



FALABELLA DE  
COLOMBIA S.A.

CORPORATE ANTI  
BRIBERY ETHICS  
PROGRAM



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## 1. SENIOR DIRECTORS' COMMITMENT

Corruption is an undesirable phenomenon. It raises serious social, moral, economic, and political problems. It undermines good governance, impedes development, and distorts competition. Furthermore, it erodes justice, undermines human rights, and is an obstacle to mitigate poverty. It also increases costs for doing business, brings uncertainty in trade transactions, diminishes product and services quality, destroys trust in institutions, and interferes with the efficient operation of markets.

Thus, Senior Directors from Falabella de Colombia S.A. (hereinafter, the "Company") strictly prohibit strictly any illicit activity which would result in criminal or legal responsibility to the company, including the crimes of the program.

To fulfil its commitment the company has made the business ethics program based on a culture of compliance and integrity.

## 2. OBJETIVE

In order to prevent the Commission of offences framed within the program, the company has defined to implement a form of organization with processes applicable to collaborator, third party intermediaries and partners Falabella de Colombia S.A. The design and implementation of the business ethics programme (hereinafter "program) gives an account of the organizational commitment to prevent the Commission of the crimes of the program. For the same reason, the program of ethical business is testimony that, if one of our collaborators commits any of these illegal, not only runs counter to the culture of corporate integrity of the company, but that in addition, such facts have taken place despite the efforts made by it to avoid them.

## 3. SCOPE

This Program is applicable to Coworkers, including employees and managers, although they are working on a temporary basis. Additionally, means shall be obtained in order for service providers and suppliers or contractors to fulfill the program in their relationships with the Company.

## 4. GLOSARY

The terms used in this policy are defined in the annex No. 1.

## 5. LEGAL FRAMEWORK

The present document, is set in accordance with the Act 1778 2016, the law 526 of 1999, Law 112 of 2006, the law 222 of 1995, Decree 1074 2015 the Decree 1068 of 2015 Art. 2, Decree 1023 2012 article 7, the Circular outer 100-000003 and the Circular basic legal capital Article X of the Superintendency of companies, as well as standards and best practices established by the Falabella companies in the fight against bribery to public officials.



The law has provided that the bribery of a foreign public official or servant is categorized as a crime that may result in corporate responsibility. However, this document shall further provide for methods to prevent the bribery of a domestic public official or servant because of the transnational effects this may result in Empresas Falabella's operations. Among other crimes such as bribery, money-laundering and financing of terrorism Bribery

## 5.1 Bribery

### 5.1.1 Bribery of a domestic public server

Bribery consists of giving or offering a bribe or incentive (money or any other economic benefit or of any kind whatsoever) to a public servant so that he or she acts, does not act, or influences another public servant to obtain an advantage for himself or herself or for a third party or to commit a crime (such as a fraud against the State), regardless of whether the initiative is shown by the private individual or the public servant.

Thus, in compliance with the standard<sup>2</sup>, in order to commit this crime, one of the subjects involved must be a public servant.

For such purposes, a *public servant* is someone holding or performing a *public office or duty*, regardless of whether he or she has been appointed to hold or perform such an office or duty by a State authority or is earning any remuneration by such authority. Then, this is also applicable to those who are not public servants in accordance with administrative rules, such as notaries public, administrators or amicable arbitrators or receivers under bankruptcy procedures, auctioneers, officials from State-owned companies, and even those who perform their duties gratis or pro bono. This means that there may be a risk that bribery may occur even in cases where it is not intuitively evident that we are before a public servant or official. Therefore, Coworkers must assume that anyone who performs a public duty or holds a public office is a public servant and deploy all prevention actions set forth in the Program.

It is worth emphasizing that one is committing a crime just by simply offering something. Thus, it is not necessary that such improper benefit have been effectively paid, accepted, or received for the crime to exist.

In any case, Coworkers need to be able to identify such circumstances in which a public servant is certainly allowed to receive money –or any other payment method –in consideration of a service. For purposes of this crime, the term *economic benefit or of any kind whatsoever* shall be construed to be any reward received by a public servant, increasing his or her equity, or preventing it from decreasing, such as money, payments in kind, or any other thing that can be denominated in money, as well as any intangible reward and/or non-pecuniary reward that may be improper for any public servant. Therefore, this includes discounts, further or extraordinary credit advantages, etc.

For instance, a bribery of a domestic public official is committed by:

- (i) Anyone who offers any reward for this official to take or withhold action the latter is supposed to take due to the latter's duties, whether or not by failing to comply with the latter's other duties;
- (ii) Anyone who accepts the request for money made by a public servant in order for the latter to take or withhold action that rests with the latter; and
- (iii) Anyone who gives a public servant an amount of money once the latter has taken or withheld action.



### 5.1.2 Bribery of a foreign public server

This consists of giving a bribe or incentive (money or any economic benefit or of any kind whatsoever) to a public servant from a foreign country or an international organization so that this servant takes or withholds action this servant is supposed to take in accordance with his or her skills or duties, in order to obtain or secure a business or improper advantage for himself or herself or a third party under international transactions<sup>3</sup>.

Generally speaking, these are the same requirements discussed above, with some exceptions:

- (i) This is a public servant who performs his or her duties for another country or works for an international body; and
- (ii) It must occur in the context of friend international trade transaction.

In reference to this last condition, we must bear in mind that it is imperative that the act or omission of the public servant is somehow important in transborder matters not necessarily related to international trade (for instance, if it is about a merger, acquisition, or absorption of a company abroad and a *benefit* is offered to an official in charge of consenting such operation. It is worth clarifying that, even though the bribery of a foreign public servant is committed outside national territory, this crime may be tried and judged by Colombian courts, thus resulting in a risk of attributing responsibility to the Company.

