opportunities.	12, 14
	(b) Describe management's role in the assessment and management of climate-related risks and opportunities.	13, 14
Strategy - Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy and financial planning where such information is material.	**(a)** Describe climate-related risks and opportunities identified by the organization over the short, medium and long-term.	27
	(b) Describe the impact of climate-related risks and opportunities on the organization's business, strategy and financial planning.	26 to 30
	(c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	26 to 30
Risk Management – Disclose how the organization identifies, assesses and manages climate-related risks.	**(a)** Describe the processes used by the organization to identify and assess climate-related risks.	26, 28
	(b) Describe the processes set up by the organization to manage climate-related risks.	26, 28
	(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	14, 26
Metrics and Targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is relevant.	**(a)** Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	18 to 24
	(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	18, 19, 36
	(c) Describe the targets used by the organization to manage climate-related risks and opportunities, and performance regarding targets.	8, 20

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