

The Company



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Introduction – Business Divisions

With a history that spans 125 years and a trademark customer-centric culture, the Falabella Group has become one of the leading retail companies in Latin America, with operations in Chile, Peru, Colombia, Argentina, Brazil and, shortly, in Uruguay.

Based on a strategy that balances growth, profitability and sustainability, the Falabella Group is organized in five business divisions: Department Stores, Home Improvement, Supermarkets, Financial Services and Real Estate.

The Group has 440 stores, 38 shopping centers and 207 bank branches which reach millions of customers across the region, offering them a wide range of products and services in each of its business divisions. Falabella is also one of the leading e-commerce operators in Latin America, thanks to its online platform and "virtual stores".



Department Stores







Falabella operates department stores in Chile, Peru, Colombia and Argentina and is the leading player in the department store space in all four countries.

- Falabella's department stores offer a wide range of personal and home products, arranged into various categories such as apparel and footwear; cosmetics and fragrances; electronics and household appliances; furniture and home decor. Products include international, local, second generation, exclusive and private label brands.
- The Falabella department store business division also operates specialty stores for exclusive and second generation apparel and footwear brands, where a wider assortment of products from those brands may be found than in the department stores.

The Group faces various competitors in the retail industry in the countries in which it operates. Falabella's department stores compete with: department stores, multistores (which differ from department stores because they have a smaller range of products and target a different socioeconomic consumer segment) and specialty stores (which focus on a certain brand or a family of products geared towards a specific activity, concept or share common traits).

In order to estimate market share participation, the Group conducted market analysis based on information from Chile's National Statistics Institute (*Instituto Nacional de Estadísticas*) and the Chilean Casen Poll (*Encuesta Casen*); the Peruvian National Home Poll (*Encuesta Nacional de Hogares*); the Colombian National Administrative Department of Statistics (*Departamento Administrativo Nacional de Estadísticas*) and Euromonitor, among other sources. Based on this analysis, Falabella's department store division's market share in retail commerce according to the categories in which it participates is approximately 24% in Chile, 17% in Peru, 6% in Colombia and 2%, in Argentina.

| | Stores | Sales Area |
|--|-----------|------------------------------|
| Chile  | 45 | 305,000 m² |
| Peru  | 25 | 155,000 m² |
| Colombia  | 18 | 114,000 m² |
| Argentina  | 11 | 58,000 m² |



Home Improvement








The Group operates home improvement stores in Chile, Peru, Colombia, Argentina and Brazil, and shortly in Uruguay. Currently, the division has six different store formats: Sodimac Homecenter, Sodimac Constructor, Imperial, Homy, Dicico and Maestro.

- Sodimac Homecenter offers Chilean, Peruvian, Colombian and Argentine families a full range of home improvement products and services for equipping, renovating, remodeling and decorating their homes.
- Sodimac Constructor focuses on the needs of professionals in the construction and hardware segment, offering them the best materials at the best prices.
- Imperial, which only operates in Chile, offers specialized products in the carpentry and woods market.
- Homy offers Chilean customers various designs and styles of furniture and home décor at an accessible price.
- In Brazil, the division operates Dicico, which is mainly specialized in home finishings, including tiles, flooring, as well as bath and kitchen terminations.
- In 2014, the division acquired Maestro, a home improvement chain in Peru which provides an attractive product offering for customers that require home improvement and construction products.

In the home improvement segment, the Group faces a diverse group of competitors in the different countries in which it operates. Competitors include construction and home improvement big-box stores, as well as a large number of hardware stores, which either operate independently or as chains. Additionally, there are other competitors that offer home improvement products, such as hypermarkets, department stores, specialty stores and, lastly, whole sale suppliers that work directly with construction companies.

In order to estimate market share participation, the Group conducted market analysis based on information from Chile's National Statistics Institute (*Instituto Nacional de Estadísticas*), the Chilean Family Budget Poll (*Encuesta de Presupuestos Familiares*) and the Chilean Chamber of Construction (*Cámara Chilena de la Construcción*); Peru's National Institute of Statistics and Information Technology (*Instituto Nacional de Estadística e Informática*), the Colombian National Administrative Department of Statistics (*Departamento Administrativo Nacional de Estadísticas*), the National Institute of Statistics and Census of Argentina (*Instituto Nacional de Estadísticas y Censos de Argentina*) and the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*), among other sources. According to this analysis, Falabella's market share in home improvement is approximately 27% in Chile, 13% in Peru, 13% in Colombia, 1% in Argentina and less than 1% in Brazil.

| | Stores | Sales Area |
|---|-----------|------------------------------|
| Chile  | 84 | 689,000 m² |
| Peru  | 56 | 364,000 m² |
| Colombia  | 34 | 331,000 m² |
| Argentina  | 8 | 84,000 m² |
| Brazil  | 58 | 125,000 m² |



Supermarkets





Falabella operates three supermarket store formats in Chile and Peru.