<sup>3</sup> Article 433 (Criminal Code). Whoever gives, promises, or offers a foreign public servant, for the benefit of the latter or a third party, either directly or indirectly, monies, any valuable object, or other benefits or proceeds in consideration of the latter taking, withholding, or delaying any action related to the latter's duties and an international business or transaction, shall face a jail sentence ranging from nine (9) to fifteen (15) years, a ban on holding public office or exercising public rights for the same term, and a fine ranging from six hundred fifty (650) to fifty thousand (50,000) current legal monthly minimum wages. Paragraph. For purposes of the provisions set forth in this article, a foreign public servant is anyone holding a legislative, administrative, or judiciary office in a given State, its political subdivisions or local authorities, or a foreign jurisdiction, regardless of whether this individual had been appointed or elected. A foreign public servant is also anyone who performs public duties for a State, its political subdivisions or local authorities, or a foreign jurisdiction, whether in a public body or a State-owned company or an entity whose decision-making power is subject to the policy of the State, its political subdivisions or local authorities, or foreign jurisdiction. A foreign public servant shall be also construed as an official or agent from an international public organization.

### 5.1.3 Money laundering

Money laundering consists of a set of procedures designed to hide or give appearance of legality to assets or funds product of illegal activities to make them appear as legitimate.

As set out in the code Penal Art. 323, which acquires, back up, reverse, transports, transform, store, keep, manage or manage goods that originate mediate or immediate activities of smuggling of migrants, human trafficking, extortion, illicit enrichment, kidnapping for ransom, rebellion, arms trafficking, trafficking in minors of age, financing of terrorism and management of resources linked to terrorist activities, drug trafficking toxic, narcotic drugs or psychotropic substances offences against the financial system, offences against the administration of public, or linked from the proceeds of crimes executed in concert to commit a crime.

### 5.1.4 Financing of terrorism

Terrorism is defined as any act designed to maintain in a State of distress to civilians through acts that endanger their lives, integrity or freedom using instruments capable of causing havoc. Terrorism is financed by sources both legitimate and illegitimate. Within the activities of illegal extortion, kidnapping and drug trafficking are. As legitimate sources are donations to



organizations that appear to be the auspices of foreign Governments and humanitarian non-profit organizations.

## 6. PROGRAM STRUCTURE

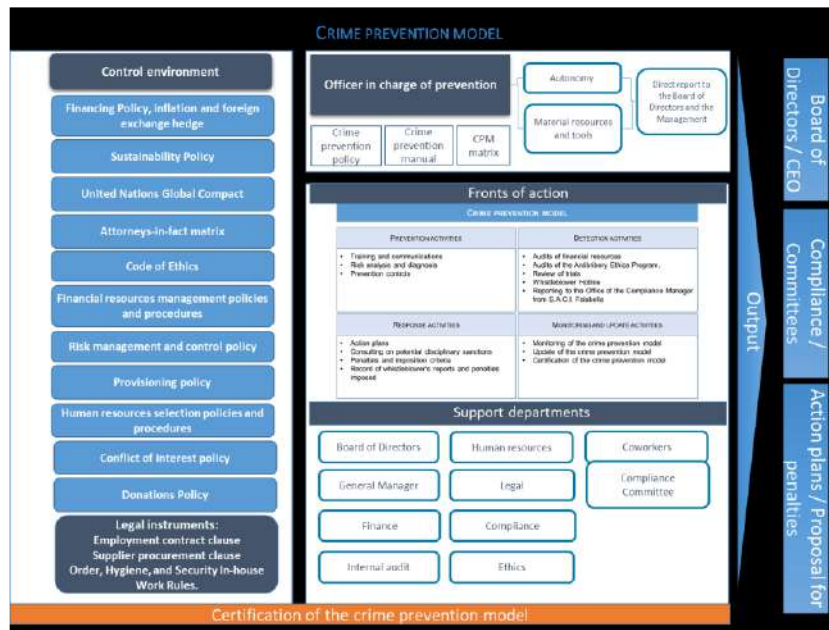
The Program provides for an organizational structure, resources, policies, roles and duties, processes, and procedures that prevent the crimes of bribery from being committed.

The Board of Directors, the Company General Manager (hereinafter, the “**General Manager**” and his office, the “**Office of the General Manager**”), and the Company Anti-Crime Compliance Officer (hereinafter, the “**Compliance Officer**”).

Under the provisions set forth in the Law and Empresas Falabella’s Crime Prevention Program, the Program must consider at least the following items:

- (i) Designation of the Compliance Officer;
- (ii) Establishment of the Compliance Officer’s tools and powers;
- (iii) Establishment of a crimes of bribery prevention system; and
- (iv) Supervision and certification of the crimes of bribery prevention system.

Below is a chart of the Program:



## 7. CONTROL ENVIROMENT

The effectiveness of the Program strongly depends on certain elements, including, but not limited to, a control environment within the Company. The key drivers of a robust control environment include, without limitation:



- (i) The Company Ethics Statement (hereinafter, “**Integrity Code**”);
- (ii) Colombia’s General Investigation Procedure;
- (iii) Financing and Hedge Policies;
- (iv) Financial resources management policies and procedures;
- (v) Risk management and control policy;
- (vi) Sustainability policy;
- (vii) Joint Attribution Policy;
- (viii) Donations Policy;
- (ix) Donations Procedure;
- (x) Lobbying Policy; and
- (xi) Business Gifts, Travel and Entertainment Policy.

## 8. INSTRUMENTS OF INTERNAL REGULATIONS

Control environment is reflected by legal and labor instruments that must be developed by the Company to concretize the Program, under its relationship with Coworkers and third parties. By these instruments, they are formally informed of both the Company’s commitment and obligations they must fulfill in accordance with the Program. This includes, without limitation:

- (i) A clause related to the compliance with the Law included in all Coworkers’ employment contracts.
- (ii) A chapter related to the compliance with the Law included in the Company’s in-house work rules (hereinafter, the “**In-house Work Rules**”), which the Coworkers must be provided with when Coworkers are hired or whenever these rules are amended; and,
- (iii) A clause related to the compliance with the Law included in agreements entered into by and between the Company and goods and services suppliers and providers and Third-Party Intermediaries.

