



FALABELLA S.A.
Publicly Held Corporation
Securities Registration No. 582

**PROPOSALS AND RATIONALE FOR THE MATTERS UNDER
CONSIDERATION
OF THE SHAREHOLDERS OF FALABELLA S.A.
AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS
DATED APRIL 18, 2023**

The purpose of this document is to provide shareholders with sufficient information for them to understand the rights they may exercise and the proposals and rationale for each of the matters to be submitted for their consideration at the Annual General Meeting of Shareholders of FALABELLA S.A. (hereinafter, the **"Corporation"**) to be held on April 18, 2023.

BACKGROUND ON ANNUAL GENERAL MEETING

The Board of Directors of the Corporation, at a meeting held on March 28, 2023, called the shareholders to the Annual General Meeting (hereinafter, the “**Annual General Meeting**”), for the purpose of bringing to their attention and requesting approval of the matters set forth in the notice of meeting.

The information on the call and summons to the Annual General Meeting was also communicated to the Financial Market Commission (hereinafter, the “**CMF**”) by means of an essential event notice dated March 28, 2023.

The notice of the meeting was first published in the electronic newspaper <http://www.latercera.com> on April 3, 2023.

INFORMATION ON THE ANNUAL GENERAL MEETING AND RIGHTS OF SHAREHOLDERS

Date for holding the Annual General Meeting: April 18, 2023, starting at 3:00 pm.

Venue: Salón Álamo AB of the *Courtyard by Marriot* Hotel, located at Av. Kennedy 5601, 7th floor, Las Condes, Santiago.

Shareholders entitled to participate in the Annual General Meeting: Shareholders who are registered in the Corporation’s shareholder register up to midnight of the fifth business day prior to the Annual General Meeting, i.e., up to midnight of April 12, 2023, shall be entitled to participate in the Annual General Meeting. The qualification of proxies, if applicable, will take place on the day of the Annual General Meeting at the time the meeting begins.

Participation in the Annual General Meeting and voting system applicable to the Annual General Meeting: Pursuant to the provisions of General Rule No. 435 of the CMF, which has authorized the use of technological means that allow shareholders who are not physically present at the place of the meeting to participate and vote at meetings of publicly held corporations, the Corporation will make the aforementioned technological means available to its shareholders so that they may also participate in the Annual General Meeting and vote remotely.

With respect to the voting system applicable at the Annual General Meeting, the matters submitted for decision at the Annual General Meeting will be voted on individually through the electronic voting system, as provided for in Section I Letter B of General Rule No. 273 of the CMF. Each shareholder attending the Annual General Meeting in person may access the electronic voting system provided by DCV Registros S.A., a subsidiary of Depósito Central de Valores S.A. (hereinafter, “**DCV**”), through his own electronic device with internet access and that meets the technical requirements to participate remotely in the Annual General Meeting or, if he does not have one at the venue of the Annual General Meeting, with the electronic device that the Corporation will provide for voting purposes at the same place of the Annual General Meeting. Both the voting of the shareholders who attend the Annual General Meeting in person and those who participate remotely will be carried out within the same electronic voting system, ensuring the correctness, completeness and simultaneity of the voting of all those attending the Annual General Meeting (regardless of whether it is in person through the electronic devices or remotely).

Shareholders entitled to attend the Annual General Meeting must register in advance in accordance with the instructions that will be published on the Corporation’s website <https://investors.falabella.com> as of April 3, 2023. This registration may be made until 2:00 p.m. on April 17, 2023. The shareholders thus registered will receive by e-mail, at the address provided at the time of registration, the link and password that will enable them to participate in the Annual General Meeting and to vote electronically at the meeting. On the day of the Annual General Meeting, the shareholders must access the web platform that will be made available for this purpose with the access code that will be given to them, in order to attend the Annual General Meeting and vote electronically. The electronic registration and voting service used is provided by DCV Registros S.A., a subsidiary of Depósito Central de Valores S.A.

PROPOSALS AND RATIONALE FOR MATTERS TO BE DISCUSSED AT THE ANNUAL GENERAL MEETING

FIRST MATTER: ANNUAL REPORT 2022.

- a) **Subject:** Annual General Meeting's decision on the Corporation's Annual Report for the year ended December 31, 2022 (hereinafter, respectively, the "**Annual Report**" and "**FY 2022**").
- b) **Proposal of the Board of Directors:** approval.

