

**Company Name** SACI Falabella  
**Industry** Agricultural Products & Apparel (Supply Chain only)  
**UNGP Core Score (\*)** 3.0 out of 26

Score	Out of	For indicators
<b>Governance and Policy Commitments</b>		
1	2	A.1.1 Commitment to respect human rights
0.5	2	A.1.2 Commitment to respect the human rights of workers
0	2	A.1.4 Commitment to engage with stakeholders
0	2	A.1.5 Commitment to remedy
<b>Embedding respect and Human Rights Due Diligence</b>		
Embedding respect		
0	2	B.1.1 Embedding - Responsibility and resources for day-to-day human rights functions
Human Rights Due Diligence (HRDD)		
0	2	B.2.1 HRDD - Identifying: Processes and triggers for identifying human rights risks and impacts
0	2	B.2.2 HRDD - Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)
0	2	B.2.3 HRDD - Integrating and Acting: Integrating assessment findings internally and taking appropriate action
0	2	B.2.4 HRDD - Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts
0	2	B.2.5 HRDD - Reporting: Accounting for how human rights impacts are addressed
<b>Remedies and Grievance Mechanisms</b>		
1.5	2	C.1 Grievance channels/mechanisms to receive complaints or concerns from workers
0	2	C.2 Grievance channels/mechanisms to receive complaints or concerns from external individuals and communities
0	2	C.7 Remedying adverse impacts and incorporating lessons learned
<b>3.0</b>	<b>26</b>	

(\*) Instead of the full list of indicators in the 2020 CHRB Methodology, this year's assessment uses the CHRB Core UNGP Indicators. These are 13 non-industry specific indicators that focus on three key areas of the UNGPs: high level commitments, human rights due diligence and access to remedy.

The 13 indicators selected from the full CHRB Methodology are scored on a simple unweighted basis, with a maximum of 2 points for each indicator for a maximum total of 26 points.

In addition, allegations of severe human rights impacts (Measurement Theme E) were also assessed but do not impact overall final scores

Please note that the "Not met" labels in the Explanation boxes below do not necessarily mean that the company does not meet the requirements as they are described in the bullet point short text. Rather, it means that the analysts could not find information *in public sources* that met the requirements *as described in full* in the CHRB 2020 Methodology document. For example, a "Not met" under "General HRs Commitment", which is the first bullet point for indicator A.1.1, does not necessarily mean that the company does not have a general commitment to human rights. Rather, it means that the CHRB could not identify a public statement of policy in which the company commits to respecting human rights.