## 9. PROGRAM PROCEDURE OR ACTIVITIES

The Program is developed according to four types of activities aimed at making the operation and enforcement materialize. These activities are:





CRIME PREVENTION MODEL	
PREVENTION ACTIVITIES	DETECTION ACTIVITIES
<ul style="list-style-type: none"><li>• Training and communications</li><li>• Risk analysis and diagnosis</li><li>• Prevention controls</li></ul>	<ul style="list-style-type: none"><li>• Audits of financial resources</li><li>• Audits of the Antibribery Ethics Program.</li><li>• Review of trials</li><li>• Whistleblower Hotline</li><li>• Reporting to the Office of the Compliance Manager from S.A.C.I. Falabella</li></ul>
RESPONSE ACTIVITIES	MONITORING AND UPDATE ACTIVITIES
<ul style="list-style-type: none"><li>• Action plans</li><li>• Consulting on potential disciplinary sanctions</li><li>• Penalties and imposition criteria</li><li>• Record of whistleblower's reports and penalties imposed</li></ul>	<ul style="list-style-type: none"><li>• Monitoring of the crime prevention model</li><li>• Update of the crime prevention model</li><li>• Certification of the crime prevention model</li></ul>

### 9.1 Prevention Activities

The purpose of these activities is to prevent the Program, its policies, and related procedures from being breached so that crimes of bribery are prevented from being committed. These activities are:

#### 9.1.1 Training and Communications (awareness of a Culture of Integrity)

In order to effectively implement the Program, Senior Directors believe it is of the essence that all Coworkers are aware of the scopes of the Law, as well as the content and the scope of the Program, its controls, and procedures.

In order to ensure that all Coworkers are also duly aware of the provisions set forth in their employment contracts, the In-house Work Rules, and the Integrity Code, the Compliance Officer, along with the Company office of the human resources management or any department performing those duties (hereinafter, the **"Office of the Human Resources Manager"**), as applicable, will ensure the following:

- (i) Creation, formalization, and implementation of an annual mandatory training plan related to the Program and the Law, on-site or via remote education by audiovisual media (hereinafter, **"e-Learning"**), according to the risk assumed by the office of the manager or any relevant office, for all Coworkers. The Office of the Human Resources Manager shall keep records of the attendees of training courses, duly signed by participants if courses are on-site and/or proof of registration if courses are via e-Learning. However, the Compliance Officer shall have a copy thereof or quickly and immediately access those records.
- (ii) Training on the protocol to be followed in the event of visits by inspectors and officials from regulatory or control bodies shall be given to watchpersons, receptionists, and those employees located in entrance and exit areas or whose duties are to assist visitors;



- (iii) Training, whether on-site or via e-Learning, on the Company Donations Policy shall be given to those institutions who are and will be the beneficiaries of the Company's donations;
- (iv) Inclusion of subjects related to the Program in the induction programs for new Coworkers.
- (v) Design and implementation of a communication strategy in order to disseminate the Company Program and to drive a culture of compliance and integrity;
- (vi) Communication on a regular basis with those professional associations the Company is involved with, by disseminating the main topics and requirements of the Program;
- (vii) Communications and trainings specially meant for the Company's Suppliers and Third-Party Intermediaries, by disseminating the main topics and requirements of the Program; and
- (viii) Dissemination of and training on the Whistleblower Hotline and its main features by especially focusing on the anonymity, confidentiality, and no-retaliation assurance.

### 9.1.2 Risk Analysis and Diagnosis

The Compliance Officer is responsible for identifying, analyzing, and assessing the risks of occurrence of crimes of bribery, which must be recorded in a matrix (hereinafter, the "**Risk Matrix**") that shall be checked at least once a year or whenever the Company regulations, structure, processes, or business are substantially amended.

The method used by the ISO 31000 standard issued by the International Organization for Standardization (hereinafter, "**ISO 31000**"), which uses probability and impact parameters, shall be used in order to prepare and update the Risk Matrix. The probabilities of occurrence and impact shall be weighted to determine the risk severity, which is called *inherent risk*. The risk of crimes of bribery shall be diagnosed by identifying risks, which require various departments of the Company to participate; with their help, the Compliance Officer shall prepare and, as applicable, update those processes where a risk of occurrence of crimes of bribery may exist. That process will consist of the following stages:

#### a) Risk Identification

The main risk scenarios of occurrence of crimes of bribery, as well as the positions exposed, shall be determined by interviewing those Coworkers in charge of those Company processes that may be reasonably considered risky. Especially, the country of operation, economic sector, and involvement of Third-Party Intermediaries shall be considered.

#### b) Risk Assessment

Those risks identified must be assessed for prioritization in order to identify those processes with higher exposure and direct the Compliance Officer's and the Company's efforts and resources to such processes by using the methods based on the ISO 31000.

#### c) Control Identification and Assessment



Once the risks are detected, the Company's current control activities aimed at mitigating them shall be identified. These shall be made by convening work meetings attended by staff from various departments and roles in the Company and by obtaining a description of a given control activity and evidence that it exists. Thereafter, the design of such activity shall be assessed in connection with the reasonable mitigation of the risk of crimes of bribery they are applicable to. It shall be assessed by the Compliance Officer in collaboration with the office of the manager responsible for a given process.

In order to assess the design of each control, the following items shall be considered and analyzed to find out if they jointly and reasonably mitigate and prevent the associated inherent risk from materializing:

- (i) Type of control: Preventive/Detective
- (ii) Category: Manual/Automated;
- (iii) Evidence: Documented/Undocumented;
- (iv) Identification of the person in charge of enforcement: Yes/No; and,
- (v) Frequency: Rare/Recurring/Regular.

Based on this assessment form, the Compliance Officer and the office of the manager responsible for the process shall estimate the degree of mitigation of the inherent risk as high, medium, or low, depending on the effectiveness of controls, procedures, and policies.

Definitions of the above-mentioned items, as well as the estimated degree of mitigation of a given control, shall be included in the Risk Matrix.

### 9.1.3 Enforcement of Prevention Controls

Those controls associated with processes and subprocesses included in the Risk Matrix shall be enforced and implemented by those in charge of those processes and subprocesses. Therefore, those responsible for such processes need to be clearly identified because they shall also report if those controls are effective or need to be adjusted or improved. The Senior Directors from the Company adopt and promote a set of rules and controls aimed at preventing and mitigating the crime of bribery.

## 9.2 Detection Activities

The purpose of the detection activities is to timely discover any breaches or infringements of the Program policies and procedures, as well as any sign that a crime of bribery has been committed.