The Annual Report is available to shareholders on the Corporation's website <https://investors.falabella.com> as of April 3, 2023.

Vote on the first Matter: Vote in favor of, against, or abstain from voting on the approval of the Annual Report.

SECOND MATTER: BALANCE SHEET 2022.

- a) **Subject:** Annual General Meeting's decision on the audited consolidated balance sheet of the Corporation for FY 2022 (the "**Balance Sheet**").
- b) **Proposal of the Board of Directors:** approval.

The Balance Sheet is available to shareholders on the Corporation's website <https://investors.falabella.com> as of April 3, 2023.

Vote on the Second Matter: Vote in favor of, against, or abstain from voting on the approval of the Balance Sheet.

THIRD MATTER: INCOME STATEMENT 2022.

- a) **Subject:** Annual General Meeting's decision on the audited consolidated statement of income of the Corporation for FY 2022.
- b) **Proposal of the Board of Directors:** approval.

The Corporation's audited consolidated income statement for FY 2022 is available to shareholders on the Corporation's website <https://investors.falabella.com> as of April 3, 2023.

Vote on the Third Matter: Vote in favor of, against, or abstain from voting on the approval of the audited consolidated statement of income of the Corporation for FY 2022.

FOURTH MATTER: REPORT OF EXTERNAL AUDITORS.

- a) **Subject:** Annual General Meeting's decision on the report of the external auditors of the Corporation for FY 2022.
- b) **Proposal of the Board of Directors:** approval.

The Corporation's external auditors' report for FY 2022 is available to shareholders on the Corporation's website <https://investors.falabella.com> as of April 3, 2023.

Vote on the Fourth Matter: Vote in favor of, against, or abstain from voting on the approval of the report of the external auditors of the Corporation for FY 2022.

FIFTH MATTER: DISTRIBUTION OF DISTRIBUTABLE NET INCOME FOR FY 2022 EARNINGS.

a) **Subject:** *Distribution of distributable net income for FY 2022 (hereinafter, the “2022 Earnings”).*

Background:

- The 2022 Earnings for FY 2022 amounted to Ch\$90,189 million, did not receive adjustments in accordance with the Corporation’s current policy for determining distributable net income and are the basis for determining the distributable net income for that year.
 - The Corporation’s current dividend policy, approved at the Annual General Meeting held on April 19, 2022, is to distribute at least 30% of the distributable net income for FY 2022 through dividends.
 - On October 19, 2022, the Corporation paid an interim dividend out of FY 2022 Earnings of \$22 per share.
 - The interim dividend paid during FY 2022 amounts to 61.1% of the distributable net income for that year.
- b) **Proposal of the Board of Directors:** Regarding the distribution of 2022 Earnings: **i)** To state for the record that 2022 Earnings did not receive adjustments, in accordance with the Corporation’s current policy for determining distributable net income for said fiscal year; and **ii)** Considering that the interim dividend paid during FY 2022 amounts to 61.1% of the distributable net income for said fiscal year, it is proposed to the Annual General Meeting to ratify, as final, the interim dividend already paid in October 2022 and not to make additional distributions against FY 2022.

Vote on the Fifth Matter: Vote in favor of, against, or abstain from voting on the approval of the Board of Directors’ proposal to ratify as final the interim dividend already paid in October 2022 and not to make additional distributions against FY 2022.

SIXTH MATTER: DESTINATION OF UNDISTRIBUTED 2022 EARNINGS.

- a) **Subject:** Resolution of the Annual General Meeting on the use to be made of the portion of 2022 Earnings not distributed to the Corporation's shareholders.
- b) **Proposal of the Board of Directors:** that the portion of the 2022 Earnings that will not be distributed to the Corporation's shareholders be used to increase the Corporation's retained earnings fund.

Vote on the Sixth Matter: Vote in favor of, against, or abstain from voting on the proposal of the Board of Directors regarding the allocation of the portion of 2022 Earnings that will not be distributed to the Corporation's shareholders.

SEVENTH MATTER: DIVIDEND POLICY FOR FY 2023.

- a) **Subject:** Annual General Meeting's decision on the Corporation's dividend policy for the year ending December 31, 2023 (hereinafter, "**FY 2023**").
- b) **Proposal of the Board of Directors:** to maintain the Corporation's current dividend policy, which consists in distributing at least 30% of the net distributable profits for the year through dividends.

