

ESG ANNEX 2023



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ABOUT THIS DOCUMENT

We are convinced that the best way to fulfill our purpose of making life simpler and more enjoyable is by building genuine connections with our shareholders, customers, employees, local communities, and the planet. This is how long-term value is created, as we understand that becoming sustainable is a good business practice and that we are essentially investing in the future. While we know we still have a long way to go, we are proud of what we have achieved so far as a company. In 2022, and for the seventh consecutive year, we were included in the Dow Jones Sustainability Index, being the only Chilean company in the four categories of: World, Emerging Markets, Chile and the Latin American Integrated Market (MILA). This positions us among the top ten most sustainable retailers in the world.

This is consistent with our sustainability strategy, which has five priorities: Climate Action, Circularity and Waste, Diversity and Inclusion, Social Impact and Corporate Governance. This report describes our progress this year, which is illustrated by initiatives from all our businesses.

In our commitment to transparency and accountability, we present this ESG Annex as a complementary report to our 2022 annual report. This annex aims to provide a comprehensive overview of our ESG performance, initiatives, and targets. It constitutes an essential resource for investors, customers, employees, and communities who seek to understand how we integrate sustainability into our business practices.

We embrace a variety of global sustainability reporting standards and frameworks to guide our sustainability efforts, ensuring that we align with broad financial market dynamics, stakeholder interests, and diverse ESG ratings and market considerations. By voluntarily participating in various assessments and evaluations across the spectrum of sustainability, we subject our performance to rigorous scrutiny, reflecting a commitment to best practices and continuous improvement. The ESG Annex serves as a platform to share additional information, insights, and data points, further illustrating our commitment to sustainable development and transparent engagement with all our stakeholders.

ABOUT THIS DOCUMENT

This ESG Annex highlights our progress and achievements in key areas such as environmental stewardship, social impact, and corporate governance. We recognize that sustainability is an ongoing journey, and through this report, we also identify the challenges we face and outline our strategies for improvement.

In this ESG Annex, you will find detailed information on our sustainable sourcing practices, efforts to reduce our environmental footprint, initiatives to promote diversity and inclusion, community engagement programs, and responsible governance structures. Together with our Annual Report, we aim to provide a comprehensive overview of our sustainability strategy, policies, and practices, enabling stakeholders to assess our performance and hold us accountable.

Furthermore, the ESG Annex presents a snapshot of our long-term sustainability goals and the metrics we use to measure progress. We firmly believe in setting ambitious targets and regularly evaluating our performance against these targets to drive meaningful change. By sharing our aspirations and metrics, we encourage feedback, collaboration, and partnership from stakeholders to collectively address global challenges and seize opportunities for positive impact.

Falabella Group is dedicated to making a positive difference in the lives of our customers, employees, and the communities we serve. This commitment to sustainable development is deeply ingrained in our corporate culture, and we are proud to present the ESG Annex as a testament to our ongoing efforts and progress.

We invite you to explore this report, learn more about our sustainability journey, and join us as we work towards a more sustainable and equitable future.

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Corporate Governance



BOARD INDEPENDENCE

According to S&P definitions, a director is independent by meeting at least 4 of the 9 criteria listed below (including at least 2 of the 3 first criteria). Following this definition, as of august 2023, 5 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	NA	NA	NA	x	NA
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	NA	NA	NA	x	NA
3. The director must not be a "Family Member of an individual who is or 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	NA	NA	NA	x	NA
4. The director must not be (and must not be affiliated with a company that is) an adviser or consultant to the company or a member of the company's senior management.	x	x	x	x	NA	NA	NA	x	NA
5. The director must not be affiliated with a significant customer or supplier of the company	x	x	x	x	NA	NA	NA	x	NA

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 have no personal services contract(s) with the company or be a member of the company's senior management	X	X	X	X	NA	NA	NA	X	NA
7. The director must not be affiliated with a not-for-profit entity that receives significant contributions from the company	X	X	X	X	NA	NA	NA	X	NA
8. The director must not have been a partner or employee of the company's outside auditor during the past year.	X	X	X	X	NA	NA	NA	X	NA
9. The director must not have any other conflict of interest that the board itself determines to mean they cannot be considered independent.	X	X	X	X	NA	NA	NA	X	NA

DIRECTOR EXPERIENCE AND PARTICIPATION IN OTHER BOARDS

	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			NA	NA	NA		NA
Experience in cybersecurity					NA	NA	NA		NA
Operational and/or management experience in the Retail sector, other than Falabella	x				NA	NA	NA	x	NA
Current participation in other publicly listed companies' boards	0	0	1	0	NA	NA	NA	0	NA

EXECUTIVE AND CEO COMPENSATION

CEO compensation – success metrics

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

CEO compensation – long-term performance

- We do not have the practice of deferral of bonus 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 executives gets a gross bonus equivalent to 2/3 of each part back, if he/she paid on time his/her part of the loan.

BOARD DIVERSITY

Under Chilean law, the election of the Company's directors is a prerogative exclusive to the shareholders and exercised solely at a shareholders' meeting, with the sole exception of the appointment of a replacement director in case a board seat becomes vacant during the term of the board of directors. Management, including the board of directors, is not authorized to nominate candidates to the board of directors, or to propose them to the shareholders' meeting. Notwithstanding the foregoing, the Company provides the shareholders with information on the candidates nominated, according to the terms of and with the advance notice required by the applicable regulations.

Despite significant restrictions imposed by applicable law on management, including the board of directors, to partake of the election of the members of the latter, the Company believes that the structure of the board, and its diversity, are very relevant to achieve the Company's strategic objectives in the medium and long term. The Company expects that, when making decisions about candidates to the Board of Directors, the shareholders' meeting will assess their professional qualities, their training and experience, their areas of expertise and their diversity in terms of nationality, gender, education, age, social and cultural background, among other variables that contribute to enriching and expanding the business, cultural and social makeup of this body and its ability to lead the company in an environment of change, diversity, challenges and expectations of different types, nature, causes and consequences.

DOUBLE MATERIALITY

Elaborating a double materiality matrix involves mapping out the most relevant issues for an organization and its stakeholders in terms of economic, environmental, and social impacts. Falabella's matrix uses two axes:

- **Financial materiality:** The X-axis represents the impact of the main risks and material issues according to ESG standards (considering SASB, CMF's NCF 461, and DJSI's S&P CSA questionnaire):
 1. **SASB:** Consider the indicators defined for the sectors "Specialty and multi-line retailers and distributors", and "Real estate"
 2. **CMF:** Considers the requirements of NCG 461 for listed companies
 3. **DJSI:** Considers weighting of criteria in dimensions of the S&P CSA questionnaire
- **Impact materiality:** The Y-axis plots the material issues according to their importance and the impact the company's activities may have on its environment and stakeholders, based on the objective criteria established by GRI.

PRIORIZATION OF TOPICS FOR IMPACT MATERIALITY (Y-AXIS)

Probability

Almost certain	Probable	Possible	Remote
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Scale

Very serious	Serious	Moderately serious	Low severity
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Scope

Global	Regional	Local	Pinpoint
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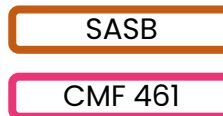
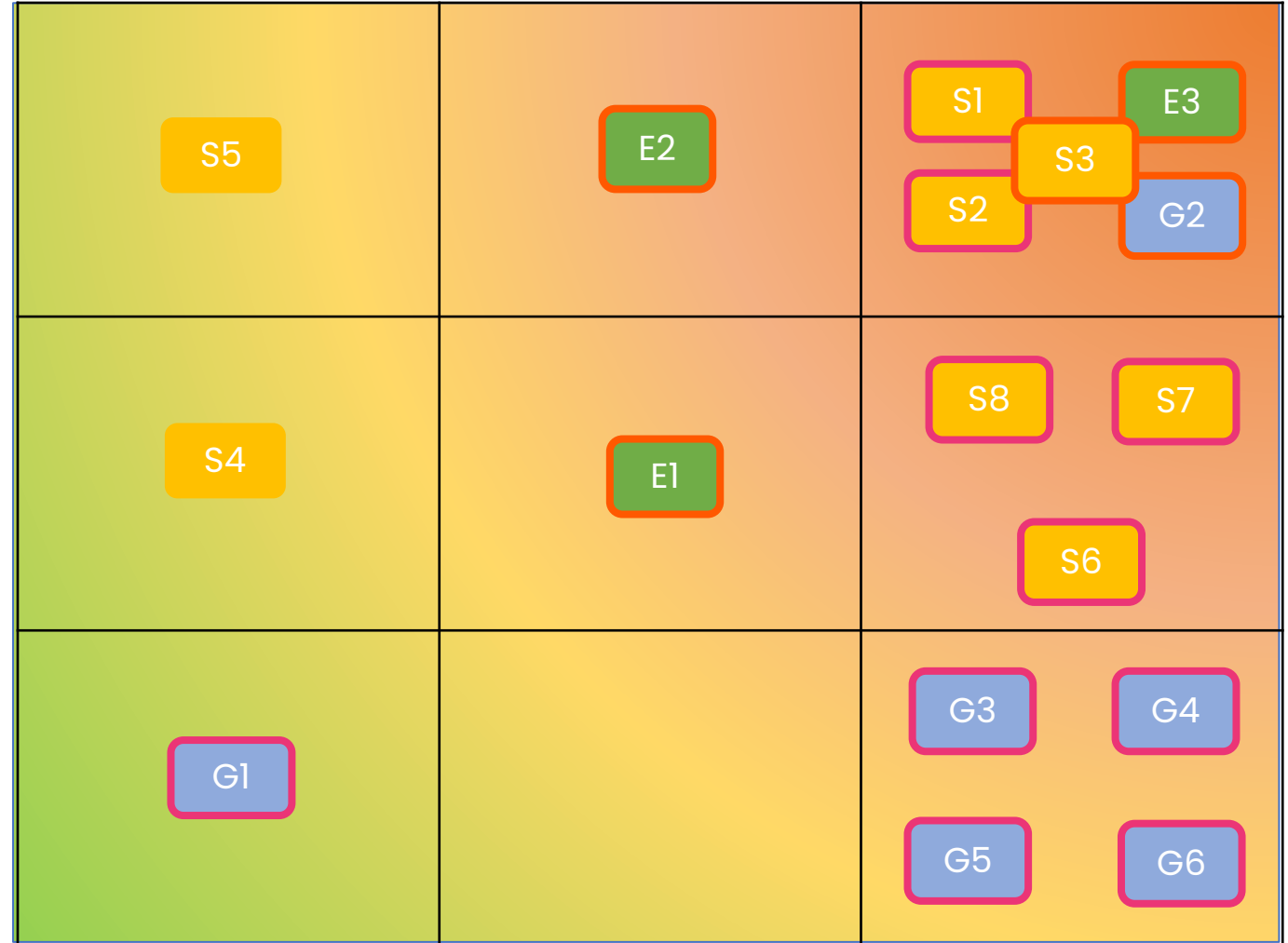
Character of irremediability

