

FALABELLA



GENERAL INVESTIGATION POLICY

## **I. Introduction**

Falabella must occasionally conduct investigations to shed light on events occurring internally or in relation to them and determine responsibilities, if any. Investigations must be conducted professionally and consistently, under standardized criteria to respect the basic rights of the Associates involved based on the principles of the right to work and to due process. This is in order to: i) encourage the finding facts and documentation of events, identify who participated in those events and liabilities, lawfully and completely; ii) assist in the corporate governance of the Company by enforcing the duty to exercise diligence by conducting the investigations deemed necessary; iii) ensure availability of information obtained through investigations; and iv) ensure dignified, respectful, predictable and equitable treatment of individuals who, in various different roles, could become subject to an investigation, considering and aware of the fact that an investigation could be uncomfortable and stressful for those who participate therein.

## **II. Objective**

Establish the rules and standards of work and behavior that any Associate and Investigator conducting an Investigation in Falabella is expected to comply with, in order that the Investigation: i) offer guarantees of due process; and ii) result in a reasonable findings report that, to the maximum extent possible, will allow one to: a) know the events exactly as they occurred; b) determine the identity of the persons who participated in those events and the responsibility that each such person has; and c) allow for the making of informed, respectful and legally correct decisions in relation to each such person.

## **III. Scope**

This Policy has a corporate scope, thus being applicable to Falabella as a whole, having to be implemented and its compliance demanded from all Associates.

## **IV. Definitions**

The capitalized terms used in this Policy are defined in Exhibit 1.

## **V. Policy**

All Investigations conducted in Falabella and resulting in a General Investigation Procedure must be substantiated by applying the principles, activities and standards of behavior indicated below:

### **1. Guiding Principles of Any Investigation**

Investigations are complex, fluid processes. It is extremely costly and difficult to foresee and regulate all incidents likely to surface during their implementation. For

this reason, and notwithstanding minimal rules of due process as contained in the General Investigation Procedure, it is very important that Investigations be conducted by strictly complying with certain basic principles of any investigative action or activity, even in the silence of this document.

### 1.1 Confidentiality

The reason or cause of an Investigation; the fact that it is being conducted; its development; its proofs and evidence; its findings; the documents and reports issued in relation to the same; and its closure. Investigations must always be handled in confidence and their contents must only be communicated to and discussed with persons individually determined as having a Need to Know.

### 1.2 Documentation

All acts and efforts that are part of Investigations must always be recorded, in documents or otherwise, and such records must be kept and maintained under custody for a potential review of the conclusions.

### 1.3 Facticity

Any investigation must seek to establish and clarify facts and any involvement therein. Investigations must never be based on the personal worth or character of individuals, whether Associates or not. This does not mean that the findings of an Investigation cannot prove the responsibility or liability of a person in relation to certain facts. In our Investigations, we try to establish the truth about facts, not one person's opinion about another.

### 1.4 Impartiality

Anyone who participates in an Investigation, in any role, must act objectively and without any conflicting interests, and must adopt precautions in order that impartiality prevail at all times. A basic manifestation of impartiality is that the Investigators and those in charge of reviewing Investigation reports for decision-making purposes must consider both the information made available to them and which confirms the facts and potential liabilities related to them, as well as the information that would rule out or refute such facts and liabilities.

### 1.5 Indemnity

Falabella will not accept that making an ethic inquiry or participating in an Investigation in any role whatsoever be an excuse for reprisals from any Associate or the Company. Protection for participating in an Investigation does not mean that whoever intentionally makes false accusations cannot be subjected to disciplinary action.

### 1.6 Lawfulness

Notwithstanding the fact that everything we do at Falabella must always be legal, the lawfulness of Investigations calls for an utmost effort to be made in this sense, since: i) investigations conducted by companies are not endowed with the legality faculties and controls and the rule of law principles whereby public authorities conduct their investigations, and ii) inquiries are limited by the rights of the individuals under investigation and third parties.

### 1.7 Professionalism

Investigations must: i) be conducted at all times in accordance with this Policy and the General Investigation Procedure by individuals who have received the necessary training, and ii) only be conducted by people knowledgeable and trained in understanding and processing information related to the matter under Investigation in each particular case, i.e. financial or accounting information.

### 1.8 Prudence

In any Investigation, one must evaluate the reasonableness and exercise sound judgment to determine proportionality between the matter at hand, the seriousness of the offense under Investigation and the efforts displayed, and the Investigator must not alter the activities of Associates and the running of the business either more or less than strictly necessary.