### 9.2.1 Audits of Financial Resources

The Law requires to identify the procedures for management and audits of financial resources that help the Company prevent those resources from being used in crimes of bribery.

The Compliance Officer shall coordinate with the Company's office of the corporate audit manager (hereinafter, the "**Office of the Corporate Audit Manager**"), and/or external auditors, so that procedures for management of financial resources are checked on a regular basis. Furthermore, the Compliance Officer, in collaboration with S.A.C.I. Falabella's office of the compliance manager and the Company's office of the financial manager (hereinafter and respectively, the "**Office of**



the **Compliance Manager**” and the “**Office of the Financial Manager**”), along with any of offices of managers that may be involved, shall develop action plans to overcome any obstacles found.

The results from these audits shall be included by the Compliance Officer in all reports he or she must submit to the Board of Directors and all other bodies he or she determines.

The procedures for management of financial resources used by the Company are set out below:

- (i) Financing Policy, June 2014
- (ii) Comprehensive Foreign Exchange Hedge Policy, June 2016
- (iii) Surplus Cash Investment Policy, February 2017
- (iv) Supplier Creation Procedure, May 2015
- (v) Invoice Processing Procedure, May 2008
- (vi) Travel Policy, June 2015
- (vii) Donations Procedure, September 2015
- (viii) Store Petty Cash Procedure, January 2017
- (ix) Corporate Credit Card Policy, May 2013
- (x) General Tender and Purchase Order Procedure and Regulations for Real Estate Projects related to the Store Planning Department, May 2014
- (xi) Procedure gift Administration, November 2017
- (xii) Gift Policy, December 2017

### **9.2.2 Audits of the Program**

The Office of the Corporate Audit Manager shall include in its annual audit plan those reviews of the processes related to the Program and the operation thereof. Below are the Program items that, at least, shall be audited:

- (i) The designation of the Compliance Officer as provided by Law, as well as the allocation of tools, resources, and powers to him or her;
- (ii) The fact that the Compliance Officer may directly contact the Board of Directors and the General Manager in order to inform them of the actions and plans implemented and to account for his or her actions; it must be also controlled that such reporting includes issues that must be reported, conclusions, and action plans related to prevention, detection, response, supervision, and update, as set forth in the Program;
- (iii) The reporting by the Compliance Officer to the Office of the General Manager, the Office of the Compliance Manager from S.A.C.I. Falabella, and those bodies determined by the Board of Directors;
- (iv) The dissemination of and training on the Program and the recording thereof;
- (v) The annual update of the Risk Matrix;
- (vi) The fact of including those clauses set forth in the Program in the employment contracts and in the agreements entered into by and between the company and the goods and services suppliers and providers; and
- (vii) The timely update of the In-house Work Rules so that any obligations and bans required are included therein.



The Compliance Officer must assess, on an annual basis, if the Program is effective, by means of internal or external audits in order to validate that the Program and/or any conditions he or she considers relevant are being fulfilled. Furthermore, in collaboration with the office of any relevant manager, the compliance officer shall take part in designing and implementing those action plans aimed at overcoming any obstacles detected.

### 9.2.3 Review of Trials

The Company's office of the corporate legal manager (hereinafter, the "**Office of the Corporate Legal Manager**") shall deliver reports to the Compliance Officer on a quarterly basis, about any trials or legal and/or administrative proceedings in which the Company is a party and that may be related to the Law. This report operates as a raw material for the quarterly report that the Compliance Officer shall deliver to the Board of Directors and the General Manager.

### 9.2.4 Integrity Channel

The Company Compliance Officer shall be in charge of designing, arranging and keeping in operation a multiple access system aimed at receiving reports and consultations on wrongdoing (hereinafter, the "**Integrity Channel**"), which shall include free access online or via telephone line, etc., so that any person, whether or not this is a Coworker, may report any infringement of the rules set forth in the Program and/or the Law, confidentially and, if wished, anonymously.

If the Compliance Officer receives a report that is under the scope of the Program or related to any of the crimes of bribery, the report must be validated and an investigation on the events must proceed. Such investigation shall be tried and ruled in accordance with a general investigation procedure this officer will be in charge of (hereinafter, the "**Colombia's General Investigation Procedure**"). Moreover, the Compliance Officer shall prepare a report on the findings and actions taken about it. If, according to such investigation, there is an infringement of the Suppliers' and Third-Party Intermediaries' antibribery management system, the Compliance Officer shall mention this in the report in order to evaluate any action possibly taken by a Coworker from the Company and probably considered an infringement of our Program.

### 9.2.5 Reporting to the Office of the Compliance Manager

The Office of the Compliance Manager shall establish standards for processes associated with all compliance areas, including the Program. Therefore, this office may request from the Compliance Officer, on a regular basis, information required to manage the risks and detect any obstacles and opportunities for improvement in the processes aimed at updating the Program.

## 9.3 Response Activities

The purpose of these activities is to manage the consequences when the Program, its policies, and related procedures are breached or the crimes of bribery are committed. Therefore, response activities may be aimed at, on the one hand, preventing an infringement or breach from occurring again and, on the other hand, punishing the offender. Response activities include:

### 9.3.1 Acción Plans

The Compliance Officer shall check those control activities breached, determine the causes of the fault, and develop action plans in collaboration with the affected department, the Office of the Compliance Manager, and the person responsible for the process so that controls are more



effective. Furthermore, the Compliance Officer shall evaluate the extent to which the inherent risk may be mitigated once the controls are breached.

### **9.3.2 Disciplinary or corrective actions**

As permitted by labor legislation, the Company may take disciplinary actions against those Coworkers who fail to comply with the Program, its policies and procedures, or commit any of the crimes of bribery, once the investigation is completed.

Penalties that may be imposed by the Company include:

- (i) Termination of the employment relationship or dismissal;
- (ii) Suspension without remuneration;
- (iii) A written warning to the offender;
- (iv) A verbal warning; or
- (v) Training.

Penalties shall be imposed pro rata with the seriousness of the infringement proven by means of the Colombia's General Investigation Procedure and, in order to determine them, it shall be considered if the offender is a re-offender.