Irremediable	Almost irremediable	Partially irremediable	Remediable
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- In order to prioritize and map the impact of material issues in the final matrix (Y-axis), we assign scores to each social, environmental and economic impact according to the scales presented here. The calculation of each global score is a weighted sum of Scale, Scope and Irremediability scores, multiplied by the probability of occurrence of the potential impacts.
- We use scores and criteria comparable to the ones used to assess impact and probability of occurrence of risks.
- Scoring is based on objective background information for each criteria at a group level (Y-axis), aligned with GRI standards 2021.

MATERIALITY MATRIX

Material Topics	Code
Sustainable Construction	E1
Waste	E2
Climate change	E3
Health and Safety of Employees	S1
Working Conditions, Health and Safety of External Workers	S2
Customer Access, Health and Safety	S3
Financial Inclusion	S4
Customer and Community Education	S5
Employment Practices and Employee Welfare	S6
Diversity and Inclusion	S7
Customer Experience and Satisfaction	S8
Stakeholders	G1
Privacy and Cybersecurity	G2
Risk Management	G3
Supply Chain	G4
Ethics and Compliance	G5
Corporate Governance	G6



ESG-RELATED INCENTIVES

We provide relevant senior leaders and employees with incentives for the management of material ESG-related issues, both at the corporate and management level of the business units.

- **Climate-related:**

- *We provide incentives for the management of climate-related issues to relevant senior leaders and employees. Falabella has the commitment to mitigate its impacts and contribute to solving the climate crisis establishing that its carbon emissions will reach Net Zero by 2035 in scopes 1 and 2.*
- *This KPI is associated with the compliance with annual budgets and goals for various dimensions - such as risk, income and diversity indicators - and one of them is a reduction percentage of the carbon footprint, scope 1 and 2. This KPI is part of the annual monetary bonus of the Corporate Strategy and Sustainability Officer (CSO)'s performance.*
- *This incentive also applies to other executive officers and business unit managers. For example, Mallplaza's CEO, CSO and COO have KPIs related to ESG management in their variable compensation package, which namely includes the reduction of carbon footprint scopes 1 and 2.*

ESG-RELATED INCENTIVES

- **Customer experience:**

- *Each business unit sets its own annual targets with regards to their Net Promotor Score (NPS) results. For example, Mallplaza Chile has set a 47% target for its NPS in 2022, a goal that was exceeded by 10% for this company.*
- *Several General Managers at the business unit level have a KPI in their annual scorecard (linked to variable pay), which measures the % of decrease of customer complaints.*

- **Cybersecurity and data protection:**

- *The Falabella Group maintains, through its personal data protection compliance program (PDP Program), an unrestricted commitment to the protection of personal data of collaborating customers and suppliers. The PDP Program seeks to guarantee the security of personal data with the permanent objective of maintaining zero leaks of this data. It is important to note that during 2022, the Group did not have any customer data leaks.*
- *A KPI related to cybersecurity is included in the annual scorecard of Falabella's CIO.*

RISK MANAGEMENT – GOVERNANCE

At Falabella S.A., risk management is carried out in an integral manner, including the Board of Directors, the Chief Executive Officer and the different units that make up the Company.

Highest ranking position with dedicated risk management responsibility on an operational level	Corporate Financial Controller
Highest ranking position with responsibility for auditing risk management performance on an operational level	Corporate Internal Audit Manager

Our risk management model is based on an Integrated Risk Management Policy and Internal Audit Policy, which describe our risk prevention and mitigation procedures and guidelines. Both policies apply to all our subsidiaries, who can issue additional policies and guidelines, provided they do not contradict these policies.

Risk management

- The person in the highest position with experience and supervision in risk management is Pablo Lescano, who is the Corporate Financial Controller and responsible for risks and internal control at the corporate level.
- Pablo Lescano (Corporate Financial Controller and responsible for risks and internal control at the corporate level) reports directly to Alejandro González Dale (CFO since 2006), who is responsible for financial risks.

Internal Audit

- Mr. Jorge Joannon (the Corporate Internal Audit Manager) reports directly to the Board of Directors of Falabella SA on the state of risks and the control environment of the organization. The Corporate Internal Audit Manager is responsible for the Internal Audit Department, which verifies the effectiveness and compliance with the policies, procedures, controls and codes approved by the Board of Directors and reports directly to it, although it also submits reports to the Directors' Committee.
- It should be noted that the monitoring of risk performance is responsibility of the areas that belong to the administration defined for it, and may be 1st or 2nd line, and not the internal Audit department.

RISK MANAGEMENT TRAINING

The Board of Directors carries out at least one annual training session as a permanent training mechanism. The first session was held in September 2016. From 2017 to 2021, two training sessions were held per year, with the exception of 2019, when only one was held.

In 2022, two training instances were carried out for the Board of Directors, on June 2 and October 27. The topics covered in the last two trainings of 2022 include, among others, topics associated with risk management, specifically compliance risk management, such as Consumer Rights and Protection of personal data, the latter being linked to two material sustainability topics, and two high-level risks identified in the annual report.

RISK MANAGEMENT – GOVERNANCE

As is detailed in the following slide (“Integrated Risk Management Model”), each business unit has a risk manager who is within the executive line; however, the corporate risk role is located in Falabella S.A., where the directives and guidelines to be applied in the other business units are defined outside the business units in order to exercise independent oversight.

Likewise, there are roles of risk specialists (risk owners, located at the corporate level) who provide guidelines on their type of risk for the other business units and who have a transversal vision for all business units.

In both roles, the risk management function is located outside the business unit, achieving its role of independence in these matters.