- Tottus Supermarkets, which primarily offer the traditional grocery, cleaning and personal care product categories.
- Tottus Hypermarkets, which additionally provide a wide variety of basic durable goods, large appliances, apparel, electronics and products for the home.
- Precio Uno Hiperbodega, which offers the Peruvian customer attractive prices and a higher mix of non-perishable products.

The supermarkets segment faces many competitors, including hypermarkets, supermarkets, and convenience stores and neighborhood, often family owned, grocery stores.

In order to estimate market share participation, the Group conducted market analysis based on information from Chile's National Statistics Institute (*Instituto Nacional de Estadísticas*), Euromonitor, Peru's National Institute of Statistics and Information Technology (*Instituto Nacional de Estadística e Informática*), and Apoyo Consultoría, among others. According to this analysis, the Group's market share in the supermarket industry is approximately 4% in Chile and 5% in Peru.

| | Stores | Sales Area |
|---|-----------|------------------------------|
| Chile  | 52 | 183,000 m² |
| Peru  | 49 | 183,000 m² |



Financial Services



Falabella Financiero offers a mix of integrated financial products and services, which responsibly provide customers access to credit, by combining the robustness of a traditional financial business with the proximity to customers that characterizes a retail company. Falabella operates its financial business in Chile, Peru, Colombia and Argentina through different business units.

- **CMR Falabella:** With more than 35 years in the Chilean market, CMR has become the largest credit card issuer in the domestic market, offering customers a convenient and flexible payment system. Today, CMR also operates in Argentina, and is also available in Peru and Colombia through Banco Falabella. In 2010, CMR Falabella established alliances with Visa and MasterCard, which allowed the credit card to be used in third party stores and businesses.
- **Banco Falabella:** By providing comprehensive banking services, Banco Falabella opened its doors to Chilean, Peruvian and Colombian customers who not only wanted access to consumer loans, but also required checking accounts, mortgage loans, time deposits and mutual funds. Easy, convenient and transparent banking services.
- **Seguros Falabella:** With the goal of providing customers with peace of mind, the Company offers a wide selection of insurance alternatives and specialized advisors to help each client find the best solution for his or her particular needs. The Company currently operates in Chile, Peru, Colombia and Argentina.
- **Viajes Falabella:** The fastest growing travel agency of the last few years, Viajes Falabella offers its Chilean, Peruvian, Colombian and Argentine customers a first rate service, with attractive prices and flexible methods of payment.
- **Móvil Falabella:** Seeing the opportunity to offer telecommunication services to its customers, Falabella entered the telephone industry as a mobile virtual network operator, providing prepaid phone customers benefits that are similar to those obtained with postpaid contracts from other mobile operators.

In the financial services market, the Company competes with commercial banks as well as with retailers with proprietary credit card operations. Additionally, the Company competes with other insurance brokers, travel agencies, airlines and mobile telephone operators.

According to information from the SBIF and SVS, as well as from cajasdechile.cl, the Company's market share in outstanding consumer loans as of December 2014 is 9.1% in Chile (including CMR's and Banco Falabella's loans). In the case of Peru, according to the Superintendencia de Banca, Seguros y AFP, Banco Falabella's market share of outstanding consumer loans as of December 2014 was 6.9%. In Colombia, according to the country's regulator SuperFinanciera, Banco Falabella's market share in outstanding consumer loans as of December 2014 was 1.6%. Finally, in according to the Banco Central de la República de Argentina, CMR's market share in credit card and consumer loans in Argentina was to 0.6%.

| | | #CMR Accounts with a balance | Banking Branches | Travellers of Viajes Falabella | Mobile Phone Lines |
|-----------|--|---------------------------------|---------------------|-----------------------------------|-----------------------|
| Chile | | 2,247,183 | 95 | 207,000 | + 225,000 |
| Peru | | 1,017,653 | 59 | 52,000 | - |
| Colombia | | 803,984 | 53 | 102,000 | - |
| Argentina | | 504,244 | - | 39,000 | - |



Real Estate






Falabella operates and manages shopping centers in Chile, Peru and Colombia, through two different companies:

- **Mall Plaza:** With operations in Chile and Peru (through Aventura Plaza) and, as of recently, in Colombia, Mall Plaza is one of the largest shopping center chains in Latin America. Its comprehensive value proposition combines engagement with neighboring communities, concern for the environment and strong commitment to the promotion of cultural events.
- **Open Plaza:** With a presence in Chile and Peru, Open Plaza operates smaller shopping centers, featuring one or more of the Group's stores (Falabella, Sodimac, Tottus) as anchor stores, accompanied by smaller stores and entertainment options.

According to customer surveys carried out in residential areas and shopping centers, Falabella's main competition in the real estate business are other shopping centers, in various formats, such as malls, power centers and strip centers; as well as traditional neighborhood shops located near the Group's shopping centers.

According to information from the Chile's National Statistics Institute (*Instituto Nacional de Estadísticas*), Plaza S.A.'s market share in retail commerce in Chile is approximately 6.2%.

