

Falabella

ISIN CODE: CLP3880F1085

Overall score 16/100

**Sector: Specialised Retail
Emerging Market**

Companies in sector panel: 40

Information rate: 54% (Sector average: 39%)
Company cooperation level: Not responsive *

General information

S.A.C.I. Falabella SA (Falabella), engages in the retail and wholesale of clothing and accessories, construction and home improvement products, electronics, beauty and food products. The company is headquartered in Santiago, Chile.

Main Economic Segment**	Turnover 2015
Department stores, Home improvement and Building Materials	70.8 %
Supermarkets	18.4 %
CMR promoter	6.0 %

CORPORATE GOVERNANCE	
100	2017
75	
50	
25	
0	
Score	16
Allegations	No
Rating	=
Risk management	Weak

Key issues

Sound corporate governance is required to oversee a company's strategic direction, including the CSR strategy. Vigeo's framework has been adapted to capture the level of integration of CSR topics at Board-level, supplementing traditional signals on efficient governance practices. Directors are notably evaluated on their level of diversity and experience with operational, financial, and CSR topics (CGV1.1). The audit and internal controls system is examined regarding the efficiency and reach of its risk management (CGV2.1). Shareholders are expected to have fair voting rights and access to all relevant information on material CSR issues (CGV3.1). Executive remuneration is assessed for transparency and alignment with the interests of company's shareholders and other stakeholders (CGV4.1).

Company performance

Due to Falabella's lack of transparency, Vigeo's assurance on the Company's ability to manage Corporate Governance issues is low.

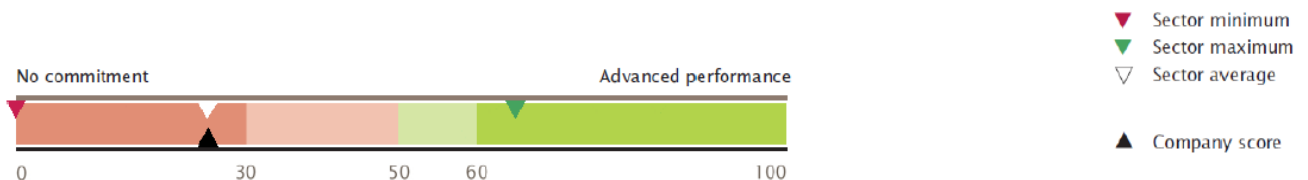
■ Sector performance
■ Company performance
 Rating: min -- / max ++

Corporate Governance

Score : 16

CGV1.1 Board of Directors

(score: 25, weight: 3)



[LISTED COMPANIES] Existence and independence of Nomination Committee

Information disclosed on this subject is insufficient. Of note, a specific committee, called Compensation and Talent Committee, is in charge of nominating executives.

* On a 4-level scale: proactive, responsive, partially responsive, not responsive

** See detailed economic indicators in Selected financial data section

*** Based on the most recent Index at the date of publication

Independence of the Board Chairman The roles of Chairman and CEO are separated, and the Chairman is considered independent.

Responsibility allocated over CSR issues Information on the responsibilities allocated over CSR issues is insufficient.

Share of independent shareholder-elected Board members *Information obtained from the company and public sources regarding detailed biographical information for all members of the Board of Directors is insufficient.*

Diversity of the skills and backgrounds of the Board *The Board of Directors diversity appears to be partial:
-At least 30% of directors are women;*

Training and expertise provided to board members *Information obtained from the company and public sources regarding training provided to board members is insufficient.*

Regular election of Board members *Board members are elected at least every three years and these elections are not staggered. Board members are eligible for re-election following 3-year terms.*

Evaluation of Board's functioning and performance *Information obtained from the company and public sources regarding the evaluation of board functioning and performance is insufficient.*

Review of CSR issues at Board meeting *Information obtained from the company and public sources regarding the review of CSR issues at board meetings is insufficient.*

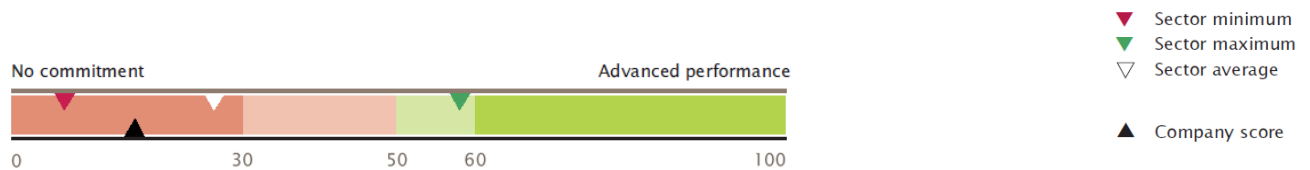
Regularity of and attendance at Board meetings *Fourteen Board meetings were held during 2015 fiscal year but no disclosure on attendance rate.*

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	>9 years on Board	Stock options	Paid > 1/2 executive salary	Represent >3% company's shares	Other	Independence
Carlo Solari Donaggi	Chairman				X		X						Chairman of Strategy Committee	X
Juan Carlos Cortés S	Vice Chairman Chairman of the Compensation and Talent Committee				X		X						Chairman of Compensation & Talent Committee and Member of Strategy Committee	

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	>9 years on Board	Stock options	Paid > 1/2 executive salary	Represent >3% company's shares	Other	Independence
Hernán Büchi Buc	Chairman of the Audit Committee					X								
Sergio Cardone Solar						X								
Paola Cúneo Queirolo														
Carolina del Río Gou					X		X							
José Luis del Río Go						X								
Carlos Heller Solari														
María Cecilia Karlez														

CGV2.1 Audit & Internal Controls

(score: 16, weight: 2)



[LISTED COMPANIES] Existence and independence of Audit Committee

A specific committee is in place, chaired by Hernán Büchi Buc. However, the lack of biographical information makes it hard to evaluate its three members' independency.