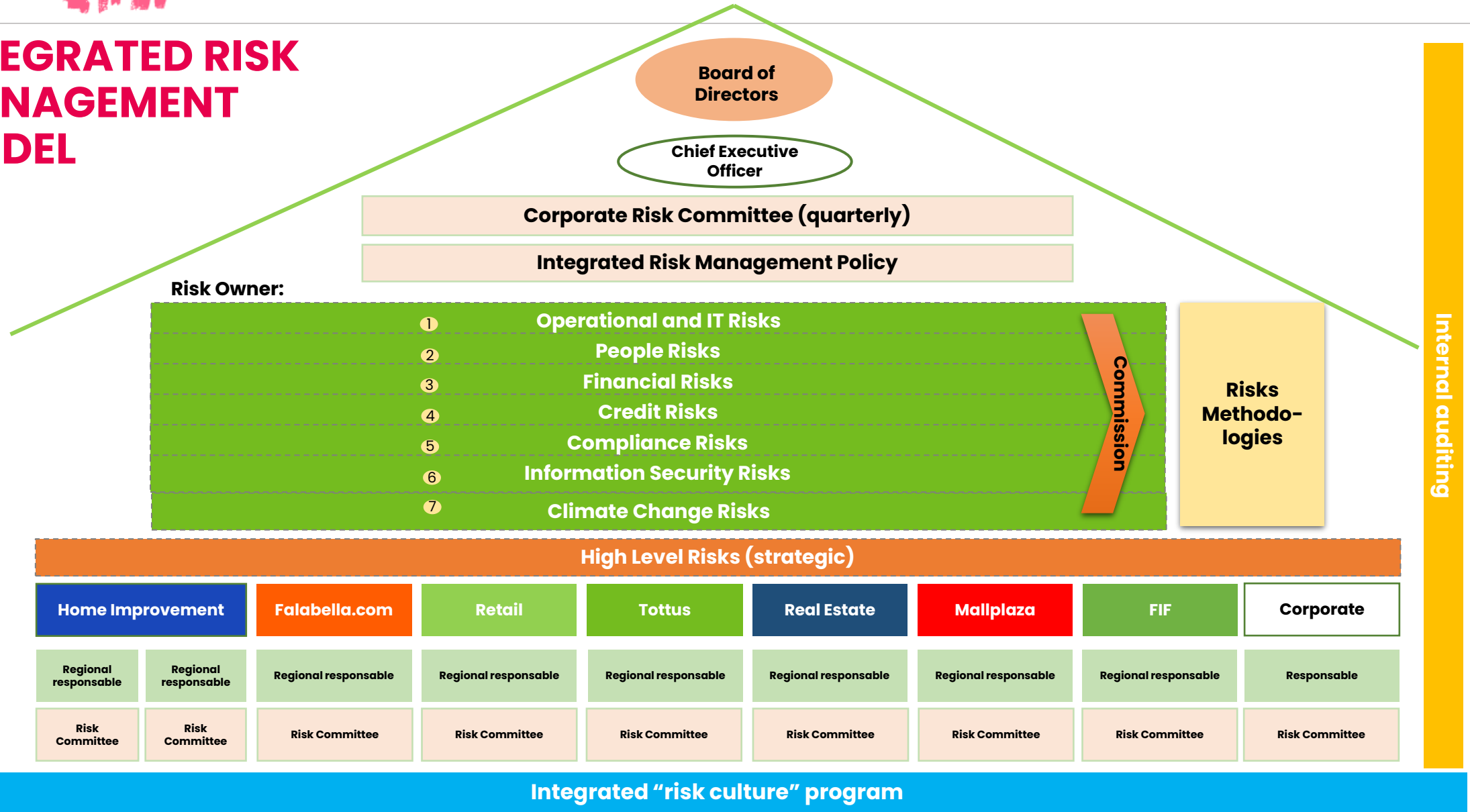
The risks, in turn, are managed through different Executive Committees (risks) that are made up of the general managers of each of our subsidiaries. These Committees are in charge of detecting, monitoring and categorizing the impact of risks and communicating them to the Board of Directors of that subsidiary immediately and at least annually, without prejudice to the periodic reviews that are also carried out with the respective directors or Audit Committees.

Reporting lines:

The reporting and information channel for risk issues emanates from:

- Each Company (business unit) -> Specific Risk Committee (if any).
- Vertical -> Consolidates the information in the Risk Committees by business unit
- Corporate -> The risk management of each vertical is presented to the Corporate Risk Committee.
- Board of Directors -> The risk management of Falabella S.A. is presented at least once a year.
- Internal Audit -> Presents to the Board of Directors annually.

INTEGRATED RISK MANAGEMENT MODEL



Internal auditing

RISK MANAGEMENT – EMERGING RISKS (1/4)

Emerging risk 1: Climate change that generates natural disasters that affect operational continuity and/or increase costs in the value chain

Risk description

According to the TCFD recommendations, they are divided into two categories: physical risks (associated with disruption of business activities due to climatic events or long-term changes in weather patterns); and transition (arising from the transformation towards a low carbon economy).

Climate change can contribute to the occurrence and severity of natural disasters such as hurricanes, floods, forest fires, storms, and droughts. These events are driven by weather-related factors and can have significant impacts on the environment, infrastructure, and communities in affected areas.

Natural disasters derived from climate change may affect the operational continuity of Falabella. They can damage transportation networks, infrastructure, and facilities, making it difficult for goods and materials to move through the supply chain. These disruptions can lead to delays in product availability, longer lead times, and challenges meeting customer demand.

Potential impact

The risk of climate change causing natural disasters that affect operational continuity and increase costs in the supply chain is considered emerging, of significant scale, and may require Falabella to adapt its strategy and/or business model for various reasons.

- **Increasing frequency and intensity of natural disasters:** Climate change is causing more frequent and intense natural disasters, such as hurricanes, floods, forest fires, and extreme weather events.

These events can disrupt transportation, damage infrastructure, and impact the availability of resources and goods. As the frequency and severity of such events continue to increase, the risk they pose to Falabella's operations becomes more significant.

- **Complexity of the supply chain:** Falabella's supply chain is complex and involves multiple suppliers, distribution centers and points of sale. This complexity increases the risk of outages caused by weather-related events. The interconnected nature of the supply chain means that even a single disruption in one region can have a ripple effect that affects the entire network.

- **Financial Implications:** Disturbances related to climate change may have significant financial implications for Falabella. The costs associated with repairing damaged infrastructure, protecting supply chain routes, and managing inventory imbalances can add up quickly. Additionally, the potential for lost sales, customer dissatisfaction, and damage to brand reputation can have long-term financial consequences.

Mitigating actions

Overall, this emerging risk highlights the potential for climate change to generate natural disasters that can disrupt Falabella's operations and increase costs within its supply chain. Risk underscores the importance of anticipating, mitigating, and adapting to climate-related challenges to ensure operational resilience and sustainable business growth. This may involve incorporating climate risk assessments into decision-making processes, implementing sustainable practices, diversifying supply chains, investing in resilience, and exploring new business opportunities that align with a changing landscape.

RISK MANAGEMENT – EMERGING RISKS (2/4)

Emerging risk 1: Climate change that generates natural disasters that affect operational continuity and/or increase costs in the value chain

At Falabella we recognize the strategic challenge that climate change risk management entails. For this reason, we continue to integrate the TCFD recommendations, reflected by including climate change risk management in our Comprehensive Risk Management Model to take advantage of established government instances, reporting lines, and already implemented methodology.

Another of the actions taken was to designate a climate change risk specialist. This role is responsible for defining the steps to follow and delivering guidelines and directives to Falabella's subsidiaries in relation to the management of this type of risk, among other aspects.

As part of the initiatives worked on, we updated and adjusted the methodology that had begun at the end of 2021 for climate change risk management in order to apply it to Falabella's subsidiaries, considering the reportability and operationalization of the results in the systems used.

Risk appetite

The appetite we have for this risk is linked to the climate objectives established for Falabella, that is, to be Net Zero by 2035 in scope 1 and 2 categories established by the Greenhouse Gas Protocol (GHG). For this, we have proposed to reduce emissions by 65% by 2030 (against the baseline of 2021). Said indicator is kept under continuous monitoring and in cases of increasing levels close to the limit defined according to the % of the annual goal, alerts are delivered to define the actions to be taken.

Risk Prioritization

As part of the high-level risk identification and assessment process, this risk was assessed and prioritized for management. During 2023, work is being done together with the business verticals to apply the methodology and monitor the indicators defined in the respective risk committees.

RISK MANAGEMENT – EMERGING RISKS (3/4)

Emerging risk 2: Data security – Cyber risks

Risk description

The emerging external risk for the Falabella Group pertains to Data Security and Cyber Risks. As the company has undergone a substantial digital transformation, there has been an expansion in the variety and amount of data being handled. The growth in digital platforms has exponentially increased the exposure to potential cyber threats, including hacking, phishing, and malware attacks. These risks are external in nature, originating from rapidly evolving cybercriminal tactics and the broader global cybersecurity landscape, which are beyond the company's immediate control.

Potential impact

Though there have been no data leaks during 2022, the long-term potential impact of a data security breach could be significant, in several facets of the company's operations.

- **Customer Trust:** Falabella's extensive customer base trusts the company with personal and financial information. A data breach could erode this trust, leading to reduced customer loyalty and engagement with Falabella's retail, banking, or credit services.
- **Reputational Damage:** Being a well-known brand, a cyber-attack could tarnish Falabella's reputation. This might lead to decreased investor confidence and a decline in stock prices, ultimately affecting the company's market position.
- **Regulatory Compliance:** Falabella operates in various jurisdictions, and a breach could lead to non-compliance with data protection laws such as GDPR or local regulations in Chile and other South American countries. This might result in fines and legal actions.

- **Operational Disruption:** A targeted attack on Falabella's supply chain or inventory management systems could lead to delays in deliveries, stock mismanagement, and inefficiencies in retail operations.
- **Financial Services Impact:** Since Falabella also offers banking and financial services, a cyber-attack targeting this segment could lead to unauthorized access to customer accounts, fraud, and potential regulatory actions by financial oversight bodies.
- **Competitive Edge:** The company's investments in digital platforms and e-commerce could lose their competitive edge if security is perceived as weak.
- **Insurance and Liability Costs:** The costs associated with rectifying a breach, including potential increases in insurance premiums, legal liabilities, and compensation to affected parties, could be significant.