Vote on the Seventh Matter: Vote in favor of, against or abstain from the proposal of the Board of Directors to maintain the Corporation's current dividend policy of distributing at least 30% of the net distributable profits for the year through dividends.

EIGHTH MATTER: ELECTION OF MEMBERS OF THE BOARD OF DIRECTORS.

- a) **Subject:** That the Annual General Meeting proceed to the total renewal of the Board of Directors, for the 3-year term indicated in the bylaws.

- b) **Proposal of the Board of Directors:** no proposal of the Board of Directors. Proposals of candidates submitted by the shareholders to the Annual General Meeting will be considered until the day of the Annual General Meeting, and even at the Annual General Meeting itself, without prejudice to complying with the special deadlines for the presentation and disclosure of independent director nominations.

NINTH MATTER: DIRECTORS' COMPENSATION.

- a) **Subject:** Determination by the Annual General Meeting of the amount of the compensation of the members of the Board of Directors for the time elapsing between the Annual General Meeting and the annual general meeting to be held in the first four months of 2024 (the "**2023/2024 Period**") pursuant to Law No. 18,046 on Corporations (the "**LSA**").
- b) **Proposal of the Board of Directors:** Regarding the compensation of the members of the Board of Directors for the 2023/2024 Period, to propose, for each member of the Board of Directors, the following: i) A fixed monthly per diem for the equivalent in pesos of 100 Unidades de Fomento (hereinafter, "**UF**") gross for each month or fraction of a month during the time that the corresponding director is in office as of the Annual General Meeting; and that in the case of the chairman such fixed monthly per diem be for the equivalent in pesos of 615 UF gross for each month or fraction of a month during the time in office as of his/her election; and ii) That in addition to the fixed monthly per diems described above, the directors also receive an annual variable per diem for the gross amount in pesos equivalent to 0.35% of the distributable net income for FY 2023, which variable per diem: **1)** would be payable equally among all directors, with the exception of the chairman, who would be entitled to double the amount corresponding to each director; **2)** would be payable immediately upon the holding of the shareholders' meeting that approves the result for FY 2023; and, **3)** would be payable on a pro rata basis to those directors who have not held office during the entire FY 2023/2024 Period.

Vote on the Ninth Matter: Vote in favor of, against, or abstain from voting on the director compensation proposal.

TENTH MATTER: APPOINTMENT OF EXTERNAL AUDITORS FOR FY 2023.

- a) **Subject:** Election of the external auditors of the Corporation for FY 2023 by the Annual General Meeting.
- b) **Proposal of the Board of Directors:** following the proposal of the Corporation's Directors' Committee (hereinafter, the "**Directors' Committee**"), the Board agreed to propose to the Annual General Meeting that Deloitte Auditores y Consultores Limitada ("Deloitte") be appointed as external auditors of the Corporation and its subsidiaries for FY 2023, firstly, and secondly, EY Servicios Profesionales de Auditoría y Asesorías SpA, for the following reasons: **i)** The quality of the professional team proposed by Deloitte; **ii)** The past work experience of the Corporation with Deloitte in the services it has provided; **iii)** The international presence of Deloitte in the countries where the Corporation and its subsidiaries operate; **iv)** The economic proposal received from Deloitte for the audit services; and, **v)** Prompt, as a good corporate governance practice, that the external auditors be replaced at prudent intervals that would render compatible and guarantee both the good service of the external auditors and their independence.

Vote on the Tenth Matter: Vote in favor of, against, or abstain from voting on the Board of Directors' proposal for the appointment of external auditors for FY 2023.

ELEVENTH MATTER: DESIGNATION OF RISK RATING AGENCIES FOR THE 2023/2024 PERIOD.

- a) **Subject:** Election by the Annual General Meeting of the risk rating agencies for the securities issued by the Corporation for the 2023/2024 Period.
- b) **Proposal of the Board of Directors:** Regarding the election of the risk rating agencies for the securities issued by the Corporation for the 2023/2024 Period, the Board of Directors agreed to propose to the Annual General Meeting:
 - i) Maintaining Fitch Chile Clasificadora de Riesgo Limitada and Feller-Rate Clasificadora de Riesgo Limitada, as risk rating agencies for the shares, bonds and commercial paper issued in Chile by the Corporation; and
 - ii) Maintaining Standard & Poor's and Fitch Ratings for the rating of securities issued abroad.