The Company has a portfolio of real estate projects, which include both land owned by the Group and properties leased from third parties. In Chile, through the Nuevos Desarrollos S.A. subsidiary, the Company owns the following projects: Mall Plaza Puerto Barón (on leased property) and Mall Plaza Los Domínicos, as well as real estate in the V Region, VI Region and XV Region for the development of future projects. Through its Mall Plaza Colombia subsidiary, the Company owns two lots in which to develop projects, one in Manizales and another in Barranquilla. Aventura Plaza in Peru has a portfolio of projects across several districts in Lima, where the Group has invested in property and surface rights. Open Plaza in Chile has the Marriott Courtyard Hotel construction project. Additionally, the subsidiary has properties in the Metropolitan Region and in the VI Region for future developments. In Peru, through Open Plaza, the subsidiary is developing the Open Plaza Huancayo project.

| | | Mall Plaza Shopping Centers | GLA | Open Plaza Shopping Centers | GLA |
|---------------------|---|-----------------------------------|--------------------------|-----------------------------------|------------------------|
| Chile |  | 15 | 1,176,000 m ² | 10 | 235,000 m ² |
| Peru ^(*) |  | 4 | 274,000 m ² | 8 | 234,000 m ² |
| Colombia |  | 1 | 26,000 m ² | - | - |

(*) Mall Plaza Aventura, in Peru

Regional Footprint

Colombia

15,018 employees
7% of revenues



Brazil

3,172 employees
3% of revenues



Peru

30,503 employees
24% of revenues



Chile

51,968 employees
60% of revenues



Argentina

5,392 employees
7% of revenues



Economic Figures

Revenues

(million Chilean pesos)

5,930,056



2012

6,655,569



2013

7,562,799



2014

Net Income

(million Chilean pesos)

371,867



2012

443,827



2013

464,729



2014

Loans

(million Chilean pesos)

3,098,560



2012

3,411,163



2013

3,847,436



2014

Selling Area

440

Stores

2,591,000 m²

SALES AREA



38

Shopping Centers

1,945,000 m²

LEASABLE AREA



Key Figures

Falabella is committed to sustainable development, which is why the definition and implementation of Social Responsibility policies and initiatives is a strategic pillar for the Company. The Falabella Group carries out its Sustainability policies according to the guidelines of ISO 26,000, the principles of the United Nations Global Compact and the Global Reporting Initiative (GRI)¹.

Falabella's goal is a responsible growth strategy that creates value for all stakeholders. Only by following this path will the Company continue to be respected, valued and preferred by its clients, employees suppliers and communities. In the following pages, the Falabella Group defines six areas considered the central pillars of this strategy.



CUSTOMERS

The Company has tailored customer satisfaction surveys for each one of its businesses, in order to better understand what the customer is looking for and to improve customer service.

As of this year, Falabella's retail and financial services businesses implemented the Net Promoter Score (NPS) tool, which aims to measure customer loyalty based on recommendations (promoter, passive, and detractor). The real estate business measures customer satisfaction with a survey carried out by IPSOS².

Additionally, the Company has used social networks to get closer to its customers and to manage complaints more efficiently.

- During 2014, the Group registered 0.1% complaints³ as a percentage of total transactions at the three retail business units, 11.2% less than in 2013. In the financial services businesses, the Company registered 0.4% complaints as a percentage of total customer requests in 2014, which was 19% less than in 2013.
- Adding up the accounts from all of Falabella's companies in every country in operation, the Group has a total of 9,145,980 followers on social networks (Twitter and Facebook), which represents a 44.2% increase from the previous year.
- Throughout the year, the Group's brands received 292,844 positive comments and 65,536 negative comments posted on social networks.

The following metrics are in regards to the Group's customer base:

- In 2014, Falabella's retail businesses generated 290,562,471 transactions, 7.1% more than in 2013.
- 347,538,168 people visited Open Plaza (Peru) and Mall Plaza (region) shopping centers, which represents a 7.8% increase compared to 2013.
- Banco Falabella ended the year with 1,434,396 checking and deposit accounts, which represents a 22.2% annual increase. CMR had 4,573,064 credit cards with a balance, 5.6% more than 2013.
- The financial services businesses had 1,994 points of service⁴ across the region, 16.8% more than 2013.
- The number of travelers that booked their trips through the Viajes Falabella travel agency reached 400,224 in 2014, 0.6% more than the previous year.

Given the nature of Falabella's different businesses, none of the Group's business units have any clients that, independently, represent more than 10% of that segment's revenues.

1. All of the Group's businesses report under the G4 GRI (Global Reporting Initiative) standards. In order to access more information on their Sustainability Policies, we encourage you to review their respective Sustainability Reports.

2. Independent company dedicated to survey based market research.

3. External complaints that reach customer service.

4. Branches, ATMs and saldomáticos (terminals where customers may check their balance).

Figures regarding direct staffing and collaborator turnover include all of the Group's companies, including affiliates Sodimac Colombia and Aventura Plaza, which the Company does not consolidate in its financial statements. Also, the following metrics do not include Imperial, Dicico, Maestro and Sodimac Uruguay, given that all of the relevant data was not available.