### 1.9 Respect

Investigations must always be conducted in an environment and attitude of respect toward all those who participate in the same, preserving their dignity. Whoever conducts an Investigation must take special care to act and speak in a manner such that reflects an understanding that those who participate in an Investigation in other roles could understandably be subject to stress and anxiety for this same reason.

### 1.10 Fair Hearing

Both the reporting person as well as the accused must have the chance to be heard and to justify their statements.

### 1.11 Due Dispatch

The Investigation must not take longer than necessary to prevent generating a feeling of instability or uncertainty in the person against whom the report was filed.

## 2. Need to Investigate

Determining whether there is an actual need to conduct an Investigation or not is a decision that calls for proper deliberation. This deliberation must be aimed at determining whether there is a reasonable basis to conduct an Investigation. Thus, for example, one must ask the following questions: i) Is there reasonable certainty that a violation may have been committed under the Integrity Code, the law or any internal regulation?; ii) is there reasonable certainty that the accused Associate committed the reported act?

As part of this analysis, one must bear in mind that there are cases in which one has to inquire into facts, but it is not an Investigation<sup>1</sup>. There are cases in which it will be necessary to apply the General Investigation Procedure despite these acts not being necessarily in violation of the Integrity Code<sup>2</sup>; and there are cases in which there is an Ethics Investigation.

These distinctions and the use of sound judgment in the use or non-use of the General Investigation Procedure is basic in the development of organizational cultures. The need to conduct professional investigations cannot result in an inquisitorial culture that spawns fear and persecution. This could seriously undermine the mood and entrepreneurial spirit of our Associates.

This could seriously undermine the mood and entrepreneurial spirit of our Associates. Investigations are a means, not an end in themselves. This must be borne in mind always, and one must be deliberate when making decisions in this area. In case of any doubt, one must always contact the Legal Affairs Department, the Governance, Ethics and Compliance Department, or the Ethics Department in determining whether we are in a situation that calls for an Investigation or not.

### **3. Starting an Investigation**

Investigations will be conducted solely and exclusively upon request by the Ethics Department or Support Area in charge of the ethics function, as the case may be.

The Ethics Department has the authority to define, on the basis of the data provided, the type of investigation to be conducted.

### **4. Temporary Measures**

At any stage of the Investigation and in order to protect its outcome and/or the interest of the Company, the Ethics Department may suggest, to whoever has the authority to implement them, the adoption of temporary measures. Those measures are detailed in the General Investigation Procedure mentioned above.

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<sup>1</sup> One example of inquiries that do not pursue specific and particular acts are studies or analyses of the workplace environment. Inquiring about the workplace environment in a specific area is not an Investigation, and this procedure must not be followed in that inquiry. This is so because it is not intended to look for specific, particular acts by someone. Another clear example of a non-Investigation inquiry are routine audits conducted by Internal Audit.

<sup>2</sup> For example, an inquiry into the location of missing assets, if it is an Investigation and this procedure is to be followed, although it would not be possible to consider this Investigation as an ethics case if there is no reason, at least temporarily, to feel that an associate is behind the missing assets. The loss of those assets, for example, could be accidental, and as long as there is no evidence of involvement by an associate, no Ethics Investigation would be warranted.

## **5. Investigation Activities**

Any Investigator must complete his/her work by issuing a written Investigation report, to be evidenced in hardcopy or digital support, not allowing the reader to introduce any changes or alterations. The content of said Report is established in detail in the General Investigation Procedure.

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## **7. Special Rules for Classified or Crime-Related Investigations**

In the case of crime-related or Classified Investigations, both their processing and the application of Special Rules to the resulting reports shall be governed by the provisions of the General Investigation Procedure.

## **8. Associates' Obligations**

In Investigations, all Associates are required to: i) cooperate in the Investigation's activities in which his/her participation is requested; and ii) refrain from any action interfering with the same, e.g. deleting, concealing or altering records or evidence, or hindering or complicating the conduct of the Investigation.

Associates who hold directive positions and receive a report directly, are required to refer the same immediately to the Ethics Department to assess the need to investigate.

## **VI. Compliance with the Policy**

The Corporate Legal Affairs and Governance Manager shall see to the adequate compliance with this Policy, and if any violation is detected, apply the measures deemed pertinent in coordination with the General Manager's Office of Falabella S.A. and the Ethics Department.