Skills and backgrounds of Audit Committee members

Information disclosed on this subject is insufficient.

Operational and CSR risks covered by the company's internal controls system

The system covers the standard issues related to financial, operational, and legal risks.

Role of the Audit Committee in overseeing internal and external controls

The Audit Committee has a limited role that includes:
 -Oversee internal audit and internal controls;
 -Review accounting policies and be responsible for updates;
 -Nominate the statutory auditor;
 -Oversee the work of the external auditor;

Management of the CSR risks

Information obtained from the company and public sources regarding the management of the CSR risks is insufficient.

Independence of the firm's external auditors

Information obtained from the company and public sources regarding the independence of the firm's external auditors is insufficient.

Inclusion of CSR issues in the company's reporting

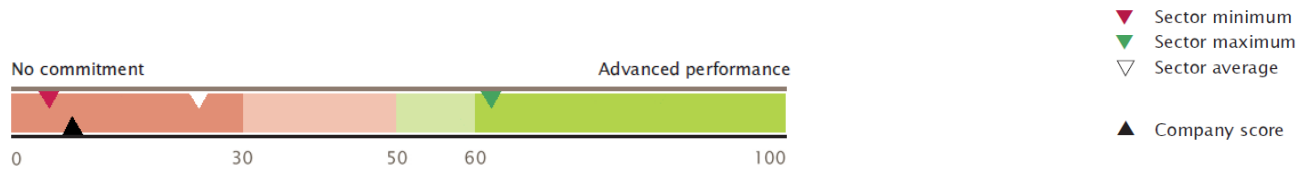
The company does not publish any significant CSR reporting on the key material issues for its sector.

Stakeholders' feedback

As of 03/2017, S.A.C.I. Falabella did not appear to be involved in any controversy related to this sustainability driver.

CGV3.1 Shareholders

(score: 8, weight: 2)



Nonexistence of voting rights restrictions

Information disclosed on voting rights restrictions is insufficient.

Nonexistence of anti-takeover devices

The company does not publish any information on shareholders' rights.

Safeguards on transactions with major shareholder(s)

No safeguards appear to be in place, which might raise concerns with regard to the fairness of any such transaction.

Ability to add items to the agenda of the AGM and to convene an EGM

Information obtained from the company and public sources, regarding the ability to add items to the agenda of the AGM and to convene an EGM, is insufficient.

Access to voting at General Meetings

There are no major restrictions on shareholders' ability to vote, however there is no possibility of voting through online services.

Ability to vote on relevant issues in separate resolutions at AGM

Not all major items are put to a shareholder vote. The following items are not put to a vote at the AGM:
 -Election of board members;
 -Changes in capital (increases, buy-backs);
 -Changes to bylaws;
 -Extraordinary transactions;

Presentation of CSR strategy to shareholders and investors

Information disclosed from the entity and public sources regarding the presentation of CSR strategy to shareholders and investors is insufficient.

Board's attitude towards CSR-related shareholder resolutions

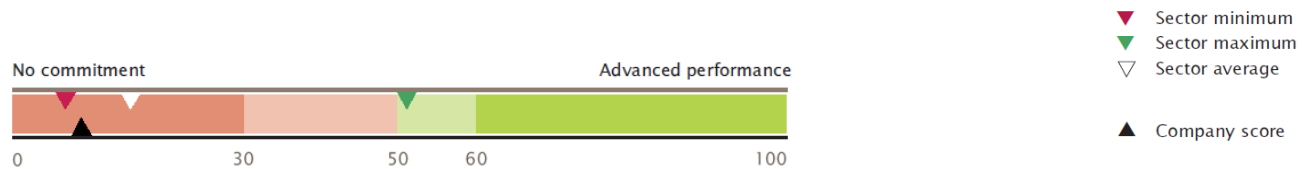
Information obtained from the company and public sources, regarding the Board's attitude toward legitimate CSR related shareholder resolutions is insufficient.

Stakeholders' feedback

As of 03/2017, S.A.C.I. Falabella did not appear to be involved in any controversy related to this sustainability driver.

CGV4.1 Executive Remuneration

(score: 9, weight: 2)



[LISTED COMPANIES] Existence and independence of Remuneration Committee

Information disclosed on this subject is insufficient or not relevant. Of note, a specific committee is in place, called Compensation and Talent Committee, is in charge of nominating executives.

Disclosure of senior executives' individual remuneration

Disclosure of individual executive remuneration data for senior executives is insufficient.

Link between Short Term Incentive Plans and the performance of the company

Bonuses are linked to predetermined and disclosed economic performance indicators. However, the actual quantified targets are not disclosed.

Link between the main Long Term Incentive Plan and the performance of the company

Long-term incentives are linked to performance conditions, but quantified targets are not disclosed.

Link between variable remuneration and CSR performance of the company

There is no disclosure on the links between variable remuneration of executive and the CSR performance of the company.

Severance pay for senior executives

Information obtained from the company and public sources regarding severance pay for senior executives is insufficient.

Evolution of CEO-to-employee compensation ratio

Information obtained from the company and public sources regarding the compensation of CEO and the average employee salary is insufficient. The company does not report on CEO compensation.

Stakeholders' feedback

As of 03/2017, S.A.C.I. Falabella did not appear to be involved in any controversy related to this sustainability driver.

Contacts

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