In any case, disciplinary actions to be imposed shall comply with the following conditions:

- (i) They must be included in the In-house Work Rules prior to the events; and
- (ii) They must be imposed on all Coworkers involved in the breach.

### **9.3.3 Record of Whistleblower's Reports and Penalties**

The Compliance Officer shall keep records of the reports received and related to the Law, the category, and the penalty imposed, if any.

## **9.4 Monitoring and Update Activities**

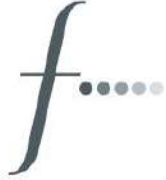
The purpose of these activities is to supervise and validate that the Program and the established control activities are working properly. These include:

### **9.4.1 Monitoring of the Program**

- (i) The Compliance Officer must annually draw a plan to monitor the various matters related to the Program and may directly do so by himself or with the help of external auditors and must also determine those matters to be checked by the Office of the Corporate Audit Manager under its annual plan; this officer shall inform the Board of Directors about those matters in his or her work plan. The audits of the management of financial resources must be part of this plan.
- (ii) Those action plans resulting from audits must be drawn by the Compliance Officer in collaboration with the offices of the managers involved.

### **9.4.2 Update of the program**

In order to update the Program, the Compliance Officer shall take considerations into account, including, but not limited to:



- (i) Any amendments to regulations in force and governing the Company;
- (ii) Any substantial changes in the structure of the Company, its businesses, or the markets where it operates; and
- (iii) The effectiveness of the action plans implemented for risk control or reduction.

By considering the foregoing, the Compliance Officer shall update the Risk Matrix, the controls associated with the Program and its policies and related procedures, at least, once a year.

#### **9.4.3 Certification of the Program**

The Senior Directors will promote that the Program is certified by an independent third party (hereinafter, the “**Certifier**”), in order to check that it has been appropriately adopted and implemented by including any relevant improvements. The Senior Directors will schedule the date from which this will be done and how often it will be done, as required by local regulations.

The Compliance Officer shall ensure that the Company is thus certified. Additionally, the Compliance Officer shall ensure that action plans are drawn for all problems that may be detected by the Certifier before the compliance report is issued. If this last thing is not possible, the officer shall establish that the Certifier monitors the action plans on a regular basis in order to overcome the obstacles preventing the Program from being certified and schedule deadlines for such plans.

## **10. ROLS AND DUTIES**

### **10.1 Compliance Officer**

The Compliance Officer is the officer specifically appointed by the Board of Directors so that he or she, in collaboration with the company management, designs, implements, and monitors the Program. The Compliance Officer shall be designated by the Board of Directors for a three-year term that may be extended for equal terms.

The Compliance Officer may directly contact the Board of Directors and the General Manager to inform them of the actions and plans implemented and account for his or her actions. The Board of Directors shall annually approve the budget for the Program, in order to provide the Compliance Officer with the material resources to perform his or her duties.

The Compliance Officer’s duties, powers, and obligations are basically:

- (i) Ensuring that the Program is effectively implemented, made suitable, and updated, in collaboration with the Board of Directors and the General Manager;
- (ii) Requesting from the Board of Directors and the General Manager the tools, resources, and powers required to perform his or her duties;
- (iii) Suggesting to the office of the manager responsible for the process developing and implementing those policies, procedures, and/or control activities deemed by the Compliance Officer necessary to complement the Program;
- (iv) Reporting, at least on a quarterly basis or whenever required, information to the Board of Directors and the General Manager, by submitting reports that shall include circumstances to be reported, conclusions, and action plans related to, at least, prevention, detection, response, monitoring, and update of the Program, as set forth therein;



- (v) Reporting information to other Company departments, as requested by the Board of Directors and on the regular basis specified by the Board; at least one of the reports must be delivered to the S.A.C.I. Falabella's Office of the Compliance Manager and related to the metrics requested by this office in reference to the Program;
- (vi) Requesting from any relevant departments those records or evidence of the compliance with and performance of those controls they are responsible for, identify any problems, and coordinate with those departments any action plans to overcome those problems;
- (vii) Checking, on an annual basis or whenever required, the Company activities or processes where there is an increased risk of occurrence of crimes of bribery;
- (viii) Leading the Program certification process if any and monitoring those recommendations or action plans arising out of and resulting from that certification process;
- (ix) Enforcing those controls the officer is in charge of and document and keep any evidence related thereto;
- (x) Suggesting to the Board of Directors that the Program is updated when new crimes are included in the Law or whenever required;
- (xi) Keeping the Risk Matrix up-to-date;
- (xii) Checking on a regular basis that the Program is effectively applied, by means of internal or external audits in order to validate that the Program is followed, and taking part in designing and implementing the action plans for any problems detected;
- (xiii) Designing and implementing a training and communications plan on the compliance with the Program for all the Company Coworkers and Third-Party Intermediaries;
- (xiv) Ensuring that the information related to the Program and made publicly available for Coworkers is up to date and ensuring that the Whistleblower Hotline is working;
- (xv) Answering questions asked by Coworkers or any departments in reference to any matter related to crime of bribery prevention;
- (xvi) Processing, investigating, and monitoring any reports received through the Whistleblower Hotline; and
- (xvii) Preparing a report on the findings from his or her investigations related to the reports received through the Whistleblower Hotline and in reference to the Program or a potential crime of bribery; and putting forward disciplinary or corrective actions that should be taken and keeping an updated record of these actions.

## 10.2 Tools, powers and responsibilities

The Compliance Officer's tools and powers to perform his duties as set out below:

- (i) Autonomy from the other offices of managers, for purposes of directly contacting and reporting to the Board of Directors and the General Manager in order to inform them of his or her findings and to account for his or her actions;
- (ii) Budget funds allocated according to his or her own annual budget enough to check that the Program is being complied with and to conduct the audits and improvements required;
- (iii) Unfettered access to all information required to properly perform his or her duties;
- (iv) Proper physical infrastructure required to his or her job and keep his or her findings confidential;
- (v) Enough technology infrastructure required to undertake his or her tasks, which shall ensure a high degree of physical and logical security for the network under which is working so that the information is kept confidential;





- (vi) Human resources trained, competent and experienced in properly performing his duties and obligations.