RISK MANAGEMENT – EMERGING RISKS (4/4)

Emerging risk 2: Data security – Cyber risks

Mitigating actions

To mitigate these Data Security and Cyber Risks, the Falabella Group employs a multifaceted cybersecurity strategy. This includes continuous monitoring of digital platforms, deploying advanced security technologies like multi-factor authentication and encryption, and regular updates of security protocols. Educating employees about cybersecurity best practices and implementing robust incident response plans can also significantly minimize the risk. Collaborating with cybersecurity experts and possibly investing in cybersecurity insurance may provide additional layers of protection. Continuous adaptation to emerging cyber threats and aligning the company's security posture with global standards will be vital in managing this specific and significant long-term risk.

In addition, the Falabella group has a personal data protection program (PDP) that guarantees the security of customer, collaborator and supplier data, through actions such as:

- Due diligence in the administration of card payment processes applying strict controls based on the PCI standard.
- Continuous evaluation of the environments that handle personal data, in line with the requirements for the protection of personal data in all the countries in which the Group operates.
- A personal data security governance model with policies, rules and procedures, roles and responsibilities, and instances of reporting to the Administration.

- The establishment of technological controls to guarantee the effectiveness of the PDP program. These controls focus on key aspects such as data storage, repositories, data schemas, and the transport layer, taking into account the security dimensions of confidentiality, integrity, and availability.
- Ongoing Data Security Awareness Program

Finally, the Falabella Group has established the permanent objective of maintaining zero customer data leaks.

Risk appetite

Our risk appetite for information security is defined based on the Group's strategic indicators, which are aligned with the NIST cybersecurity framework, and considers the following areas:

- Anticipation of cyber threats
- Detection of cyber threats
- Protection against cyber threats
- Response and Recovery of incidents.

This is how every year a goal to be achieved is reviewed and established for each area, continuously monitoring its compliance and reporting to the risk committees, both at the business unit level and in the executive and corporate instances of the Group. For those controls that are outside the established goal, action plans are generated.

Risk Priorization

According to the risk assessment, this risk is prioritized for management, identified as a high-level risk, therefore, it is presented to the risk committees on a quarterly basis.

EXTERNAL CERTIFICATION OF CRIME PREVENTION MODEL

Falabella's Crime Prevention Model has been independently certified by BH Compliance (as of 30 September 2021) until September 2023, at which time such certification will be renewed.

[Link to download PDF](#)



CONTRIBUTIONS & OTHER SPENDING

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 2022 Annual Report, page 85.

Contributions (CLP) to:	2019	2020	2021	2022
Lobbying organizations	\$0	\$0	\$0	\$0
Political organizations or candidates	\$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
Others	\$0	\$0	\$0	\$0
TOTAL (CLP)	\$ 1,085,000,000	\$ 1,421,000,000	\$ 905,094,739	\$ 944,854,147
Coverage (as % of income)	100%	100%	100%	100%

CONTRIBUTIONS & OTHER SPENDING

ISSUE	CORPORATE POSITION	DESCRIPTION OF POSITION / ENGAGEMENT	TOTAL SPEND IN 2022 (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. The contribution made seeks to promote continuous improvement for the benefit of the inclusion and protection of consumers, promoting the highest standards of service quality and enabling a better knowledge of the products offered to our and potential customers.	\$510,684,589
Chambers and associations of shopping centers	Support	Contributions to chambers and associations of shopping centers 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.	\$313,429,729

LARGEST CONTRIBUTIONS AND EXPENDITURES

NAME OF ORGANIZATION, CANDIDATE OR TOPIC	TOTAL AMOUNT PAID IN FY 2022 (CLP)
<p>The Chilean Chamber of Shopping Centers is an independent, non-profit trade association that brings together natural or legal persons who own or manage shopping centers. Its objective is to actively contribute to the integral development of the Shopping Center sector, and provide Chilean consumers with world-class standards.</p>	\$268,428,879
<p>The Association of Banks and Financial Institutions Chile seeks to study and implement procedures aimed at improving the performance of banks as financial intermediaries and represent our members before public authorities. The organization seeks to strengthen links between partner financial institutions and maintain relations with international organizations, as well as coordinate measures to prevent and combat fraud, forgery and document adulteration.</p>	\$128,976,868
<p>The Banking and Financial Institutions Association of Colombia, Asobancaria, is the most representative guild of the Colombian financial sector, a non-profit entity, which seeks to represent and defend the interests of its members, promote public confidence in the financial sector and provide those support services that can be developed more efficiently collectively.</p>	\$40,412,814

ALIGNMENT OF CONTRIBUTIONS WITH THE PARIS AGREEMENT

Falabella S.A. participates in different associations and organizations, national and international, in order to develop strategic alliances with common interests and objectives that reinforce our work in sustainability, including our commitments to climate change, such as our 2035 Net Zero GHG target for Scope 1 and 2 emissions. The alignment of these engagement activities with our sustainability and climate strategy, and other priorities, is monitored by the sustainability teams in each of our business units.

We make strategic contributions to chambers and financial organizations to drive business growth and the sustainable development of our industry in the countries where we have operations, through collaboration and trust. In accordance with our internal regulations and policies, we do not make contributions to political campaigns or lobby organizations. We publicly disclose information on the memberships and alliances of our business units in our Annual Report 2022, pages 85–86.

TAX STRATEGY

The following information serves as an annex to the [official tax policy](#) of Falabella Group, published in July 2023. It aims to provide additional details regarding two complementary facts: the absence of controlled operating subsidiaries located in countries considered preferential tax jurisdictions, and the non-existence of value transfers to entities situated in such preferential tax jurisdictions.

- The Falabella Group does not have operational controlled subsidiaries located in countries considered preferential tax jurisdictions, according to Article 41H of the Chilean Income Tax Law ("LIR").
- Furthermore, Falabella Group has not made any value transfers to entities situated in countries deemed preferential tax jurisdictions, as defined by Article 41H of the Chilean Income Tax Law ("LIR").

By providing this information, the Falabella Group aims to maintain transparency and uphold its commitment to compliance with relevant tax laws and regulations.

TAX RESULTS BY JURISDICTION (2022)

Información Segmentos Negocios no Bancarios	Tiendas por Departamento Chile	Mejora miento para el hogar y materiales de construcción Chile	Supermercados Chile	Bienes Inmobiliarios Chile	Tiendas por Departamento Perú	Mejora miento para el hogar y materiales de construcción Perú	Supermercados Perú	Otros Negocios y Elimina ciones Perú	Tiendas por Departamento Argentina	CMR Argentina	Otros Negocios y Elimina ciones Argentina	Tiendas por Departamento Colombia	Otros Negocios y Elimina ciones Colombia	Mejora miento para el hogar y materiales de construcción Brasil	Otros Negocios y Elimina ciones Brasil	Otros Negocios, elimina ciones y anulaci ones interse gmentos	Total Negocios no Bancarios	Negocio Bancario Chile	Negocio Bancario Perú	Negocio Bancario Colombia	Total Negocios Bancarios	Total Falabella
31 de diciembre de 2022																						
Ingresos de las Actividades Ordinarias, Total	2,016,957,012	2,957,797,459	1,006,466,991	478,410,794	911,099,899	847,426,525	1,238,960,364	71,868,306	125,101,854	-	9,581,869	509,922,795	25,416,758	277,686,780	-	(16,031,008)	10,460,666,398	983,848,389	234,610,855	264,855,663	1,483,314,907	11,943,981,305
Resultado antes de impuestos	(68,121,202)	63,126,501	(36,524,133)	94,046,819	50,798,383	37,085,902	3,323,298	32,079,717	(3,505,805)	-	729,246	11,067,028	27,837,772	(124,104)	(13,203)	(301,199,139)	(89,392,920)	129,882,109	3,947,243	8,692,517	142,521,869	53,128,949
Ingreso (Gasto) sobre Impuesto a la Renta, Total	35,473,306	(11,046,543)	15,456,618	6,275,712	(14,315,770)	(8,463,588)	(2,801,989)	(10,091,025)	(921)	-	(506,404)	(2,544,729)	(208,203)	(285,167)	-	73,840,543	80,781,840	4,174,198	(2,109,629)	(3,544,220)	(1,479,651)	79,302,189
Impuesto (Pagado) cobrado	1,647,168	(90,657,583)	349,444	(14,174,355)	(13,966,090)	(17,567,947)	(7,976,602)	(11,080,791)	117,520	-	(19,929)	8,380,431	(2,196,570)	(587,500)	-	(18,765,602)	(166,498,406)	(104,980,854)	561,467	(7,589,845)	(112,009,232)	(278,507,638)

TAX RESULTS BY JURISDICTION (2021)

