

BTG Pactual S.A.

ISIN CODE: BRBPACACNPC6

Overall score 21/100

Sector: ALAS20 investors

Companies in sector panel: 34

Information rate: 48% (Sector average: 34%)
Company cooperation level: Not responsive *

General information

BTG Pactual SA is a Brazilian investment, asset and wealth manager bank founded in 1983 in Rio de Janeiro. It is specialized in investment capital and risk capital. Currently, there are offices on three continents: South America (São Paulo, Rio de Janeiro, Brasília, Recife, Porto Alegre, Belo Horizonte, Salvador, Curitiba, Medellín, Bogotá, Lima, Buenos Aires and Santiago), North America (New York, Ciudad de México) and Europe (London and Luxembourg)

Main Economic Segment**

Turnover

CORPORATE GOVERNANCE	
100	2017
75	
50	
25	
0	
Score	21
Allegations	No
Rating	=
Risk management	Weak

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

Key issues

Corporate governance is critical to ensuring that a well-functioning system of checks and balances protects the interests of all of the company's stakeholders. The effectiveness of the Board of Directors (CGV1.1) is a key issue to be addressed: this can be gleaned from information on Board composition (independence and competencies) and its way of functioning (regularity of Board meetings, evaluation of performance). Other important corporate governance factors include the effectiveness of the Audit and Internal control system (CGV2.1), the protection of Shareholders Rights (CGV3.1) and the establishment of Executive Remunerations (CGV4.1) which align executives' and company's interests.

Company performance

- BTG Pactual's performance in the Corporate Governance domain is weak.
 - None of the Board's Directors are considered independent. Dedicated Audit and Remuneration Committees have been set up, but a Nomination committee does not seem to be in place. The Audit Committee has a limited role, and the internal control system seems to cover some ESG risks such as those linked to human capital. Nonetheless the company seems to have adopted only some of the recommended measures for a risk management. Regarding shareholders rights, minor voting rights restrictions have been identified and items such as the board fees are not put to vote at the AGM. Finally, information on rules guiding executives' remuneration is also insufficient.

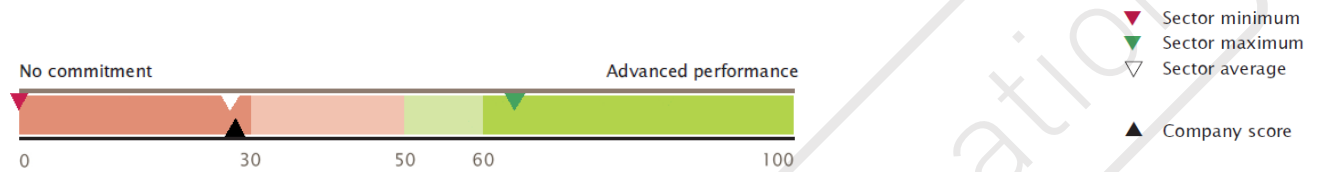
* On a 4-level scale: proactive, responsive, partially responsive, not responsive
 ** See detailed economic indicators in Selected financial data section
 *** Based on the most recent Index at the date of publication

Corporate Governance

Score : 21

CGV1.1 Board of Directors

(score: 28, weight: 3)



[LISTED COMPANIES] Existence and independence of Nomination Committee

Information disclosed on this subject is insufficient or not relevant.

Independence of board Chairman

The roles of Chairman and CEO are separated, but the chairman is not considered independent.

Responsibility allocated over CSR issues

*The Head of CSR department/functions reports directly to the CEO/Board
The ESG Committee reports to the Board, through the Management Committee.*

Share of independent shareholder-elected Board members

*The board is between 0 and 20% independent, which might raise concerns.
No member of the seven-member Board are considered independent*

Diversity of the skills and backgrounds of the Board

*The Board of Directors diversity appears to be partial:
- Board members with demonstrated professional experience in the company's sector of activities
Two board members have worked in banks or investment institutions and two others have worked in the company for several years in financial areas.*

Training and expertise provided to board members

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

Regular election of Board members

Board members are elected every year.

Evaluation of board functioning and performance

Information obtained from company and public sources regarding the evaluation of board functioning and performance is insufficient.

Review of CSR issues at Board meeting

The formal CSR reporting has been signed by CEO/Chairman/Board, but there is no evidence that relevant CSR issues are reviewed at Board meetings.

- Business ethics*
- Responsible customers relations*
- Energy efficiency / climate change*
- Human Capital*
- Promotion of the social and economic development/ financial inclusion*
- Social and environmental considerations in investments*

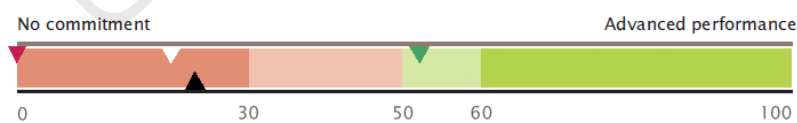
Regularity of and attendance at Board meetings

Regular meetings are held, but no attendance rates are disclosed.
The company reports the Board shall meet at least once each financial quarter. However, the number of meetings held in 2016 remains unclear.