### 10.3 Other parties involved in the Program

In order to support the Program in reference to prevention, detection, response, monitoring, and update activities, the bodies, departments, and positions set out below shall also be involved in the implementation and continuous improvement of the Program, by complying with their duties set out accordingly:

- (i) Board of Directors:
  - a. Designating and/or removing the Compliance Officer;
  - b. Providing the Compliance Officer with the tools and resources required to perform his or her duties;
  - c. Approving, amending, or updating the Company Program and crime prevention policy;
  - d. Ensuring that the Program is correctly implemented and effectively operated;
  - e. Receiving the Compliance Officer's management and accountability report on a quarterly basis at least;
  - f. Approving the Compliance Officer's work plan on a yearly basis;
  - g. Informing the Compliance Officer of any circumstance witnessed and related to the crimes of bribery; and
  - h. Instructing the Compliance Officer to deliver reports to other Company departments, with at least one of those reports being submitted to the Office of the Compliance Manager and related to the metrics requested by this office in reference to the Program;
- (ii) General Manager:
  - a. Ensuring that the Program is effectively implemented, permanently made suitable, and updated, in collaboration with the Board of Directors and the Compliance Officer;
  - b. Supporting the Compliance Officer's actions by ensuring that he or she may unfetteredly access the information and contact the individuals required to perform the prevention, detection, response, monitoring, and continuous improvement activities related to the Program;
  - c. Informing the Compliance Officer of any circumstance witnessed and related to potential breaches of the Program and of the Law;
  - d. Helping to disseminate the Program by creating and taking part in communication, training, and awareness campaigns in order for the people to embrace its contents and create a culture of compliance and integrity starting from the Company senior leader;
  - e. Establishing specific protocols, rules, and procedures that help those involved in risky activities or processes schedule and perform their tasks or duties so that the crimes of bribery are prevented from being committed;
  - f. Instructing staff to mandatorily attend those training courses related to the Program; and
  - g. At the proposal of the Compliance Officer, imposing those penalties accordingly in the event that the Program is breached or the crimes of bribery are committed in the Company.
- (iii) Office of the Financial Manager:
  - a. Suggesting, in collaboration with the Compliance Officer, to the Board of Directors and the General Manager, policies, procedures, or protocols related to the management of financial resources in order to prevent them from being used for committing crimes of bribery;



- b. Developing, in collaboration with the Compliance Officer, a control system associated with the financial resources, so that it is able to prevent them from being used for committing crimes of bribery;
  - c. Keeping records of all donations made by the Company and inform the Compliance Officer thereof on the regular basis set forth in the Company Donations Policy;
  - d. Enforcing those controls this office is in charge of, in accordance with the Risk Matrix, and documenting and keeping any evidence related thereto;
  - e. Implementing action plans to overcome those obstacles detected by means of the audits or investigations related to the Program; and
  - f. Delivering the information required by the Compliance Officer in order for he or she to perform his or her duties in connection with the Program.
- (iv) Office of the Corporate Audit Manager:
- a. Including in its annual audit plan those reviews of the processes related to the Program and the operation thereof;
  - b. Delivering the information required by the Compliance Officer in order for he or she to perform his or her duties in connection with the Program; and
  - c. Supporting the Compliance Officer in conducting the Program activities and action plans that are compatible with the independence that must be maintained by the relevant department.
- (v) Office of the Human Resources Manager;
- a. Including the compliance with Law clause in all workers' regular employment contracts and specified-purpose employment contracts;
  - b. Including the obligations, prohibitions, and penalties related to the Program in the In-house Work Rules;
  - c. Including any subjects related to the Program and its related crimes in the training and induction programs given to new Coworkers;
  - d. Conducting those controls this office is in charge of as set forth in the Risk Matrix and documenting and keeping evidence related thereto, such as an acknowledgment of receipt signed by the coworker when provided with the Integrity Code;
  - e. Implementing action plans to overcome those obstacles detected by means of the audits, certification processes, or investigations related to the Program this office is in charge of;
  - f. Delivering the information required by the Compliance Officer in order for he or she to perform his or her duties in connection with the Program;
  - g. Helping to coordinate the training on and the dissemination of the Program and keeping a list of the attendees and of the Coworkers provided with those notices the specially prepared for that purpose; and
  - h. Establishing that successfully completing all training courses on the Program is one of the promotion requirements within the company.
- (vi) Office of the Corporate Legal Manager:
- a. Providing consulting on the contents of the clauses related to compliance with the Law, which shall be included in the agreements and contracts entered into by and between the company and goods and services suppliers and providers;
  - b. Enforcing those controls this office is in charge of, in accordance with the Risk Matrix, and documenting;
  - c. Implementing action plans to overcome those obstacles detected by means of the audits or investigations related to the Program this office in charge of;



- d. Delivering the information required by the Compliance Officer in order for he or she to perform his or her duties in connection with the Program;
  - e. Delivering reports to the Compliance Officer on a quarterly basis, about any trials or legal and/or administrative proceedings in which the Company is a party and that may be related to the Law;
- (vii) S.A.C.I. Falabella's Office of the Corporate Legal Affairs and Governance Manager:
- a. Through the Office of the Compliance Manager, processing the information sent to it by the Compliance Officer, in order to establish and share the best practices;
  - b. Through the Office of the Compliance Manager, answering all questions and queries asked the by the Compliance Officer; and
  - c. Through the Office of the Governance Manager, giving advice to the Compliance Officer on the procedural and consistence requirements in order to establish in-house rules required to effectively implement the Program.
- (viii) Regulatory Compliance Risk Committee:
- a. Receiving from the Compliance Officer the regular reports on the legal compliance risk management; and
  - b. Delivering guidelines to the Compliance Officer on the Program risk management and monitoring the progress of the action plans adopted by this officer.
- (ix) Coworkers, Suppliers, and Third-Party Intermediaries:
- a. Complying with the provisions set forth in the clauses related to the Law and included in any relevant agreements they enter into;
  - b. In reference to the Company Coworkers, comply with the In-house Work Rules, as well as the rest of the company in-house regulations;
  - c. Attending the training courses given under the Company Crime Prevention Program and the Integrity Code; and
  - d. Asking questions or reporting events, by the Whistleblower Hotline, related to circumstances that may be against the current legislation and/or the Company policies.