EMPLOYEES

In order to continue being a successful Company, it is essential that Falabella have committed employees. This is why the Company is focused on developing policies aimed at professional training and education, occupational health and safety, inclusion and mobility, among other issues.

An important accomplishment for Falabella is that the Company has become a major source of employment in the region, providing jobs to 106,094⁵ collaborators. Hiring policies place a special emphasis on the inclusion of people from vulnerable segments of society, as well as the importance of women in the business.

- At the end of 2014, women represented 45.9% of total employees.
- 88.1% of the staff is less than 50 years old.

The Falabella Group's 2014 employee summary⁶

Falabella's headquarters, which are located in Chile, employ 133 people.

| | Managers and Main Executives | Professionals and Technicians | Other | Total 2014 |
|---------------------|------------------------------|-------------------------------|--------|------------|
| SACI (Headquarters) | 59 | 57 | 17 | 133 |
| Subsidiaries | 3,348 | 20,394 | 81,879 | 105,961 |

| | Managers and Main Executives | Professionals and Technicians | Other | Total 2014 |
|---------------|------------------------------|-------------------------------|--------|------------|
| Chile | 2,124 | 76,611 | 41,893 | 51,968 |
| Peru (*) | 740 | 8,481 | 21,282 | 30,503 |
| Colombia (**) | 302 | 2,672 | 12,044 | 15,018 |
| Argentina | 198 | 1,244 | 3,950 | 5,392 |
| Brazil | 41 | 424 | 2,707 | 3,172 |
| Uruguay | 2 | 19 | 20 | 41 |
| Total | 3,407 | 20,451 | 81,896 | 106,094 |

* Considers Aventura Plaza, which is not consolidated

** Considers Sodimac Colombia, which is not consolidated

For the Falabella Group it is important to closely monitor employee turnover.

- In 2014 employee turnover⁷ for the Group reached 48.2%.

One of the Falabella Group's main objectives is to be the best place to work, which is why it is essential to analyze the well-being of employees through workplace environment measurements (GPTW) and to have clear compensation and benefit policies.

It is worth highlight the results obtained by Falabella's retail companies in the Great Place to Work survey. Falabella Retail ranked 18th in the Latin America survey and, in the country specific surveys, it was ranked in the top 25 in each country in which it has operations. Sodimac was ranked 5th

in Argentina, 6th in Peru and 7th in Colombia. Meanwhile, Tottus Peru was ranked 15th for the second consecutive year.

A key factor in Falabella's success has been, and will continue to be, its solid group of leaders and professionals that know how to build teams and develop people. The 360° Evaluation, which is carried out annually to evaluate the Group's main executives, is an important tool for the management of internal talent. The objective of this program is to tailor career development plans for each individual, in order to help each employee improve his or her contribution to the Company's results and reach his or her full potential. Additionally, this initiative allows the Company to prepare for the future, by identifying promising talent and investing in the development of these individuals.

- 1,716 executives evaluated in Chile, Peru, Colombia, Argentina, Brazil, Uruguay and China.

In addition to the 360° Evaluation, performance reviews are carried out at all levels of the organization.

- 75,789 employees, a coverage⁸ equal to approximately 77.4% of the Group's workforce, received a performance review in 2014, compared to 64.9% of the workforce in 2013.

When an employee joins the Company, he or she receives professional training and education through e-learning courses, internships or on-the-job training. Afterwards, employees are given access to more specific and technical courses, which allow them to remain informed and empowered to meet the demands faced by their business unit.

- In line with the Group's goal to constantly improve the skills of its employees, in 2014 the Company carried out 3.6 million hours of training, which implies an average of 36.6 hours of training per worker in the year.

In order to understand and meet the needs of its employees, it is necessary to maintain open and fluid channels of internal communication, where individuals and groups can express their concerns. The Falabella Group promotes dialogue and transparency with its employees, and the Group also has a policy of collaboration and participation within the workforce.

- As of December, 2014, 29.6% of the Group's employees were unionized (covered by collective agreements). In Chile, 52.8% were unionized.

It is important to establish policies that guarantee the health and safety of the Group's employees. With this goal in mind, the Group has formed joint committees composed of workers and managers that are tasked with looking out for the health and well-being of their colleagues in their respective workplaces. Regarding this point, accident rates⁹ are continually monitored across all businesses.

- During 2014, the Group registered a total of 4,432 workplace accidents and an accident rate of 4.5%, which was lower than the 4.7% rate observed in 2013.

5. As of December 31st, 2014. Includes data from Sodimac Colombia and Aventura Plaza, which are not consolidated by SACI.

6. Contracted employees (includes both permanent and fixed term contracts). Excludes fee contracts and subcontracted workers.

7. Total Departures (voluntary and involuntary) / Total Direct Staff.

8. Total employees evaluated in the period / Total direct staff, end of period.

9. Workplace accidents / Direct Staff at the end of the period. Accidents are considered to be events that cause worker absences.