Vote on the Eleventh Matter: Vote in favor of, against, or abstain from voting on the Board of Directors' proposal for the designation of risk rating agencies for the 2023/2024 Period.

TWELFTH MATTER: ACCOUNTING ON RELATED PARTY TRANSACTIONS.

- a) **Subject:** Receipt by the Annual General Meeting of the Board of Directors' account of related party transactions entered into during FY 2022, regulated by Title XVI of the LSA.
- b) **Proposal of the Board of Directors:** Matter for disclosure purposes that does not require a decision by the Annual General Meeting.

During FY 2022, no transactions were entered into under Articles 146 and following of the Corporations Law that: i) due to their amount; ii) due to their exceptional nature vis-à-vis the Corporation's customary policy for this type of transaction; or, iii) due to their being entered into between related parties in respect of which the Corporation is not the direct or indirect owner of at least 95% of its shares or capital stock; would have required special approval by the Board of Directors or a Special Shareholders' Meeting. Notwithstanding the foregoing, the list of related party transactions entered into during FY 2022 shall be displayed.

THIRTEENTH MATTER: ACCOUNT OF THE DIRECTORS' COMMITTEE.

- a) **Subject:** reception by the Annual General Meeting of the account of the management of the Directors' Committee of the Corporation established in compliance with, and in accordance with, Article 50 bis of the LSA (hereinafter, the "**Directors' Committee**"), during FY 2022.
- b) **Proposal of the Board of Directors:** Matter for disclosure purposes that does not require a decision by the Annual General Meeting.

The management of the Directors' Committee of the Corporation during FY 2022, whose annual management report is also included in the Corporation's Annual Report and is also available to the shareholders on the website <https://investors.falabella.com>.

FOURTEENTH MATTER: COMPENSATION OF THE MEMBERS OF THE DIRECTORS' COMMITTEE.

- a) **Subject Matter:** Determination by the Annual General Meeting of the compensation to be received by the directors of the Corporation who are members of the Directors' Committee, in accordance with the law and in addition to those per diems that correspond to them as members of the Board of Directors, for the 2023/2024 Period.
- b) **Proposal of the Board** of Directors: Regarding the compensation of the members of the Directors' Committee for the 2023/2024 Period, to propose: **(i)** A fixed per diem for the equivalent in pesos of one third of the fixed monthly remuneration established for a director of the Corporation, for each meeting of the Directors' Committee attended by the respective member, and that in the case of the Chairman of the Directors' Committee, a fixed monthly remuneration be added for the equivalent in pesos of 100 UF gross for each month or fraction of a month during the time he holds the position as from his election; **ii)** In addition to the fixed per diems described in the previous point, the members of the Directors' Committee shall also receive an annual variable compensation in an amount in pesos equivalent to one third of the annual variable compensation established for the directors of the Corporation; and **iii)** All of the above amounts shall be in addition to those that the members of the Directors' Committee are entitled to receive as directors of the Corporation.

Vote on the Fourteenth Matter: Vote in favor of, against, or abstain from voting on the Board of Directors' Committee members' compensation proposal.

FIFTEENTH MATTER: EXPENSE BUDGET OF THE DIRECTORS' COMMITTEE.

- a) **Subject:** Determination by the Annual General Meeting of the budget of the Directors' Committee, for the 2023/2024 period, for the operating expenses of said Committee and the retaining of advisory and services in matters within its competence.
- b) **Proposal of the Board of Directors:** that such budget be for an amount equivalent to the sum of the annual compensation of the members of the Directors' Committee.

Vote on the Fifteenth Matter: Vote in favor of, against, or abstain from voting on the Board of Directors' Committee's budget proposal.

SIXTEENTH MATTER: NEWSPAPER FOR CORPORATE PUBLICATIONS.

- a) **Subject:** Determination by the Annual General Meeting of the newspaper in which the publications of the Corporation mandated by law during the 2023/2024 Period will be made.
- b) **Proposal of the Board of Directors:** that such publications be made in the electronic newspaper <http://www.latercera.com>.

The foregoing, due to its wide presence in legal publications on the Internet and its accreditation for such purposes by the Financial Market Commission.

Vote on the Sixteenth Matter: Vote in favor of, against, or abstain from voting on the Board of Directors' proposal of the electronic newspaper <http://www.latercera.com> as the newspaper in which the Corporation's publications will be made.