Información Segmentos Negocios no Bancarios	Tiendas por Departamento Chile	Mejoramiento para el hogar y materiales de construcción Chile	Supermercados Chile	Bienes Inmobiliarios Chile	Tiendas por Departamento Perú	Mejoramiento para el hogar y materiales de construcción Perú	Supermercados Perú	Otros Negocios y Eliminationes Perú	Tiendas por Departamento Argentina	CMR Argentina	Otros Negocios y Eliminationes Argentina	Tiendas por Departamento Colombia	Otros Negocios y Eliminationes Colombia	Mejoramiento para el hogar y materiales de construcción Brasil	Otros Negocios y Eliminationes Brasil	Otros Negocios, eliminaciones y anulaciones intersegmentos	Total Negocio Bancario	Negocio Bancario Chile	Negocio Bancario Perú	Negocio Bancario Colombia	Total Negocios Bancarios	Total Falabella
31 de diciembre de 2021																						
Ingresos de las Actividades Ordinarias, Total	2,205,805,487	3,255,724,149	989,973,957	365,307,722	710,799,228	764,372,311	1,083,804,215	48,014,865	182,389,607	14,476,933	7,800,059	450,488,356	30,712,594	234,042,184	-	(8,327,927)	10,335,383,740	621,299,471	123,376,271	156,565,762	901,241,504	11,236,625,244
Resultado antes de impuestos	132,851,125	309,285,387	22,945,970	70,242,738	38,294,929	47,935,790	20,572,512	19,894,859	(29,460,549)	(3,325,471)	5,984,096	11,843,408	22,961,007	8,270,139	(3,131)	(86,571,949)	591,720,860	304,629,555	(14,304,674)	21,787,083	312,111,964	903,832,824
Ingreso (Gasto) sobre Impuesto a la Renta, Total	(27,641,064)	(80,333,967)	(4,116,947)	(4,789,968)	(13,010,518)	(15,685,611)	(8,445,914)	(6,875,621)	6,445,199	(58,153)	(18,648)	(1,993,187)	3,366,986	(2,586,172)	-	18,417,618	(137,325,967)	(65,985,461)	2,132,067	(7,631,730)	(71,485,124)	(208,811,091)
Impuesto (Pagado) cobrado	(1,698,793)	(15,007,134)	(154,633)	2,649,842	7,403,936	(6,724,895)	(8,882,636)	(5,302,680)	2,080,798	(325,849)	(21,486)	6,815,364	(2,227,972)	(2,728,496)		(10,980,902)	(35,105,536)	(59,647,382)	(23,244,870)	(9,168,234)	(92,060,486)	(127,166,022)

SUMMARY OF TAX RESULTS 2021-2022

	Business segment	2021 (CLP)	2022 (CLP)
<i>Earnings before tax</i>	Non-banking business	\$ 591,720,860,000	\$ (89,392,920,000)
	Banking business	\$ 312,111,000,000	\$ 142,521,869,000
	TOTAL	\$ 903,831,860,000	\$ 53,128,949,000
<i>Reported taxes</i>	Non-banking business	\$ (137,325,967,000)	\$ 80,781,840,000
	Banking business	\$ (71,485,124,000)	\$ (1,479,651,000)
	TOTAL	\$ (208,811,091,000)	\$ 79,302,189,000
<i>Cash taxes paid</i>	Non-banking business	\$ (35,105,536,000)	\$ (166,498,406,000)
	Banking business	\$ (92,060,486,000)	\$ (112,009,232,000)
	TOTAL	\$ (127,166,022,000)	\$ (278,507,638,000)

This document is intended to serve as an explanation of Falabella's effective tax rate for 2021-2022, which has been impacted by non-recurring losses during 2022.

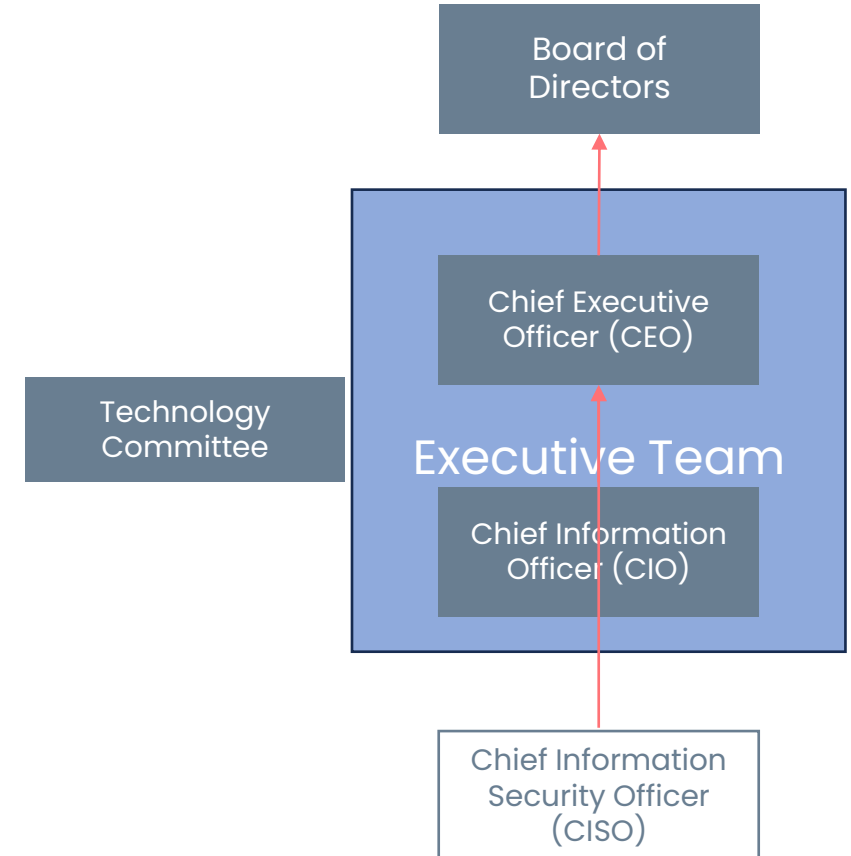
In note 10 of the Financial Statements, it is detailed that in 2022 in the non-banking business there was an effect of CLP \$38,700MM due to tax losses. The substantial losses incurred by the non-banking businesses have consequently played a crucial role in shaping the company's overall tax liability for the given year.

CYBERSECURITY GOVERNANCE

Since June 2023, Mr. Germán Quiroga serves as Director responsible for information security and, in this function, coordinates with the Chief Information Officer of the Company.

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

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



SUPPLY CHAIN MANAGEMENT

The subsidiaries of Falabella SA implement policies and strategies designed to promote equitable and sustainable control over their supply chain. Our goal is to cultivate shared value and minimize financial and ESG-related risks, taking into account the specific situations of each individual business, its geographical position, and the distinct needs and obstacles faced within the local community.

The examples included in the following pages illustrate how the different subsidiaries integrate ESG factors in their supply chain management programs.

In terms of supplier screening, companies within the group carry out supplier evaluation programs that are tailored to their particular business contexts and requirements. Factors such as the value of purchases, their influence on the process, their replaceability, among others, are taken into consideration. Additionally, the specific risks assessed differ across the various businesses, taking into account risks inherent to the geographical location of each company. This means that the most pertinent local issues in each country and region are addressed, as well as the unique aspects of different sectors such as energy, forestry, etc. Critical risks related to specific commodities are also factored into the assessment.

At a corporate level, **significant suppliers** are defined as those who make up the top 10 suppliers in terms of amount spent as a % of the total – they are considered critical for the company based on the volume supplied as well as their relative non-substitutability in terms of fulfilling the same volume.

At the individual business unit level, our businesses apply additional criteria to segment suppliers according to the standards that they align to, such as SEDEX.

- **Sodimac** has criteria for determining critical suppliers, which includes: Company assets, Sedex manufacturing risks/country risks, and worldclass vendors exclusion.
- All of **Falabella Retail's** own-brand suppliers are also considered critical due to associated reputation risk.
- **Mallplaza's** critical suppliers are:
 - Operational providers that do not have a replacement.
 - Basic services.
 - Suppliers of the main projects and construction works that are in progress.

Suppliers	Falabella Retail	Sodimac	Mallplaza
Total number of direct suppliers	11,463	2,256	2,272
Total number of significant direct suppliers	4,223	-	25
% of total spend on significant direct suppliers	33%	-	0.3%

SUPPLIER EVALUATIONS

In terms of supplier evaluations conducted in 2022, Falabella's main business units report the following data:

Supplier Evaluation	Falabella Retail	Sodimac	Mallplaza
Total number of suppliers evaluated in documentary form or in the field	707	308	1,732
Target for 2022 (number of suppliers evaluated)	95% of own-brand suppliers	699	-
% of significant suppliers evaluated*	100%	44%	1%
Number of suppliers assessed with current/potential substantial impacts	74	80	25
% of suppliers with current/potential substantial negative impacts with agreed corrective action plan	100%	100%	100%
Number of suppliers with current/potential substantial negative impacts that were terminated	0	0	0

*Please note that the % of significant suppliers evaluated cannot be consolidated nor compared between businesses, since every business unit uses its own definition of what critical and/or significant suppliers are, and which ones should be evaluated.

SUPPLIER ESG RISK EVALUATIONS

Suppliers undergo evaluations through both desk-based assessments, including evidence verifications, and on-site visits. The outcomes of these evaluations prompt particular actions, such as the creation of action plans.