SUPPLIERS

Suppliers play a fundamental role in the Falabella Group's businesses and are a key component in the Company's sustainability strategy. The Group's relationship with its suppliers is based on mutual collaboration, so that suppliers and the Company can help each other grow, together.

- By the end of 2014, the Group had a total 20,436 active suppliers.

Falabella and Sodimac have an alliance with Sedex, the world's largest collaborative platform for ethical and responsible business practices in global supply chains. Sedex helps companies improve their supply chain standards in key areas, including labor, environmental, health and safety and business ethics issues. Suppliers must make a commitment to comply with the ethical commerce norms of Sedex' members (SMETA).

- 1,667 suppliers of Falabella's retail businesses have Vendor Compliance clauses in their contracts, which aim to specify ethical and human rights conditions that they must comply with in their production process. We wish to highlight the progress made in this area, considering that, in 2013, only 421 contracts included social responsibility clauses.
- In 2014, a total of 2,895 suppliers were audited, a larger number than the 1,397 audits carried out in 2013.

The Group strives to pay its suppliers promptly, especially suppliers that are small and medium sized enterprises (SMEs), since these companies are the engines of development in the countries in which the Group operates.

- In 2014, the Group worked with 10,276 SMEs. Of these, 7,164 were paid in 30 days or less, which is twice as many SME suppliers paid in that timeframe than the year before.

Given the nature of Falabella's different businesses, none of its business units have a supplier that, independently, represents more than 10% of the business unit's total purchases during the period.



COMMUNITY

The Company is focused on generating social responsibility initiatives that have measurable results and that are related to each one of its business units. A number of projects have been implemented which aim to support community development in the different locations where the Group has operations. Some of the most emblematic programs include¹⁰:

- *Programa Hacienda Escuela* (School Sponsorship): Supports schools which are in the vicinity of Falabella's department stores by providing infrastructure, technology and classes. The Company sponsors one school per Falabella department store, in the municipality where the store is located. The Company sponsors 91 establishment across the region, which benefits over 81,000 students.
- *Programa Buen Vecino* (Good Neighbor): The Group's Home Improvement division's volunteer program, which consists in providing support and funds to construction, remodeling and quality of life projects that help the community. The projects compete for the program's funds. Projects have been undertaken in a variety of organizations, such as kindergartens, community centers, schools, foundations and fire departments, among others. In 2014, 73 projects were carried out, in which 1,973 employees participated, benefitting 10,130 people.
- *Programa de Educación en Alimentación Saludable* (Healthy Eating Educational Program): Promotes healthy eating habits among children, professors and parents who attend schools near the Group's supermarkets in lower income neighborhoods. The program began its "*Qué rico es crecer sano con Tottus*" ("It is delicious to grow in a healthy manner with Tottus") pilot project this year with 200 children.
- *Regional Alliance with América Solidaria*: Supported by the financial services division, this initiative supports projects that aim to improve the quality of life of the communities in the countries in which the Group operates.
- *Programa de Educación Financiera* (Financial Education Program): Aims to educate clients, employees and the community in general on how to properly manage their finances and budgets. In 2014, the Group taught 57 financial education courses in 17 schools that are part of the Hacienda Escuela Program. 2,100 students attended the classes and 134 employees volunteered.
- *Fondos Concursables Comuna Viva* (Live Municipality Competitive Funds): This program aims to support projects, created in conjunction with members of the community, which seek to improve the quality of life of the neighborhoods in which the Group's shopping centers are located. The group began a pilot program in 2014 that benefited approximately 1,380 people.

Corporate volunteer work constitutes one of the main tenets in building positive relationships with the communities with which the Group interacts, by impacting employees and the local environment.

- During 2014, the Group's employees carried out 52,750 hours of volunteer work, which represents a 35.0% increase with regards to the prior year.

10. Details of the activities of each business segment may be found in their respective Sustainability Reports.



THE ENVIRONMENT

With regards to environmental matters, the Group's strategy starts with being actively aware of the impact that the Company's activities have on its surroundings. Falabella's businesses units have implemented diverse initiatives, such as measuring the operation's Carbon Footprint in order to control and reduce direct and indirect emissions; constructing stores and buildings with ecologically friendly systems through LEED certification; and fostering recycling initiatives and recycling locations.

The Falabella Group is a member of the World Green Building Council, a nonprofit organization which aims to promote and encourage sustainable construction and development; the technological innovation and certification of sustainable buildings; the efficient use of energy and the use of renewable energies; the efficient use of water; the use of renewable, recyclable and non-toxic materials in construction; and the improvement of the quality of life and health of people and communities.

The metrics that the Company uses to manage its environmental impact are focused on the development of ecologically-friendly buildings and on increasing energy efficiency in order to decrease the use of electricity.