Non-independent board members (excl. employee representatives)	Role	Current or Former Executive	More than 9 years on board	Stock options or warrants	Paid >1/2 executive salary	Owens or represents >3% company's shares	Other
Marcelo Kalim	Chairman Risk Committee Member Remuneration Committee Member	X				X	Senior Vice President of Banco BTG Pactual and BTG Pactual Participations Ex CIO of Banco BTG Pactual (2006-2008) He was a Trader at Banco BTG Pactual He was head fund manager and co-head of BTG Pactual AM
Roberto Sallouti	CEO Risk Committee Member Remuneration Committee Member					X	COO in 2008
Cláudio Eugênio Stiller Galeazzi	Audit committee Member					X	Joined as a partner in 2010
John Huw Gwilli Jenkins							
Mark C. Maletz							
Nelson Azevedo Jobim							
Guillermo Ortiz Martinez							

CGV2.1 Audit & Internal Controls

(score: 23, weight: 3)



- ▼ Sector minimum
- ▲ Sector maximum
- ▽ Sector average
- ▲ Company score

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

The internal control system covers the standard issues related to financial, operational, and legal risks. In addition, the system covers some of the ESG risks inherent to the company's business operations.
- Human Capital: The company have a program to retain its professional and attract additional partners.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

[LISTED COMPANIES] Existence and independence of Audit Committee

A specific committee is in place, but at least one executive is part of it, which might raise concerns.
No members of the three-member Audit Committee are considered independent

Skills and backgrounds of Audit Committee members

Members appear to have financial or audit experience and relevant operational experience.

Governance of risks

Information disclosed on this subject is insufficient or not relevant.

- No executive is part of the Board Risk Committee
- The Board Risk Committee is composed by a majority of independent members
- The Chairman of the Audit Committee is a member of the Risk Committee
- The Chief Risk Officer (CRO) is at par level of Chief Financial Officer (CFO)
- The CRO has direct access to the Board Risk Committee (including attending committee meetings)

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

Limited processes dedicated to management of CSR risks appear to be in place:
- Risk mapping/materiality assessment
The company maps its ESG risks.

Independence of the firm's external auditors

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

Supervision of risk-taking staff

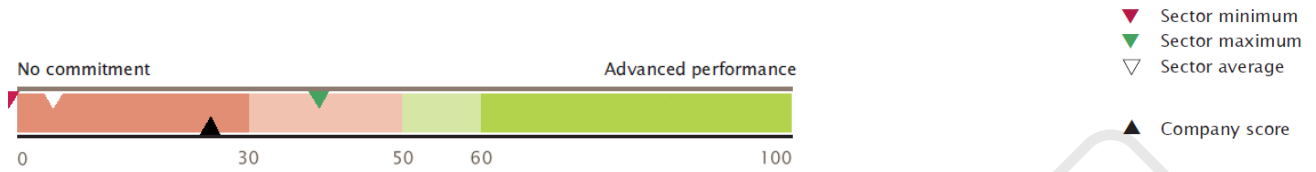
Information disclosed on this subject is insufficient or not relevant.

Inclusion of CSR issues in company reporting

The company does not publish any significant CSR reporting.

CGV3.1 Shareholders

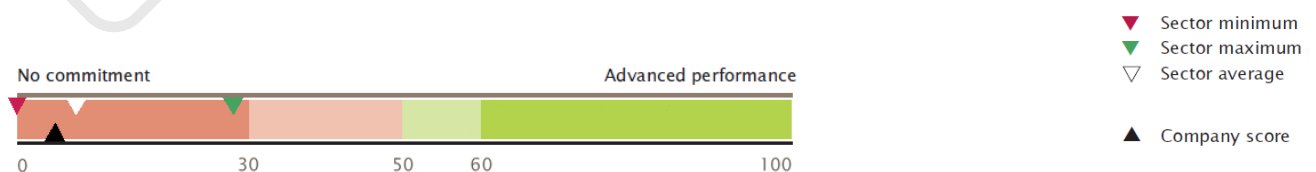
(score: 25, weight: 2)



Voting rights restrictions	Minor voting rights restrictions have been identified. <i>In addition to common shares, the company has Class A and Class B preferred share which hold no voting rights.</i>
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.	No major restrictions have been identified.
Access to voting at General Meetings	Information obtained from company and public sources regarding the access to voting at the AGM is insufficient.
Ability to vote on relevant issues in separate resolutions at AGM	<i>The following items are not put to a vote at the AGM: Election of board members (a separate resolution for each member). Board fees</i>
Presentation of CSR strategy to shareholders and investors	<i>Information disclosed from the entity and public sources regarding the presentation of CSR strategy to shareholders and investors is insufficient.</i>
Stakeholders' feedback	A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

CGV4.1 Executive Remuneration

(score: 5, weight: 2)



[LISTED COMPANIES] Existence and independence of Remuneration Committee

A specific committee is in place, but at least one executive is part of it, which might raise concerns.

Disclosure of senior executives' individual remuneration

Executive remuneration is disclosed, but on a collective rather than on an individual basis.

[LISTED COMPANIES] Link between Short Term Incentive Plans and the performance of the company

There is no disclosure on what rules guide the company in allocating bonuses and other short-term incentives to senior executives.

[LISTED COMPANIES] Link between the main Long Term Incentive Plan and the performance of the company

Information on the rules and performance conditions guiding the allocation of long-term incentives to senior executives is insufficient.

[LISTED COMPANIES] 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 company and public sources regarding severance pay for senior executives is insufficient.

Risk alignment of remuneration of top senior executives

Information on risk adjustments of remuneration is insufficient or not relevant.

Evolution of CEO-to-employee compensation ratio

Information obtained from company and public sources regarding the compensation of CEO and the average employee salary is insufficient. Neither the CEO nor the personnel expenses are disclosed.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

Contacts

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