We have suppliers of critical products and services for our business. If our suppliers breach laws, regulations or our internal norms, or fail to comply with minimum standards, or implement practices that are unethical, unsafe, or hazardous to the environment or local communities, then they could affect our reputation, limit our growth, and negatively affect our operating performance. While the audits cover a wide range of issues, the most typical risks identified in the audits in Latin America and Asia are related to health and safety, salary and benefits, and working hours. Suppliers cannot have any critical non-compliance, otherwise the commercial relationship with them will be ended. For minor non-compliance, the suppliers present an action plan, which Falabella monitors to ensure improvement.

Mallplaza

At Mallplaza we evaluate all our suppliers that participate in Request for Proposals Processes in order to identify possible risks, evaluating the referential risk line and sustainability. The sustainability evaluation addresses variables such as: environmental management certifications, policies (waste, use of materials, ethics, gender diversity, disability and relationship with suppliers) and programs (benefits and training). In addition, financial variables such as balance sheets and income statements, compliance, health and safety of its workers and risk centers are considered. The note obtained from the sustainability evaluation impacts the offer presented by the supplier at the time of the definition of the award by 3%. The evaluations are valid for one year, so after this period, the suppliers must be re-evaluated, in order to be able to participate again in any Request for Proposal Process. Suppliers that have any non-compliance in their evaluation or re-evaluation must solve it as soon as possible in order to complete the process, and subsequently participate in a process. It should be noted that because our processes are regional, some variables considered in supplier evaluations are adjusted to the reality of each of the countries where we have a presence (Chile, Peru and Colombia), such as the applicable regulations.

Sodimac

Sodimac has been working since 2015 in conjunction with the international platform Supplier Ethical Data Exchange (Sedex) to rigorously and objectively evaluate ethical and socially responsible practices in the supply chain, including regulations and occupational risk prevention, environmental management and business ethics. In this way, we can help our suppliers to demonstrate their strengths and opportunities for improvement in sustainability issues. The evaluations are carried out by an independent accredited audit entity, during the year 2022 they were carried out with the TUV certification company. In addition, evaluations are carried out using the SMETA methodology. Sodimac currently has 319 suppliers in development programs.

Falabella.com

Before creating an account for a seller, they are evaluated through their documentation, as well as through public and private systems, for example to determine whether they have pending legal issues or public debt. Action plans are established when a supplier cannot provide proper documentation for the onboarding process, consisting of four stages of follow-up.

SUPPLIER ESG RISK EVALUATIONS – Falabella Retail

We have a structured approach to overseeing social compliance in our supply chain. Our Vendor Agreement, signed between Falabella and suppliers, outlines mandatory auditing requirements that comply with local laws and recognized audit protocols such as SMETA, BSCI, Wrap, etc. Factories that fail to meet our standards within a specified time frame are excluded from our network.

Our audit process is continual and not a one-time event. We review and assess audit reports, granting different validity periods according to identified risk levels, with a maximum validity of two years. Regular auditing is essential to mitigate potential social compliance risks within our supply chain.

Falabella Retail has a standing annual target to audit 95% of private label brands (our own brands).

Falabella's supplier assessment and development process is transparent and publicly available. We adhere to ethical and responsible sourcing practices, extending this commitment to our supply chain. Auditing for social compliance is a prerequisite for a long-term partnership with us, and our merchandising departments recognize this necessity when engaging suppliers.

Initially, vendors sign a Vendor Agreement, committing to social audits or providing audit reports that adhere to recognized standards (e.g., SMETA, BSCI, EICC, ICTI, WRAP, WCA, VF, Levis, Tesco, Disney, WAL-MART, SA8000). Vendors must include the latest audit reports for their factories in our system, and we assess these in collaboration with audit firm SGS, setting our own rating standards in line with SMETA Non-Compliance Guidance.

Findings are categorized as Immediate Action (IA), High Risk (HR), Medium Risk (MR), and Low Risk (LR) based on SMETA NC Guidance. Different risk levels carry different weights in the final audit outcome, but any findings related to child or forced labor result in IA, requiring immediate correction and a new on-site audit within three months.

Major findings in fire safety are categorized as HR, with a six-month validity. Suppliers have one chance to conduct a Desktop Review (DR) to rectify high-risk findings, potentially extending the original report's expiration date, as these can often be verified remotely.

For MR and LR factories, we grant validity periods of 1 and 2 years, respectively, with potential random checks. Factories with excellent compliance (ACC) adhere to all local laws and international codes.

Currently, we accept audits conducted by third-party firms like ITS, SGS, and TUV Rheinland. SGS, our partner, assists in auditing new factories and monitoring follow-up auditing, including our Desktop Review program.

Furthermore, we are a buyer member of Sedex, a platform that keeps us informed about the latest industry trends in Social Compliance and assists in verifying the authenticity of reports.

SUPPLIER DEVELOPMENT PROGRAMS

Capacity building programmes	Sodimac	Falabella.com
Total number of suppliers in capacity building programmes	319	<ul style="list-style-type: none">• 4,719 sellers• 5,913 total attendees

SUPPLIER DEVELOPMENT PROGRAMS

Information/training is provided to suppliers on the company's supplier ESG program, process and requirements:

- **Falabella.com**: through Sellers Academy & Communications, the seller has live training available every week on the most relevant topics of his operation. In addition to being able to access tutorial videos on YouTube and step-by-step manuals in our help center. On the other hand, they are constantly informed of news, new guidelines and opportunities through recurring communications by email and messages within the Falabella Seller Center. In addition, we have a website built especially for our sellers (<https://www.falabellasellers.com/>)

Support is provided to suppliers (remote/on-site) in the implementation of corrective/improvement actions:

- **Sodimac**: within the framework of the SEDEX supplier evaluation program, training was carried out on the initial evaluation process (self-assessment) where 126 suppliers from Chile and Colombia participated, dealing with issues of international labor standards, ethics and the environment. In addition, a series of projects have been carried out that aim at the development of our supply chain:
 - Sodimac Colombia SME Mentoring Program (Sodimac Colombia Sustainability Report page 94)
 - Talk about Guide to containers and packaging in Chile.

Support is provided to suppliers (remote/on-site) in the implementation of corrective/improvement actions

- **Sodimac**: 170 suppliers from Chile and Colombia participated in a training on the audit process and corrective actions of the evaluations framed in our supplier evaluation program together with SEDEX. 319 suppliers participated in total, including other development programs.
- **Falabella.com**: we have a sellers support team with the aim of accompanying the healthy growth of their businesses. In addition, we have a physical space called Support Café in which experts in different topics provide face-to-face support to sellers. Additionally, at these events free talks are held on topics of interest to sellers.

Comprehensive technical support program for the development of ESG capacity and performance in suppliers:

- **Sodimac Colombia** carries out a monthly communication with suppliers where it shares good practices on Sustainability in the supply chain. In 2022, the newsletter reached 43,575 people. (Sustainability Report page 93).

SUPPLIER DEVELOPMENT PROGRAMS – Falabella.com

- **Sellers Academy:** a program dedicated to generating communications and educational content, training, special events, tools and much more to accompany our sellers in growing their business.
- Over 4,000 Sellers have been trained in compliance, through newsletters, webinars, YouTube content, trainings, the help center, and manuals and guides.
- **Sustainability project for Sellers:** a project which is in its initial stages and will continue to expand, seeks to offer sellers to show their sustainable attributes to the customer, with the intention of encouraging sellers to obtain certifications and allowing them to capitalize on their investment and sustainable commitment.
- **Campaign for SMEs:** Campaigns and commercial events specially designed to boost the growth and visibility of SME products in different categories.
- **Seller day:** annual event designed especially for Falabella.com Sellers, with the aim of publicizing our marketplace, services, benefits, as well as recognizing the efforts of some sellers in the growth of their businesses and life experience.
- **Alliances with public and private institutions** to offer benefits for Sellers. At falabella.com, we know that collaboration is key to business growth and success. For this reason, we have created our “f.partners” program, a unique opportunity to connect the services of different companies with our community of sellers and thus promote their development.

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 health and wellness, product safety, and food safety professionals. 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 the product to the store and receive a refund.

Falabella Retail, Sodimac, Linio and Falabella.com have not had any cases of product recalls in 2022.

Tottus (supermarkets) has experienced the following recalls:

	2022		
	Total products recalled	Number of product lines recalled	Costs associated with product recalls (CLP)
Chile	127	9	\$599,695,675
Peru	202	9	\$494,697,643
Consolidated	329	18	\$1,094,393,318

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.
- 3) The salary bands are an international methodology, which we already apply and are updated annually. are greater than the cost of living. 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.