- As of December 2014, the Group had one LEED pre-certified Shopping Center, Mall Plaza Egaña, with a Gold rating. Also, Mall Plaza Copiapó, inaugurated in 2014, is in the process of certification, with a Silver rating. Additionally, 19 of the Group's shopping centers have eco-friendly features¹¹.
- By the end of the year, the Group had 18 LEED-certified stores and 30 eco-friendly stores, which reduce energy consumption, on average, by 20% to 25%.
- The Group's energy consumption in 2014 was of 185 Kwh/m² ¹², a 13% reduction with regards to the prior year.



11. Renovations and enhancements were carried out in 10 Shopping Centers in Chile and 2 in Peru, permitting a more efficient use of resources and greater care for the environment.

12. Considers energy use in stores, branches and shopping centers.



CORPORATE GOVERNANCE

The Group adheres to the norms and principles with regards to Human Rights of the Political Constitutions of each country in which it operates, as well as the Universal Declaration of Human Rights. Both Falabella and Sodimac adhere to the United Nations Global Compact, committing to promote and fulfill the ten universal principles in the areas of: human rights, labor standards, the environment and anti-corruption.

The Group fosters honesty, a vocation to service, impartiality, initiative, teamwork and respect. These values reflect the Group's commitment to conducting itself with transparency and loyalty towards people, with respect for their freedoms and rights. The Group rejects and publicly condemns any kind of abuse or violation of Human Rights, which is why employees have access to transparent procedures and channels of communication to directly report violations. These tools help the Company identify and monitor cases of corruption or discrimination, among other infractions, within the organization.

- In 2014 there was only one case of discrimination throughout all of the Group's companies.

The Group has a Code of Ethics that defines general guidelines for conduct with interest groups. The Group's businesses operate with an Ethics System that consists of established methods for management and prevention that require that all actions comply with standards of ethics, integrity and transparency.

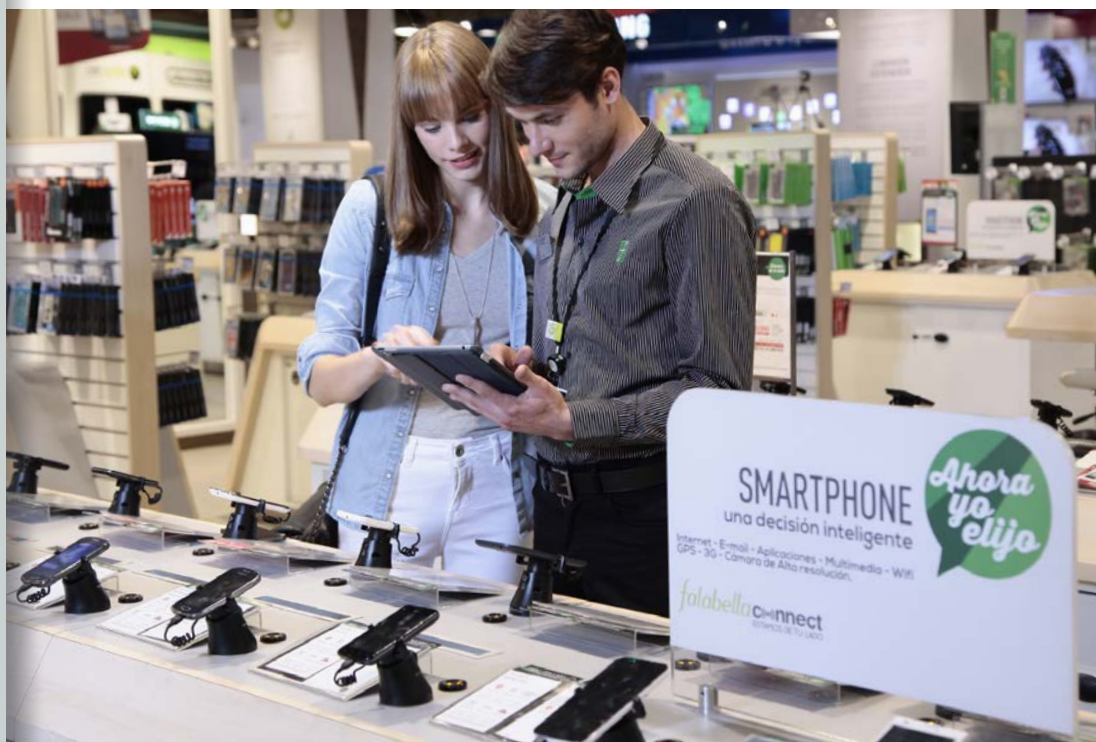
As a Group, it is important to continually train employees regarding the Company's policies and procedures to deal with issues of corruption and ethical behavior, among other related issues.

- During 2014, 126,338 e-learning courses were logged on the following subjects: Ethics, Asset Laundering, Money Laundering, Consumer Legislation, Free Competition, Crime and Fraud Prevention and Information Security, among others.

Investment Plan

Falabella is constantly looking for investment opportunities that will contribute to the growth of its businesses, generate synergies or that can leverage the Company's know-how. Each investment is studied and evaluated from the perspective of cash flow projections and strategic value. Financing policies are determined on a case by case basis, always following the guidelines approved by the Board.