## 11. RECORDKEEPING POLICY

The Compliance Officer shall keep records of that documentation of the decisions made by the Company and related to the design and implementation of the Program. Furthermore, he or she shall keep records of the monitoring and audit reports issued in connection with the Program for a 10-year term.

This documentation may be destroyed under the permission given by the General Manager, and the Compliance Officer's rationale behind such a request shall be justified on good grounds. Destroying all or part of those records, or making them disappear, without due permission shall be considered a serious breach of the Compliance Officer's duties.

Additionally, the Compliance Officer shall ensure that records are kept of all documentation evidencing the Company's commitment to effectively implementing the Program, such as minutes, in-house communiqués, statements, speeches, and presentations, etc.



## 12. BUSINESS GIFTS, TRAVEL AND ENTERTAINMENT POLICY

The Company acknowledges that giving presents or offering hospitality are legal expenses and common trading practice to build relationships and express gratitude. The Company believes it is necessary to regulate the appropriateness and proportionality of such presents. Therefore, below are parameters that must be strictly complied with:

- a) Only marketing and promotional gifts and presents up to us\$40 for example: (notebooks, pens, agendas, calendars) marked with the corporate logo.
- b) The Company employees will not be allowed to ask for presents, gifts, or donations of any kind whatsoever.
- c) If a third-party intends to get a benefit in the Company and offers any unreasonable gift or benefit, the Employee shall bear in mind that accepting or receiving such a gift is prohibited if that is compromising for the Company.
- d) The Head of Human Resources shall be informed of the event that a supplier or third party offers gifts other than those permitted.
- e) In the event of receiving a gift (even a promotional one) whose price is high, the Head of Human Resources shall be informed of this and given that gift in order to donate it and perform traceability of any gifts received.
- f) Exceptionally, any gift (other than a promotional one) to be offered must be related to the Company business, approved by the relevant office of manager, and duly justified and documented.
- g) Only reasonable expenses may be paid in good faith whether for the transportation of public officials directly related to the advertising, demonstration, or explanation of the products or services or in order for them to inspect products or services, provided that an instruction is given by the control body and duly approved and documented.
- h) The accounting department shall be timely and accurately informed of all expenses related to gifts, presents, meals, or others given by the staff to third parties by delivering all receipts.
- i) Staff must avoid organizing or attending events if these are sponsored or organized by suppliers of the company, save for those cases expressly authorized by the relevant department Manager.
- j) Those gifts permitted shall not be used in order to inappropriately influence a public official or otherwise influence to gain an advantage in the interest of the Company.
- k) It will never be acceptable to receive or give presents, entertainment, or other objects that are very expensive or extravagant or that may be considered inappropriate or may adversely affect the Company's reputation.

These provisions are applicable even if a refund is not requested. In other words, paying for a dinner, give presents, or making an entertainment expenditure at an employee's own expense does not exempt that employee from being breaching the Program.

## 13. DONATIONS

Contributions to political parties, officials from political parties, candidates, organizations, or people involved in politics may be unduly used to influence processes and decisions and to obtain improper advantages. Therefore, and in order to perform operations in the most transparent and honest manner, the Company neither does nor will take part in political proselytism, nor does nor



will support any political party or candidate running for public institutions or public office by direct vote.

The Company shall not make any contribution to political parties, candidates, or campaigns.

May no Coworker give a bribe even as a purported "donation."

If a public official is hired, this official may not deal with any Company matter related to issues this official was aware of when holding public office or even within two years of quitting that public office.

Donations shall only be made to non-profit entities and after undergoing a Review Process (due diligence), by knowing who will be receiving a donation and who the final beneficiary of it will be, under the procedures provided by the Company.

#### 14. LOBBYING

The Company is legally involved in public policy matters through professional associations or by political lobbying. Therefore, the Company provides for the following guidelines that must be strictly complied with:

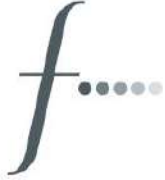
- a) The Office of the Director of Public Affairs, Communications, and CSR is the department authorized to share with the decision-makers on legislative and regulatory matters the position of the Company in reference to the impact of regulatory and legislative projects.
- b) Only the Senior Directors and the Office of the Director of Public Affairs, Communications, and CSR may convene meetings with Congresspersons provided that such meetings take place in the presence of the professional association representing the Company.
- c) When lobbying, the Office of the Director of Public Affairs, Communications, and CSR may not give presents or invitations of any kind whatsoever to influence decisions.
- d) The Office of the Director of Public Affairs, Communications, and CSR is the department that shall monitor the progress of the legislative projects and keep records of any notices sent to professional associations and/or public servants or officials and including the position of the Company in reference to the impact of such projects.
- e) The General Manager is the person in charge of authorizing that services provided by lobbyists are outsourced by the Office of the Director of Public Affairs, Communications, and CSR, by entering into an agreement that sets forth the scope, the obligations, the actions that they may take on behalf of the Company, and the deliverables, etc.

Only those positions mentioned in letter b) may lobby on behalf of the Company.

#### 15. NONFINANCIAL CONTROLS (INCLUDING SUPPLIERS AND THIRD-PARTY INTERMEDIARIES)

The Company will arrange control processes in reference to acquisition, operation, and other nonfinancial matters, including, but not limited to:

- a) Procurement of suppliers, advisors, and Third-Party Intermediaries that have undergone a Review Process (due diligence) related to bribery, such as that for Trading Partners.
- b) If, according to letter a) above, there appears to exist a relationship between a supplier, advisor, or Third-Party Intermediary and a Politically Exposed Person, the need for and legitimacy of the services to be provided shall be also considered.



- c) If, according to letter a) above, there appears to exist a relationship between a supplier, advisor, or Third-Party Intermediary and a Politically Exposed Person, the proportionality and reasonableness of the amounts to be paid shall be also considered.
- d) Ordering Third-Party Intermediaries to be trained, as a requirement to act on behalf of the Company, on antibribery rules and controls; and
- e) Providing Coworkers with enough proper rules, procedures, and protocols in bribery prevention, such as systems for requesting authorization from an upper level, workflows and forms, requests for meetings with public officials when applicable, etc.