GENDER BREAKDOWN

The percentages of female employees in Falabella at the end of 2022 are as follows for the management categories:

Management Category	% of female employees (2022)	% target of female employees	Target Year
Senior management positions	39.9%	40%	2023
Junior Management Positions (lower levels in managerial terms, such as line managers)	46.2%	Over 40%	2023
Management Positions (Juniors and Seniors) in Income Generating Areas (excludes areas such as HR or Legal)	46.4%	Over 40%	2023
STEM (Science, Technology, Math, Engineering) positions	40.1%	-	-

EMPLOYEE DEVELOPMENT PROGRAMS

Program #1

Name and Description	Business Benefits	Relevant KPIs
<p>Falabella Digital School: it is a program that promotes digital transformation within the organization, opening the possibility for our collaborators to develop and reconvert to digital positions within the ecosystem.</p> <p>More than 480 people have gone through the training phases of this program, which include: Digital Immersion, Technical Bootcamps and Professional Practice. With 3 lines of specialization: Data Analytics, UX/UI Design and Front End Development.</p> <p>This program, present in Chile, Colombia and Peru, has favored training opportunities and the development of digital skills for our collaborators and people with disabilities who have been part of this initiative, who will have more and better employability options in the field of digital transformation.</p> <p>This program generates a shared set of digital values, which enhances the creative and innovation ecosystem that will be key to the company's digital transformation.</p>	<p>The Digital School program allows improvement in digital leadership skills, which facilitates the transformation of our company, managing the motivation and development of employees who are interested in the technological - digital field.</p> <p>To define the training, an analysis of the skills most required by our businesses was carried out, the main ones being Front End Developers and UX/UI Designers, including specialization in Data Analytics in 2022. The participants complete a period of professional practice in the IT departments of different group companies to bring them closer to these digital positions, which favors engagement and shortens the adaptation period in the new role, given the knowledge about the Falabella culture they have for the fact of being collaborators. Search times and costs for professionals with these profiles, which are highly demanded in the market, are also reduced.</p> <p>We have 43 graduates who satisfactorily completed the professional practice stage and will be able to relocate to a new position associated with the specialization they completed at the Digital School.</p>	<p>The key objective and result of this program is the number of people relocated to a new role. During 2022, 54 people enhanced web development skills (such as JavaScript, Back End, Front End, Developer); 42 people developed skills in UX/UI Design; and 50 people in Data Analytics. During 2021, there were 8 employees actively working in Development (as Software Engineer or Senior Developer) and 8 people in Design. Please refer to the attached Excel for evidence. In 2021, the number of vacancies in technology areas at Falabella increased from 244 to more than 300, of which 170 were specific vacancies for Developers and Designers. Having people internally prepared to assume the role is a great competitive advantage as well as boosting the internal development of employees.</p>

EMPLOYEE DEVELOPMENT PROGRAMS

Program #2

Name and Description	Business Benefits	Relevant KPIs
<p>Ecosystem Leaders Program: The program seeks to accompany and manage the cultural transformation of the Ecosystem leaders, as well as the development of talent, through empowered leaders who act as essential facilitators to achieve our purpose and business strategy. This program in 100% digital format aims to promote the role of Falabella Leader by developing the key competencies defined for them, as well as aligning behaviors with organizational values. The program includes a wide range of methodological options that seek to maximize the impact on people's development: podcasts, workshops, talks, simulators, among others. Its content is mainly focused on strategy, technology and leadership issues and addresses 55 topics (34 itineraries and 21 talks) facilitated largely by internal speakers. During 2022 we have made an additional effort to promote an agile mentality in leaders by offering a series of 11 training contents and 11 Agility management tools. Additionally, we continue to work on improving the learning experience of program participants and increasing their satisfaction and commitment, taking advantage of all the benefits provided by the implementation of the LXP (Learning Experience Platform), in terms of promoting social learning, the culture of continuous learning, personalization and gamification.</p>	<p>Promote a culture of shared values that contributes to the ecosystem: We trained 81% of our Senior and Middle Management leaders during 2022, who have accumulated an average of 14 hours of training each (27,672 hours in total) since the start of the program, resulting in the certification of 471 leaders.</p>	<p>Boost performance and team development through the development of skills for transformation: during 2022, 1,913 leaders participated, with 81% voluntary adoption and 84 NPS points, showing constant and sustained progress in the ability to learn quickly and in a self-managed way. Employee satisfaction with access to training, measured through the culture survey, was 79 points, a variable defined as a predictor of Employee Engagement and e-NPS.</p>

EMPLOYEE DEVELOPMENT PROGRAMS

Program #3

Name and Description	Business Benefits	Relevant KPIs
<p>Tech Academy Scholarships: Program that seeks to capture and attract digital talent from the market, through the co-financing of 90% of a scholarship to train as a Full Stack Developer and open the way to start a digital career within the Falabella ecosystem. Aimed at 100 people from Chile, Colombia and Peru, it considers 45% female participants and 5% people with disabilities, who will expand their technical skills and improve their competitiveness to be employed in the field of digital transformation. The program It has a basic training plan for Web Development, JavaScript, React JS, Mobile, Back End; and with specializations that are subject to the needs of the businesses in the ecosystem. In 2022, the call was launched, reaching 3,219 candidates, who had to go through an exhaustive selection process to be considered in the program. This initiative aims to promote the digital transformation of the company, attracting, training and retaining talent.</p>	<p>Attract and train talent to be part of the digital transformation of the Falabella ecosystem. An analysis of the technical skills most required by our businesses was carried out, and based on this, the training model and its content were defined, establishing a base plan and specializations, according to the requirements of each team.</p>	<p>Generate the entry of digital talent through this route of attraction that Falabella proposes to the market and that will provide employability to those who satisfactorily meet the approval criteria of the program. In 2022, the selection of 100 participants was made, who in 2023 will carry out the Full Stack Developer bootcamp, created especially for them.</p>

EMPLOYEE HIRES AND INTERNAL MOBILITY

Total Employee Hires in 2022	% of vacancies filled with internal candidates in 2022*	Average Hiring Cost in 2022
38,238	23%	USD \$ 182 // CLP \$ 155,767

Note: the 2022 calculation of internal mobility is not comparable with 2021, since until 2021 only mobility *between* businesses was considered. In 2022, all vacancies for which an internal selection process was carried out are considered. In other words, succession, career plans or directed movements are not included. The indicator is built from the total vacancies reported by each business and the % of mobility.

Countries not included: Mexico, Argentina, Uruguay and India. These 4 countries are only 5% of the company's activities. So, the representativeness of the other 3 countries is 95% (Chile, Peru and Colombia).

EMPLOYEE PERFORMANCE EVALUATIONS (1/2)

The Falabella group has a formal instance of Annual Performance Evaluation carried out throughout the company, all businesses and countries (Chile, Peru, Colombia, Mexico, Uruguay, Argentina, India and China), reaching a total of 81,786 people evaluated in 2022, starting in the month of January. The purpose of this process is to create conditions and opportunities for mobility and development so that our talents can express their potential, in a global, digitized and constantly changing environment.

The performance evaluation consists of multidimensional evaluations, which depending on the role played can be of the 180-, 270- and 360-degree type, based on 13 attributes associated with 5 performance competencies plus a potential competency.

To finish the process, the appraisee has feedback sessions, a feedback instance between the leader and the people he leads, with a focus on performance, development plans, recognition and prioritization. There are two formal and mandatory instances, the first after the performance evaluation and the second in the middle of the year. All the people of Falabella participate and are registered in the system for monitoring and management.

EMPLOYEE PERFORMANCE EVALUATIONS (2/3)

The five competencies and thirteen attributes that are evaluated are:

1) We work as a team:

- “Work as a team”: Employee is an example of collaborative work inside and outside their area / business, taking the objectives of others as their own. Actively respects diversity, moves the organization towards a common purpose and properly manages its internal and/or external networks.
- “Contributes to the ecosystem”: Moves the organization towards the development and construction of transversal initiatives that go towards the fulfillment of the ecosystem strategy.

2) We exceed customer expectations:

- “Put the customer at the center”: Manages and promotes decision-making with his team putting the customer (internal / external) as the main priority, delivering highly valued and timely solutions that ensure sustainable relationships.
- “Make Decisions with Data”: Make timely decisions and risks based on data analysis and interpretation, focused on improving the customer experience (internal / external).
- “Implement digital solutions”: Employee implements and promotes with his team new trends and technologies, which deliver greater value to the client, with a focus on developing an offer of solutions that simplify their day to day.

3) We make things happen:

- “Has strategic vision”: Implements an innovative and flexible business strategy, with a view to the future in the face of problems and opportunities, focused on continuous improvement, being consistent with the market and resources, and aligned with the ecosystem.
- “Contribute and add value to the business”: It is characterized by its self-management, has its own engine, proactively generating initiatives that add value and positively impact the business and customers in a timely manner, making decisions that ensure the fulfillment of goals and promoting these behaviors in your team.
- “Manage change and innovation”: He is a driver of change and promotes it within his team. Positively and genuinely values error, seeing it as an opportunity for learning and growth. He fosters agility and curiosity, from his role and in his team, generating instances of reflection for continuous improvement.
- “Possesses personal leadership and influence”: Exercises his influence and formal and informal authority, at a personal and organizational level, obtaining results that generate impact on the business, through timely decision making and effective communication.

4) Growing by achievement:

- “Attract and recruit talent”: Deals with attracting top talent, proactively seeking candidates with potential for his team and organization.
- “Develop talents”: Develops the potential of its team, empowering them, recognizing them and worrying about the formation of successors, promoting mobility based on merit. Provides feedback in an ongoing, timely, and constructive manner. Ask for feedback and appreciate criticism by accepting it as a learning opportunity.