In January 2015, Falabella announced a new organic growth plan for the next four years, until 2018, which estimates a total investment of US\$ 4,363 million. In this capex plan, 53% will be invested in the opening of 140 new stores and 11 new shopping centers across the six countries where the Company has operations. Additionally, the budget assigned to expansions and renovations will be US\$ 915 million over the next four years, which is double what was announced the previous year. This investment aims to develop the Company's existing points of sale to their maximum potential, offering customers the best possible experience. Finally, 26% of the capex plan will be invested in logistics and technology, in order to increase efficiency and productivity, as well as support the growth of the online operation.



125 YEARS WITH OUR CUSTOMERS

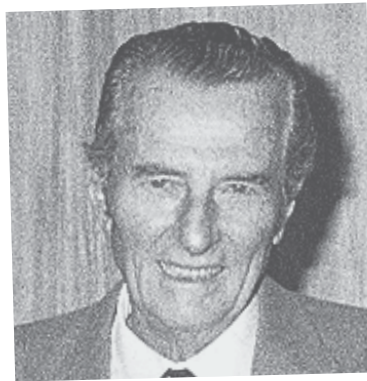
History

► From a tailor shop to department store



1889

Salvatore Falabella opens the first large tailor shop in Chile on Ahumada Street.



1937

Alberto Solari joins the Company, bringing a renewed energy to the operation and transforming Falabella into a recognized apparel store.

Alberto Solari



Excellence and Austerity

Falabella's history has been forged with hard work and a great deal of austerity. "Doing things right" is the motto, with passion for the details.



1958

Household products are introduced, laying the foundation for the first department store in Chile. Ahumada Street comes to be known as Falabella Street.

1962

Falabella opens its first store outside of the Metropolitan Region, in Concepción.

1983

The Parque Arauco store opens for business.

125 YEARS WITH OUR CUSTOMERS

► CMR, trust in our customers and an offering of financial services

1980

Falabella launches CMR, its proprietary credit card, the first of its kind in Chile, responding to the needs of its customers and demonstrating trust in them.

1998

Launch of Banco Falabella, through the purchase of ING Bank Chile's banking license.

2007

Banco Falabella is launched in Peru.

2013

Móvil Falabella begins operations in Chile.

2011

Banco Falabella begins operations in Colombia.

1997

Expands its services to include travel and insurance.

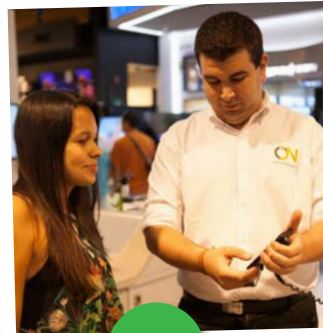


2005

Banco Falabella completes the migration from consumer bank to a full-fledged commercial bank.

2010

CMR partners with Visa and MasterCard in Chile and Peru.



► Malls: the new square



The customer at the center

Making the customer our priority in all our decisions has been our trademark since day one. This drive to serve and respond to our customers translates, more than anything else, into our brand values: transparency, proximity and convenience.

1990

With the construction of Mall Plaza Vespucio in La Florida, Falabella becomes a pioneer in opening shopping centers in emerging middle-income neighborhoods in Chile, including health, cultural and entertainment services in these new urban centers.

**1995**

Mall Plaza Trébol is inaugurated, the first mall outside of the Metropolitan Region.

**2007**

Aventura Plaza is launched in Peru.

2013

Mall Plaza Egaña is opened, the first shopping center with a Gold LEED pre-certification in the Chile.

2012

Mall Plaza opens its first shopping center in Colombia, in the city of Cartagena de Indias.

125 YEARS WITH OUR CUSTOMERS

► Internationalization: exporting the business model

1993

Falabella begins its internationalization process, exporting its business model and working with good partners in each country. Falabella opens its first store in Mendoza, Argentina, and enters Colombia with Sodimac.

2004

Sodimac Peru is launched, thus consolidating the presence of the Group in Peru, with all business units operational there.



1995

Falabella enters Peru with the acquisition of Saga, a Company that had two department stores in Lima. Today, the department stores are known as SagaFalabella.





2006

By launching Falabella department stores and CMR in Colombia, the Group extends its presence in the country.



Team work

Retail is a team effort, in which our 106 thousand employees have the opportunity to grow, on both the personal and professional level, with training and internal mobility, creating a positive work environment.

2013

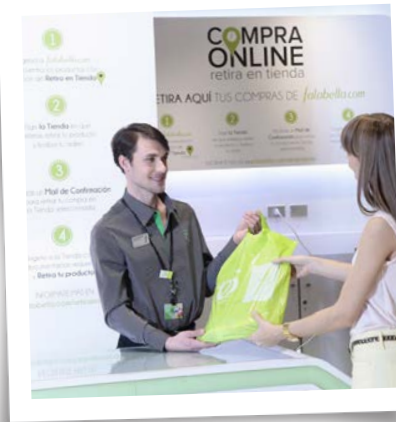


Falabella enters Brazil with the acquisition of Dicico, a home improvement chain. The Company also announces the construction of two Homecenter stores in Montevideo, Uruguay, adding a new Latin American market in 2015.