## Detailed assessment

### Governance and Policies

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.1	Commitment to respect human rights	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: General HRs commitment: The company states on its website that it has a HR policy which commits to the UDHR [Ethics, human rights and transparency, 06/2018: <a href="http://falabella.com">falabella.com</a>]</li> <li>• Met: UDHR: The company states on its website that it has a HR policy which commits to the UDHR [Ethics, human rights and transparency, 06/2018: <a href="http://falabella.com">falabella.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: UNGPs</li> <li>• Not met: OECD</li> </ul>
A.1.2	Commitment to respect the human rights of workers	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: ILO Core: Though the Company presents its commitment to prohibit discrimination, forced labour, and child labour, there is no evidence for the commitment regarding freedom of association or collective bargaining. No new information was found in latest revision. [Annual Report 2019, 06/2020: <a href="http://s22.q4cdn.com">s22.q4cdn.com</a> &amp; Integrity Code, 06/2019: <a href="http://s22.q4cdn.com">s22.q4cdn.com</a>]</li> <li>• Met: UNGC principles 3-6: In its annual report the company states: "Falabella S.A., Sodimac S.A. and Falabella Retail S.A. are part of the United Nations Global Compact, seeking to disseminate and comply with its ten fundamental principles considering issues on human rights, labor standards, the environment and anti-corruption." [Annual Report 2019, 06/2020: <a href="http://s22.q4cdn.com">s22.q4cdn.com</a> &amp; Annual report 2016, 2017: <a href="http://falabella.com">falabella.com</a>]</li> <li>• Not met: Explicitly list All four ILO for AG suppliers</li> <li>• Not met: Explicitly list ALL four ILO for AP suppliers</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Explicit commitment to All four ILO Core</li> <li>• Met: Respect H&amp;S of workers: In its Annual report the company states "Our employee's health and safety is a priority for Empresas Falabella, accordingly, we have policies that aim to prevent occupational risks and promote a healthy environment" [Annual Report 2018, 2019: <a href="http://s22.q4cdn.com">s22.q4cdn.com</a>]</li> <li>• Met: H&amp;S applies to AG suppliers: In its annual report the company states that supplier must commit to Sedex ethical trade standards which include H&amp;S. [Annual Report 2018, 2019: <a href="http://s22.q4cdn.com">s22.q4cdn.com</a>]</li> <li>• Met: H&amp;S applies to AP suppliers: See above</li> <li>• Not met: working hours for workers</li> <li>• Not met: Working hours for AP suppliers</li> </ul>
A.1.4	Commitment to engage with stakeholders	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Commits to stakeholder engagement</li> <li>• Not met: Regular stakeholder engagement</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Commits to engage stakeholders in design</li> <li>• Not met: Regular stakeholder design engagement</li> </ul>
A.1.5	Commitment to remedy	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Commits to remedy</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Not obstructing access to other remedies</li> <li>• Not met: Collaborating with other remedy initiatives</li> <li>• Not met: Work with AG suppliers to remedy impacts</li> <li>• Not met: Work with AP suppliers to remedy impacts</li> </ul>

## Embedding Respect and Human Rights Due Diligence

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.1.1	Responsibility and resources for day-to-day human rights functions	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Met: Commits to ILO core conventions: See indicator A.1.2</li> <li>• Not met: Senior responsibility for HR</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Day-to-day responsibility</li> <li>• Not met: Day-to-day responsibility for AG in supply chain</li> <li>• Not met: Day-to-day responsibility for AP in supply chain</li> </ul>
B.2.1	Identifying: Processes and triggers for identifying human rights risks and impacts	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Identifying risks in own operations</li> <li>• Not met: Identifying risks in AG suppliers</li> <li>• Not met: Identifying risks in AP suppliers</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Ongoing global risk identification</li> <li>• Not met: In consultation with stakeholders</li> <li>• Not met: In consultation with HR experts</li> <li>• Not met: Triggered by new circumstances</li> <li>• Not met: Explains use of HRIAs or ESIA (inc HR)</li> </ul>
B.2.2	Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Salient risk assessment (and context)</li> <li>• Not met: Public disclosure of salient risks</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> </ul>
B.2.3	Integrating and Acting: Integrating assessment findings internally and taking appropriate action	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Action Plans to mitigate risks</li> <li>• Not met: Including in AG supply chain</li> <li>• Not met: Including in AP supply chain</li> <li>• Not met: Example of Actions decided</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> </ul>
B.2.4	Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: System to check if Actions are effective</li> <li>• Not met: Lessons learnt from checking effectiveness</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Both requirement under score 1 met</li> </ul>
B.2.5	Communicating : Accounting for how human rights impacts are addressed	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Comms plan re identifying risks</li> <li>• Not met: Comms plan re assessing risks</li> <li>• Not met: Comms plan re action plans for risks</li> <li>• Not met: Comms plan re reviewing action plans</li> <li>• Not met: Including AG suppliers</li> <li>• Not met: Including AP suppliers</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Responding to affected stakeholders concerns</li> <li>• Not met: Ensuring affected stakeholders can access communications</li> </ul>