5) Act with meaning:

- “Manage risk”: Has an active role in risk management and drives this behavior in his team, actively participating in the instances defined by the organization. It creates awareness of the current and future risks associated with decision-making, and ensures that they are in balance with the expected actual return.
- “Lead by example”: Leads and acts transparently, ensures doing the right thing for communities, suppliers, customers and environment, actively promoting diverse and inclusive work teams, taking responsibility for the impact generated by its management.



EMPLOYEE SUPPORT PROGRAMS

At Falabella we have different types of benefits, aimed at satisfying different needs and dimensions of interest.

We promote healthy living and sports, through agreements with gyms, nutrition programs and preventive campaigns, as well as recreational activities for employees such as trekking, soccer championships, bike rides, among others.

In addition, we have initiatives aimed at mental health and stress management, such as access to psychological care for employees, teleconsultation through different agreements and active breaks. We have different benefits associated with maternity and paternity, such as lactation rooms in the offices or a nursery room benefit.

We also offer different options for flexible hours, reduced hours, part-time modalities and teleworking, according to the reality of each business and workplace.

EMPLOYEE TURNOVER RATE

Falabella SA's consolidated turnover for 2022 goes as follows:

% Total turnover rate	% Voluntary Turnover rate
47%	20.6%

Note: figures on pages 61 and 164 of our 2022 Annual Report differ from those presented here, since on page 164, termination contracts are added to people who have a fixed and non-indefinite modality (thus creating higher figures, especially at our department stores).

EMPLOYEE ENGAGEMENT

At the group level, Falabella measures the engagement of its employees through the Culture Survey.

In this survey, Engagement is measured at a general level, as well as a series of other attributes such as pride, motivation, feeling of accomplishment with work, perception of contribution to it and intention to stay, among others. Likewise, different emotions of people are evaluated, such as happiness, tranquility, enthusiasm, nervousness or stress.

For 2022*, employee engagement (a combination of the results on “pride”, “motivation”, “accomplishment”, and “intent to stay”) at Falabella SA was 76%.

Our target for 2022 for employee engagement was 80%.

*Note: unlike previous years, this year we report the Culture Survey as an Engagement tool, which is why we only record data for 2022.

HEALTH AND SAFETY INDICATORS

Complementing what is stated in our 2022 Annual Report, the Lost Time Injury Frequency Rate for 2022 was as follows:

	Employees	Contractors*
LTIFR	9.5	4.52
Fatalities	0	0

LTIFR = (Number of lost-time injuries) / (Total hours worked in accounting period) x 1,000,000

*Consolidated rate that collects information from contractors for the following businesses: Tottus, Mallplaza, Falabella Financiero, Sodimac, Real Estate Perú, Real Estate Chile, Falabella Retail, and Falabella.com, representing 51% of Falabella Group's activities.

CUSTOMER SATISFACTION

Every year, we measure the satisfaction of our customers in the different business units.

Considering the measurements of the different business units, the consolidated Net Promoter Score (NPS), at a Group level was 60.7% for 2022. This result slightly exceeds the consolidated target of 60.2% set for 2022.*

**Note: this is not an official target corporate target per se, as it reflects a weighted average for the different targets for each business units that measures its customer satisfaction.*

For example, and as noted in their 2022 Annual Report, Mallplaza Chile set a 47% target for its NPS in 2022, a goal that was exceeded by 10% for this company.

SOCIAL INVESTMENTS

In 2022, Falabella SA made charity donations to the amount of CLP \$ 2,061 millions, and community investment of CLP \$ 6,037 millions.

HUMAN RIGHTS

As noted on our public domain, we have conducted due diligence processes within the following of our businesses: Mallplaza Chile, Perú and Colombia; Imperial; Sodimac Chile, Perú, Colombia, Brasil and China, covering the entirety of their operations. Other business units are also in the process of implementing these procedures

The due diligence process has covered the following groups:*

- Collaborators (including women and migrant workers)
- Suppliers
- Customers
- Communities

*This evaluation has covered children as a group, identifying child labor as part of possible Human Rights Risks

Environmental Impact



FSC **BOSQUES™**
PARA TODOS
PARA SIEMPRE

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ENVIRONMENTAL POLICY & COMMITMENTS

Falabella has an Environmental Program that seeks to establish, communicate and guide the behavior of its collaborators and suppliers in their relationship with the environment, as well as the necessary mechanisms to comply with the environmental commitments assumed voluntarily by its different companies and with regulatory requirements on the matter. This Program provides a framework to adequately manage environmental risks, through the implementation of different regulatory, communication, execution and control elements.

Regarding the communication elements, their objective is to raise awareness about environmental obligations, and the standard of conduct that is expected from Falabella towards its different stakeholders. Some of these actions are:

- 1. Onboarding:** The contents of the Environmental Program are included in the mandatory onboarding processes for new hires, so they can learn its main regulatory elements and associated obligations. In 2022, 600 new collaborators participated in onboarding processes.
- 2. Training for Exposed Positions:** Specific annual training is carried out for relevant positions, focused on the regulatory obligations related to their respective functions. In 2022, ten specific trainings associated with controls of the Environmental Program were carried out.
- 3. Suppliers Day:** An annual meeting is held with the main suppliers of the Falabella companies, where we explain their obligations as commercial partners in accordance with local regulation and internal compliance controls. We also communicate the importance of supporting Falabella's environmental objectives and goals. In the last meeting, more than 650 critical suppliers from the different Falabella companies participated.
- 4. Internal Regulatory Communication:** The contents of the Program are communicated through the company's internal digital platforms, with the objective of sharing relevant news on environmental matters with our collaborators. In 2022, 18 publications were made, which reached more than 82,000 total views.

EMS: Certification/ Audit/ Verification

Our EMS is certified through international standards ISO 14.001: Mallplaza Chile and Sodimac Colombia. Together they represent 3% of Falabella’s operations.

The Mallplaza Chile ISO 14.001 certifications can be found [here](#).

The rest of Falabella SA is internally audited, and corresponds to 97%.



TCFD

TCFD Pillar	Reference	Page
Governance - Disclose the organization's governance around climate related risks and opportunities.	(a) Describe the board's oversight of climate-related risks and opportunities.	<ul style="list-style-type: none"> Page 47: Environmental and Climate Change Policy and Environmental Program Page 80-81: Corporate risk process Página 110: Progress in the adoption of TCFD recommendations- Governance
	(b) Describe management's role in assessing and managing climate-related risks and opportunities.	<ul style="list-style-type: none"> Page 47: Environmental and Climate Change Policy and Environmental Program Page 80-81: Corporate risk process Page 110: Progress in the adoption of TCFD recommendations- Governance
Strategy - Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	(a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<ul style="list-style-type: none"> Page 47: Environmental and Climate Change Policy and Environmental Program Page 110: Progress in the adoption of TCFD recommendations- Strategy
	(b) Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.	<ul style="list-style-type: none"> Page 54-55 Risks related to Climate Change Page 110: Progress in the adoption of TCFD recommendations- Strategy
	(c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<ul style="list-style-type: none"> Page 110: Progress in the adoption of TCFD recommendations- Strategy Page 113: Our plan: towards the decarbonization of our operations
Risk management - Disclose how the organization identifies, assesses, and manages climate-related risks.	(a) Describe the organization's processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> Page 50-52: Risk management Page 80-81: Process to determine material topics Page 110: Progress in the adoption of TCFD recommendations- Risk
	(b) Describe the organization's processes for managing climate-related risks.	<ul style="list-style-type: none"> Page 52: Management of risks associated with climate change Page 110: Progress in the adoption of TCFD recommendations- Risk
	(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	<ul style="list-style-type: none"> Page 50-52: Risk management Page 110: Progress in the adoption of TCFD recommendations- Risk
Metrics and Targets - Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	(a) Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"> Page 113: Our plan: towards the decarbonization of our operations Page 111: Progress in the adoption of TCFD recommendations- Metrics and targets
	(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<ul style="list-style-type: none"> Page 112: Our carbon footprint Page 111: Progress in the adoption of TCFD recommendations- Metrics and targets
	(c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	<ul style="list-style-type: none"> Page 83: Sustainability strategy Page 111: Progress in the adoption of TCFD recommendations- Metrics and targets Page 112: Our commitment: Net Zero emissions by 2035 in our scopes 1 and 2 Page 113: Our plan: towards the decarbonization of our operations

FOOD LOSS & WASTE

One of our associated programs we have in place in order to monitor and reduce our food loss & waste volumes, is by having a break-down by food categories.

Below is an example from 2022:

Department	Tons	Share (%)		
Nonperishable goods	-2,194	17%	22%	Nonperishable
Liquids	-641	5%		
Butchery	-1,552	12%	78%	Perishable
Fishery	-80	1%		
Fruits and vegetables	-4,313	33%		
Delicatessen	-1,060	8%		
Dairy	-1,094	8%		
Frozen	-217	2%		
Bakery	-1,039	8%		
Pastry	-67	1%		
Prepared dishes	-653	5%		
Total	-12,912	100%		

ESG ANNEX 2023



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