

FALABELLA S.A.

Publicly Traded Open Stock Corporation
Securities Registration Number 582

PROPOSALS BY THE BOARD OF DIRECTORS TO THE 2020 ANNUAL SHAREHOLDERS' MEETING

By resolution of Falabella S.A.'s board of directors (hereinafter, respectively, the "**Company**" and the "**Board of Directors**"), the 2020 annual shareholders' meeting 2020 of the Company (hereinafter, the "Meeting") will be held on Tuesday, April 28th of the said year, starting at 3:00 p.m., in the Alamo AB Room of the Courtyard by Marriot Hotel, located at Av. Kennedy 5.601, 7th floor, Las Condes, Santiago.

For the advance knowledge of all the Company's shareholders, the Board of Directors announces the following proposals that, in relation to each of the matters to be discussed at the Meeting, will be brought to the attention of the same.

MATTERS OF THE MEETING AND BOARD PROPOSALS

1) 2019 Annual Report:

- a) *Subject matter:* decide on the Company's annual report for the year ended 31 December 2019 (hereinafter "**Business Year 2019**").
- b) *Proposal of the Board of Directors:* approval.

2) 2019 Balance Sheet:

- a) *Subject matter:* decide on the consolidated and audited balance sheet of the Company corresponding to Business Year 2019.
- b) *Proposal of the Board of Directors:* approval.

3) 2019 Income Statement:

- a) *Subject matter:* decide on the consolidated and audited income statement of the Company corresponding to Business Year 2019.
- b) *Proposal of the Board of Directors:* approval.

4) Opinion of the External Auditors:

- a) *Subject matter:* decide on the report of the Company's external auditors, EY Servicios Profesionales de Auditoria y Asesorías SpA, corresponding to Business Year 2019.
- b) *Proposal of the Board of Directors:* approval.

5) Distribution of Earnings for Business Year 2019 – Paid Interim Dividend Report:

- a) *Subject Matter:* receive the report of the Board of Directors on the interim dividend, approved by the Board of Directors on December 19, 2019, in the amount of Ch\$17 per share, paid on January 8, 2020, out of the distributable net earnings of Business Year 2019 (hereinafter, "**2019 Earnings**") to the shareholders of the Company that were registered as shareholders of record in its shareholder registry as of January 2, 2020.
- b) *Proposal of the Board of Directors:* informative matter not requiring the approval of the Meeting.

6) Distribution of the Earnings for Business Year 2019 - Final and Definitive Dividend Payment:

- a) *Subject Matter:* determine the payment of a final and definitive dividend out of 2019 Earnings.
- b) *Proposal of the Board of Directors:* that out of the 2019 Earnings, the amount of Ch\$47,517,929,217 be allocated to the payment of a final and definitive dividend out of the 2019 Earnings of Ch\$19 per share, which added to the interim dividend of \$17 per share paid on January 8, 2020, would result in a total of Ch\$36 per share out of the 2019 Earnings, amounting to a distribution of 30,47% of the 2019 Earnings; and that the final and definitive dividend out of 2019 Earnings of Ch\$19 per share be paid on May 13, 2020 to shareholders

registered as shareholders of record in the shareholder registry as of May 7, 2020, at Av. Los Conquistadores 1730, 24th floor, Providencia, and also through the various usual payment methods, which include bank deposits, certified deliveries and direct withdrawal at branches of Banco de Crédito Inversiones, BCI.

7) Distribution of 2019 Earnings - Allocation of Undistributed 2019 Earnings:

- a) *Subject Matter:* decide on the ultimate use of the portion of the 2019 Earnings that will not be distributed to the Company's shareholders
- b) *Proposal of the Board of Directors:* that the remaining balance of 2019 Earnings that will not be distributed to the Company's shareholders, amounting to Ch\$205,439,558,985, be destined to increase the fund of accumulated earnings of the Company.

8) Dividend Policy for Business Year 2020:

- a) *Subject Matter:* decide on the Company's dividend payment policy for the fiscal year ending on December 31, 2020 (hereinafter, "**Business Year 2020**").
- b) *Proposal of the Board of Directors:* maintain the Company's current dividend policy, which consists of distributing through dividends at least 30% of the net distributable earnings of the year.

9) Election of the Board of Directors:

- a) *Subject Matter:* proceed to the total renewal of the Board of Directors, for the period of three years set out in the articles of incorporation, upon completion of the term of office of the current members of the Board of Directors.
- b) *Proposal of the Board of Directors:* no proposal by the Board of Directors. The proposals of nominees made by the shareholders will be received until the day of the meeting, and even at the meeting itself, notwithstanding the requirement to comply with the special deadlines for the submittal and disclosure of the nominations for independent director.