## Remedies and Grievance Mechanisms

Indicator Code	Indicator name	Score (out of 2)	Explanation
C.1	Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Channel accessible to all workers: The company has a integrity line where all workers and others including suppliers can report 'potential irregularities and illegal behaviour' or violations of ethics. [Annual report 2017, 01/2018: <a href="http://falabella.com">falabella.com</a> &amp; Annual Report 2018, 2019: <a href="http://s22.q4cdn.com">s22.q4cdn.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Number grievances filed, addressed or resolved: The Company states that 'The Integrity Channel received 2,024 contacts from all of the countries in which Falabella operates'. In addition, it reports: 'In 2018, 19 discrimination cases were filed in all the subsidiaries of the Company and, after completing the respective investigations, only six cases were confirmed, with all of them being subject to corrective measures'. However, it is not clear how many complaints were filed related to human rights, and how many were addressed or resolved. [Annual Report 2018, 2019: <a href="http://s22.q4cdn.com">s22.q4cdn.com</a>]</li> <li>• Not met: Channel is available in all appropriate languages</li> <li>• Met: Opens own system to AG supplier workers: The company's own system is open to all including subcontractors and the public [Annual report 2017, 01/2018: <a href="http://falabella.com">falabella.com</a> &amp; Annual Report 2018, 2019: <a href="http://s22.q4cdn.com">s22.q4cdn.com</a>]</li> <li>• Met: Opens own system to AP supplier workers: The company's own system is open to all including subcontractors and the public [Annual report 2017, 01/2018: <a href="http://falabella.com">falabella.com</a> &amp; Annual Report 2018, 2019: <a href="http://s22.q4cdn.com">s22.q4cdn.com</a>]</li> </ul>
C.2	Grievance channel(s)/mechanism(s) to receive complaints or concerns from external individuals and communities	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Grievance mechanism for community: In its annual report the Company indicates that 'Shareholders, customers, suppliers or third parties may report such matters [ethics matter] using the company's web page at the Integrity Channel link. However there is no explicit mention of community affected by the company's operations. [Annual Report 2019, 06/2020: <a href="http://s22.q4cdn.com">s22.q4cdn.com</a> &amp; Integrity line, N/A: <a href="http://canaldeintegridad.ines.cl">canaldeintegridad.ines.cl</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Describes accessibility and local languages: There is no indicator that it is accessible in local languages</li> <li>• Not met: Expects AG supplier to have community grievance systems</li> <li>• Not met: AG supplier communities use global system [Annual Report 2018, 2019: <a href="http://s22.q4cdn.com">s22.q4cdn.com</a>]</li> <li>• Not met: AP supplier communities use global system: There is no specific mention of communities though it does mention 3rd party. [Annual report 2017, 01/2018: <a href="http://falabella.com">falabella.com</a> &amp; Annual Report 2018, 2019: <a href="http://s22.q4cdn.com">s22.q4cdn.com</a>]</li> </ul>
C.7	Remedying adverse impacts and incorporating lessons learned	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Describes how remedy has been provided</li> <li>• Not met: Says how it would remedy key sector risks</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Changes introduced to stop repetition</li> <li>• Not met: Approach to learning from incident to prevent future impacts</li> <li>• Not met: Evaluation of the channel/mechanism</li> </ul>

## Performance: Responses to Serious Allegations (Not included in the overall score)

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(1).0	Serious allegation No 1		No allegations meeting the CHRB severity threshold were found.

### Disclaimer

A score of zero for a particular indicator does not mean that bad practices are present. Rather it means that we have been unable to identify the required information in public documentation.

See the 2020 Key Findings report and the 2019 technical annex for more details of the research process.

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As WBA, we want to emphasise that the results will always be a proxy for good human rights management, and not an absolute measure of performance. This is because there are no fundamental units of measurement for human rights. Human rights assessments are therefore necessarily more subjective than objective. The Benchmark also captures only a snap shot in time. We therefore want to encourage companies, investors, civil society and governments to look at the broad performance bands that companies are ranked within rather than their precise score because, as with all measurements, there is a reasonably wide margin of error possible in interpretation. We also want to encourage a greater analytical focus on how scores improve over time rather than upon how a company compares to other companies in the same industry today. The spirit of the exercise is to promote continual improvement via an open assessment process and a common understanding of the importance of the UN Guiding Principles on Business and Human Rights.

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