## **15.1 Knowledge of the supplier, contractor, Third-Party Intermediaries.**

### **15.1.1 Starting to obtain information.**

The Compliance Officer is in charge of designing a form to collect data provided by Suppliers and/or Third-Party Intermediaries, which shall reflect the results from consultations conducted before and after such data is updated.

In order to know about the Supplier or Third-Party Intermediaries, the offices of managers who conduct procurement processes shall include, in the form they are provided with, the name or corporate name of the third party, and submit this to the right department in order to check it against the blocked persons lists and the ad hoc platform provided by the Company.

Additionally, during the process of engaging with the Company before procurement, the Management Office that will be doing business with third parties shall have to submit an engagement form completed by a given third party. Such a form must be used by all departments of the Company and filed in the third-party folder.

Included in the contract shall be a statement that reflects the understanding of the Anticorruption, Ethics, and Compliance Program and those clauses associated with corruption and bribery. The Management Office and/or any relevant department may obtain further information that helps them have evidence required to assess the risk of corruption and bribery.

## **15.2 Knowledge of the employees.**

### **15.2.1 Starting to obtain information**

During the staff selection process, the Office of the Human Resources Manager shall request enough information to perform due diligence of the candidates for a position in the Company.

### **15.2.2 Screening of Staff**

The Office of the Human Resources Manager shall screen the candidate's name by checking the blocked persons lists in order to determine whether the candidate is involved in corruption and bribery or not. After that, the candidate selected shall be screened for security purposes (a contractor company will do this), by checking every single data included in the résumé, the results from the interview, and the candidate's police background record. The whole screening process and its results shall be correctly documented and filed in the document management system.



### 15.2.3 Subsequent validation and update of information

The Office of the Human Resources Manager shall update the information of each coworker or employee and, in its turn, Internal Control shall check the blocked persons lists at least once a year.

## 16. TRADING PARTNERS

In reference to specific categories, in line with the Risk Matrix, relating to Trading Partners, the Company will at least analyze the following items:

- a. The status, as a legal trade company, of the Trading Partner, according to its corporate registration documents, taxpayer identification number, stock exchange quote if applicable and annual balance sheets;
- b. b) The Trading Partner's experience, qualifications, and resources required to perform the operation;
- c. c) The adoption of an antibribery corporate management system or program if required in accordance with the governing law;
- d. d) The Trading Partner's reputation in reference to bribery, for example, by checking the lists published by international organizations, such as the World Bank;
- e. The identity of shareholders and, if they
  - Have earned a tarnished reputation in reference to bribery;
  - Have been investigated or convicted due to bribery; and
  - Are directly or indirectly associated with:
    - (i) its own clients or users;
    - (ii) a public official, which may result in the commission of a bribery;
    - (iii) people, other than public officials, that are directly or indirectly related to such public officials or running for public office.
- f) Transaction and payment arrangements.

The strength of the Review Process (due diligence) will, in any case, depend on the Company's reasonable and proportional ability to collect enough information, its cost, and the scope of the potential risk of bribery entailed by the relationship. Whenever considered sufficient and in connection with the Trading Partner, completing a questionnaire with relevant information will be enough.



CORPORATE ANTI BRIBERY ETHICS

VERSIÓN	APPROVAL DATE	DESCRIPTION OF THE CHANGE	ACT
1	March 23, 2017	Presentation and approval of the anti-briber Business Ethics Program	81
2	January 18, 2018	Inclusion procedure Gift Administration, update in the name of the Gift Policy.	87
2.5	November 1, 2018	The mention of the Code of Ethics by Code of Integrity was changed, by launching the new Falabella Code of Colombia.	
3	May 16, 2019	Update of the business ethics program, according to corporate guidelines and approval according to the model of prevention of crimes of Falabella S.A. The change of trade name of S.A.C.I Falabella becomes Falabella s.a.	96





## Annexed 1

The words and terms defined below, when they be written with initial cap as it is in their respective definitions that follow later, necessary or not according to the spelling rules of the use of capital letters, e regardless of the place of this policy that are used, or if they are employed in a person, number, mode, time, or grammatical variable, as necessary for the proper understanding of the same, shall have the meanings that each of these words or terms is them attached below:

**"Senior management"** means the highest administrative authority of Falabella Colombia S.A., its high management, Board of Directors.

**"Integrity channel"** means all media which made available to partners or third parties, through which can be directly to the management of ethics and governance to raise concerns or make Falabella de Colombia S.A questions or complaints related to ethical issues.

**"Collaborator"** means i) all and anyone linked to Falabella de Colombia S.A by an employment contract or to pay services fees and ii) all members of senior management, Board of Directors, or any other College of senior management that corresponds to any of the Falabella companies under applicable law.

**"Crimes of the programme"** means the description that makes the law about behavior is meant as an offence according to the laws of the country in operation and which has associated a criminal and/or administrative sanction and which has been committed by a partner in profit or the company's interest. If the local legislators had not foreseen before designated types of liability, offences of bribery shall be by crimes of the program, at least, to public official, laundering of assets or money-laundering and the financing of terrorism.

**"Business ethics program"** means the internal standards, which are intended to implement effectively a form of organization and processes, to mitigate the offences that could result in a reasonable manner to criminal or administrative responsibility for the company.

**"Compliance officer"** means the contributor designated by senior management which, in conjunction with it, designs, implements, and oversee the ethics program.

**"Bribery"** means promise, offer, give, consent to give, solicit or accept as a collaborator, an undue economic advantage or not, directly or indirectly to make another person or the same collaborator, or stop doing something that is in function of his office or position.

<b>CLASIFICACIÓN</b> Uso Interno	<b>FECHA APROBACIÓN</b> 16 de mayo 2019	<b>FECHA DE PUBLICACION</b> 02 de Julio 2019
<b>RESPONSABLE</b> Oficial de Cumplimiento	<b>REVISORES</b> Gerencia Corporativa de Asuntos Legales, Ética y Gobernanza Colombia	<b>APROBADOR</b> Junta Directiva Falabella de Colombia S.A. (Acta No. 96)