125 YEARS WITH OUR CUSTOMERS

► Adding new brands and channels

1999



Committed to innovation, the Group launches its ecommerce operation in Chile, with Falabella.com.

2013



Launch of Falabella Connect, a digital platform that centralizes information from all the mobile operators regarding plans, prices and phone models.

1990

Launch of Basement and Sybilla, private labels for the apparel category, which offer customers fashion at affordable prices.

Sybilla

BASEMENT

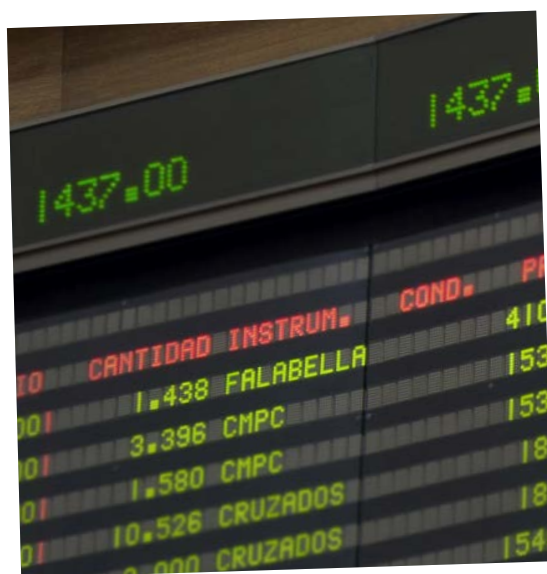
► From family business to publicly traded company

Innovating, always innovating

The drive to respond to the constantly changing needs of our customers has made innovation part of Falabella's DNA. We aim to reinvent ourselves again and again, offering our customers the latest technology in our products and services.

**1996**

Falabella goes public, and the newly incorporated company's shares begin trade on the Santiago Stock Exchange.



125 YEARS WITH OUR CUSTOMERS

► Alliance with Sodimac: leadership in home improvement



José Luis del Río

1997

Falabella takes its first steps in the home improvement and construction markets, through a partnership with Home Depot in Chile. Four years later, the Group acquires the operation. Meanwhile, Sodimac, which was founded in 1952, was looking for a partner to further consolidate its leadership in the segment.

2007

Sodimac acquires 60% of Imperial, a Chilean home improvement chain, which allows it to serve the carpentry and furnishings specialist markets.

2014

Falabella acquires Maestro, a home improvement chain in Peru, expanding its presence in the construction segment in that country.

2003

Falabella merges with Sodimac, keeping its culture of teamwork, which creates the first home improvement chain in Latin America.

2009

Falabella launches Homy in Chile, a new store concept which aims to mass market design and home decor.



► The Supermarkets could not be left out



Our suppliers, good partners

We view our suppliers as strategic partners and, side by side, we have helped each other grow. Trust and respect are key commitments in this partnership.

2002

Falabella ventures into the supermarket industry, opening the first Tottus store in Lima, Peru.

2005

The first Tottus hypermarket is opened in Chile.

**2004**

Falabella acquires the San Francisco supermarket chain in Chile, complementing the knowledge gained with Tottus in Peru.

2014

Hiperbodega Precio Uno is launched in Peru.

125 YEARS WITH OUR CUSTOMERS

► Contributing to communities

1969

Inauguration of the "Arnaldo Falabella" school, which Falabella sponsored by donating resources for its construction. This marked the beginning of the *Haciendo Escuela* program, which now sponsors 91 educational establishments and benefits over 81 thousand students in Latin America.



2003

Mall Plaza launches *Biblioteca Viva* inside its shopping centers. Subsequently, Mall Plaza has continued to contribute to the community through Microenterprise Fairs and Mall Plaza Kiosks, among other projects.





Respecting the environment

Build sustainable stores and shopping centers with mitigation plans and new technologies. The efficient use of water and energy, use of renewable energy (NCRE) and the implementation of waste recycling are part of our culture.

2005

Launch of *Círculo de Especialistas* in Sodimac, which provides training to specialized handymen and contractors. The *Buen Vecino* Program was then launched, providing resources to develop neighborhood improvement projects submitted by the local community.



2014

Tottus begins its Healthy Eating Educational Program in two schools in the municipality of Melipilla.

2013

Falabella Financiero signs an agreement with América Solidaria in Chile, Peru, Colombia and Argentina, in order to support educational and social inclusion projects.



América Solidaria es una ONG que trabaja para superar la pobreza infantil en América, a través de proyectos de integración continental en las áreas de salud, educación y desarrollo productivo.

TU TAMBIÉN PUEDES AYUDAR, HAZTE SOCIO DE AMÉRICA SOLIDARIA

YO  CHILE