## **VII. Related Documents**

- General Investigation Procedure
- Integrity Code

## Exhibit N°1 Definitions

In this document, the following words and terms, when capitalized as in each individual definition below, whether or not necessary according to the spelling rules applicable to capitalization, will carry the meanings given to each of them regardless of where they are used herein or if they are used in a given person, number, mode, tense or grammatical variable, as necessary for the correct understanding thereof, shall bear the meaning each such word or term is given below:

**“Support Area”** means an identifiable organizations providing human and material resources in a Falabella Company to meet a given functional need in lending support to the conduct of business thereof, and not consisting in the implementation of the value proposal of a Business Unit, e.g. systems, human resources, legal, etc.

**“Internal Audit”** means the Support Area in charge of the internal auditing function of a Business Unit, a Country, or at the Corporate level.

**“Integrity Code”** means the guide that establishes the principles and values of the Company and indicates the behavior expected of Associates.

**“Associate”** means i) any and all persons related to a Company under an employment contract and/or providing services on a fee basis; ii) anyone acting on behalf of a Company irrespective of the nature of the relationship therewith; and iii) all the members of the board of directors or any other multi-member body of senior management that applicable law requires of any Company.

**“Company”** means any Falabella company to which the provisions of this instrument could be applied in any particular case.

**“Corporate”** means that which refers to, is done for or is applicable to: i) each and every one of the Falabella Companies; or ii) a Business Unit as a whole, including all its Countries.

**“Falabella”** means, i) Falabella S.A.; ii) any other legal entity in any jurisdiction in which Falabella S.A. controls, directly or through another individual or entity, more than 50% of its voting capital stock or capital if not a stock company, or is able to elect or designate or have elected or designated a majority of its directors, board members or administrators; and iii) any other legal entity in any jurisdiction in which Falabella S.A. controls, directly or through another individual or entity, 50% or less of its voting capital stock or capital, provided that the former is known to the public as a business with trademarks of Falabella S.A., or of any of the Falabella companies described in ii) above.

**“Legal Affairs Department”** means the Support Area in charge of the legal function of a Business Unit, a Country, or at the Corporate level.

“**Ethics Department**” means the Support Area in charge of the ethics function of a Business Unit, a Country, or at the Corporate level.

“**Governance, Ethics and Compliance Department**” means the Support Area of Falabella that reports to its Legal Affairs and Governance Department, in charge of leading and coordinating governance, ethics and compliance matters for all Falabella .

“**Investigation**” means the acts of an investigative nature and purpose as a whole aimed, to the greatest extent possible, to: i) know the events under inquiry, ii) determine the identity of the persons who participated in such events, if any; and iii) determine the responsibility each such person has, if and when applicable.

“**Ethics Investigation**” means an Investigation conducted to shed light on facts and responsibilities associated with a potential violation to the Integrity Code or the standards related thereto, of Falabella.

“**Classified Investigation**” means an Investigation that, due to the nature and potential legal implications of the events under investigation, must be conducted solely and exclusively by Investigators who are attorneys, whether Associates or External Investigators, under the responsibility and through the auspices of the Legal Affairs Department and Ethics Department.

“**Investigator**” means a person conducting an Investigation.

“**External Investigator**” means a third party unrelated to Falabella and retained by the same to conduct an Investigation or one or more specific activities related to an Investigation.

“**Need to Know**” means a communication or participative criterion, in an Investigation, whereby: i) the information is given or disclosed solely and exclusively to whoever has a role to exercise in the Investigation or in connection therewith, for example: a) conduct an investigative activity; b) make a statement; c) prepare a report; or d) review the findings in a report and issue an opinion thereon; ii) the information is disclosed or shared restrictedly, limited to what the recipient needs to know to exercise his/her role in the Investigation; and iii) the information is shared only at such time as it is necessary to deliver the same, neither before nor after.

“**Guiding Principles for Any Investigation**” means such basic elements according to which Investigations are to be conducted, as described in the General Investigation Procedure.

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<b>CONTROL DE VERSIONES</b>					
<b>Fecha</b>	<b>Versión</b>	<b>Modificaciones</b>	<b>Responsable</b>	<b>Revisor</b>	<b>Approover</b>
12/04/2017	2	Original Text	Ethics Department of Falabella.	Governance, Ethics and Compliance Department - Falabella S.A..	