10) Directors' Fees:

- a) *Subject Matter:* determine the amount of the remuneration of the members of the Board of Directors for the period between the Meeting and the annual meeting of the shareholders of the Company to be held in 2021.
- b) *Proposal of the Board of Directors:* **i)** Regarding the fixed monthly allowance, a 25% reduction of the current fixed monthly allowance, resulting in a fixed monthly allowance for the equivalent in pesos of 41.25 Unidades de Fomento (hereinafter, "**UF**") gross, for each month or fraction of a month during the time the corresponding director is in office as from the date of the Meeting; and that in the case of the chairman, it should be in the equivalent in pesos of 461,25 UF for each month or fraction of a month during the time he is in office as from his election; plus, **ii)** that in addition to the fixed monthly allowances described above, the directors also receive a variable annual allowance in the amount in pesos equivalent to 0.35% of the net distributable earnings of Business Year 2020, which variable allowance **a)** would be payable in equal parts between all directors, except for the chairman, who would receive double the amount corresponding to each director; **b)** would be payable immediately after the shareholders' meeting that approves the result of Business Year 2020; and, **c)** would be payable ratably to those directors who have not exercised their functions during the entire Business Year 2020.

11) Appointment of the External Auditors for Business Year 2020:

- a) *Subject Matter:* elect the external auditors of the Company for Business Year 2020.
- b) *Proposal of the Board of Directors:* following the proposal of the Directors' Committee, the Board of Directors agreed to propose to the Meeting that the following be appointed as the external auditors of the Company and its subsidiaries for Business Year 2020: firstly, EY Servicios Profesionales de Auditoria y Asesorías SpA (hereinafter, "**EY**"); and secondly, Deloitte Auditores y Consultores Limitada, for the following reasons: **i)** the quality of the professional team in charge of the audit of the Company; **ii)** the Company's past experience working with EY; **iii)** the international presence of EY in the countries where the Company and its subsidiaries operate; **iv)** the economic proposal received from EY for the audit services; and, **v)** the recent incorporation of new countries and businesses that need to be properly included in the audit process.

12) Designation of the Rating Agencies for Business Year 2020:

- a) *Subject Matter:* choose the rating agencies for the securities issued by the Company during Business Year 2020.
 - b) *Proposal of the Board of Directors:* following the proposal of the Directors' Committee, the Board of Directors agreed to propose to the Meeting: **i)** the maintenance of Fitch Chile Clasificadora de Riesgo Limitada and Feller-Rate Clasificadora de Riesgo Limitada as rating agencies for the shares, bonds and commercial papers issued in Chile by the Company; and **ii)** also maintain the rating agencies Standard & Poor's and Fitch Ratings for the rating of securities offered abroad.
- 13) Submittal of Report on Related Party Transactions:**
- a) *Subject Matter:* receive the report of the Board of Directors on the transactions between related parties held during Business Year 2019, regulated in Title XVI of Law No. 18,046 on Stock Companies.
 - b) *Proposal of the Board of Directors:* informative matter not requiring the approval of the Meeting.
- 14) Report by the Directors' Committee:**
- a) *Subject Matter:* receive the Directors' Committee's annual report for Business Year 2019.
 - b) *Proposal of the Board of Directors:* informative matter not requiring the approval of the Meeting.
- 15) Remuneration of the Directors' Committee Members:**
- a) *Subject Matter:* establish the remuneration that the Company's directors who are members of its Directors' Committee will receive, in accordance with the law and in addition to those that correspond to them as members of the Board of Directors.
 - b) *Proposal of the Board of Directors:* **i)** A fixed monthly allowance for the equivalent in pesos of one third of the fixed monthly fee established for a director of the Company, for each Committee meeting attended by the respective member, and that in the case of the Chairman of the Committee, a fixed monthly fee be added for the equivalent in pesos of 160 UF gross for each month or fraction thereof during the time he is in office as from his election; plus, **ii)** in addition to the fixed monthly allowances described in the previous point, that the members of the Committee also receive a variable annual fee in the amount in pesos **equivalent to 1/3 of the variable annual fee contemplated for the directors of the Company;** and, **iii)** that all the above amounts are in addition to those that the members of the Committee are entitled to receive in their capacity as directors of the Company.
- 16) Directors' Committee Expense Budget:**
- a) *Subject Matter:* determination of the Directors' Committee budget, for Business Year 2020, for the operating expenses of said Committee and the hiring of advisors and services in matters within its sphere of competence.
 - b) *Proposal of the Board of Directors:* an amount equivalent to the sum of the annual remuneration of the members of the Directors' Committee, for the hiring of the advisors, services and activities within its sphere of competence as it deems necessary.
- 17) Newspaper for Corporate Notices:**
- a) *Subject Matter:* determination of the newspaper in which the Company's notices shall be made, as required by law.
 - b) *Proposal of the Board of Directors:* that said publications be made in the electronic newspaper <http://www.latercera.com>.

PARTICIPATION AT THE MEETING

Holders of shares registered in the Company's register of shareholders up to midnight of the fifth business day prior to the Meeting, i.e. up to midnight of April 22, 2020, will be entitled to participate in the meeting. The qualification of proxies, if applicable, will be made on the day of the Meeting at the time the Meeting starts.

IMPACT OF THE COVID-19 PANDEMIC ON THE ANNUAL MEETING OF SHAREHOLDERS'

Shareholders' meetings are acts that must take place in person at a formally constituted meeting. The recommendations and restrictions applicable to the movement of people and the holding of face-to-

face meetings to contain the spread of CoVid-19 ("**Coronavirus**") could impact the holding of the Meeting, both with respect to the modality of its holding, and the possibility of holding it, if at all, within the timeframe required by law. Up until the time of this announcement, the recommendations for controlling the spread of Coronavirus make it advisable to reduce on-site attendance at the Meeting to the bare minimum necessary. Also as of this date, according to the resolution of the Ministry of Health and until March 31, 2020, notwithstanding the fact that the authorities have publicly requested that meetings be kept to a maximum of 50 people, all public events that bring together more than 200 people are forbidden in Chile. Such restrictions may change between this date and the date of the Meeting, i.e. either extended or lifted, or made more stringent or lenient.

In recent days, in response to the Coronavirus pandemic, the CMF has authorized the use of technological means that allow the participation and voting in shareholders' meetings of publicly traded open stock corporations for shareholders who are not physically present at the place of the meeting, provided that such systems meet the following standards required by the CMF: (i) guarantee the identity of the shareholders and their proxies; (ii) guarantee the participation of the CMF in the meeting; and, (iii) safeguard the principle of simultaneity or secrecy of the votes taken. If, before April 9, 2020, the Company is able to identify a viable, reliable and duly verified service that, while complying with the standards mentioned above, allows shareholders to participate in the Meeting by remote means, the Company will opt to employ such service during the Meeting and this will be announced and included in the three notices of meeting that will be published during the 20 days prior to the Meeting in the electronic newspaper <http://www.latercera.com>. If the Company does not identify such service, the Meeting will be held without the shareholders being able to participate in it remotely. Even in that case, the face-to-face participation of shareholders may also be affected by restrictions on the total number of persons who may meet at a single venue. In any case, the Meeting held in person will also be transmitted online through a means that will be announced in the notice of meeting.

If, at the scheduled time of the Meeting, the restrictions then in force on the movement of persons and the holding of face-to-face meetings in Chile make it impossible for the Meeting to take place, the Meeting will not be held until such impediment has ceased. In such case, in accordance with Chilean law, the term of office of the Board of Directors will be automatically extended until it is possible to hold the shareholders' meeting at which the Board is scheduled to be renewed. Such shareholders' meeting must be held within 30 days following termination of the restrictions that prevented the Meeting from being held.

PUBLICATION OF THE BALANCE SHEET, FINANCIAL STATEMENTS AND ANNUAL REPORT

The first notice of the Meeting will be published in the electronic newspaper <http://www.latercera.com> on April 9, 2020. As of that date, shareholders may obtain, at the main offices of the Company, located at Manuel Rodríguez Norte 730, municipal district and city of Santiago, a copy of the documents that explain, support and detail the different matters that will be submitted to the consideration and approval of the shareholders at the Meeting. These documents will also be made available to shareholders on the Company's website <https://investors.falabella.com> as from the same date.

In accordance with article 75 of Law 18,046 and circular letter 444 issued by the CMF, as of April 9, 2020, the Company's annual report and balance sheet for Business Year 2019 will be made available to shareholders through publication on the Company's website <https://investors.falabella.com> starting on April 9, 2020.

Carlo Solari Donaggio
Chairman of the Board of Directors