

SANTANDER BRASIL ASSET MANAGEMENT

Overall score 24/100

ISIN CODE: VIGEIRIS0355

Sector: ALAS20 investors

Companies in sector panel: 34

Information rate: 34% (Sector average: 34%)

Company cooperation level: Responsive *

General information

Santander Brazil Asset Management Ltda. (Santander AM) manages investment funds and managed portfolios (50% share of Banco Santander and 50% of Warburg Pincus and General Atlantic). The company services to individuals and companies, corporate banking, institutional investors and private banking. Santander AM is based in Brazil.

Main Economic Segment**

Turnover

CORPORATE GOVERNANCE	
	2016 2017
Score	24
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

The Company's performance in the Corporate Governance domain is weak in absolute terms.

- The board members of SAM Brasil are reportedly independent in a majority. Regular elections and board meetings seem to be in place on a regular basis, however no trainings are provided to directors. Moreover, relevant ESG issues for the company are discussed at Board level. Information regarding the executive remuneration is not disclosed and there is little information as regards the existence of an Audit Committee composition or its role.

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

** See detailed economic indicators in Selected financial data section

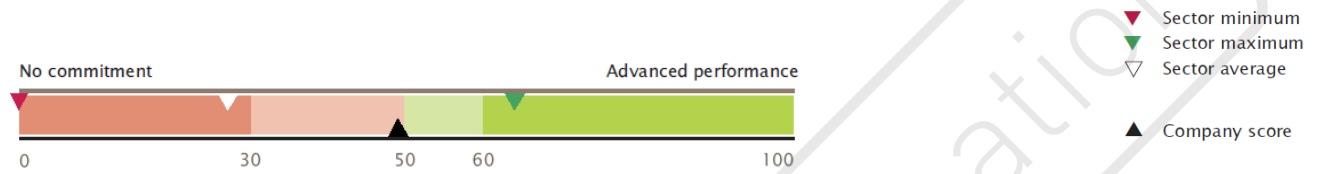
*** Based on the most recent Index at the date of publication

Corporate Governance

Score : 24

CGV1.1 Board of Directors

(score: 49, weight: 3)



[UNLISTED COMPANIES] Existence and independence of Nomination Committee

Information disclosed on this subject is insufficient or not relevant.

Independence of board Chairman

Information disclosed on the separation of the roles of CEO and Chairman, and on the Chairman's independence, is insufficient or not relevant.

Responsibility allocated over CSR issues

The Head of ESG functions reports directly to the CIO, which is part of the Board.

[UNLISTED COMPANIES] Corporate governance strategy

Information disclosed on the corporate governance strategy is insufficient or not relevant.

Share of independent shareholder-elected Board members

The majority of Board members are non-executive directors. In addition, four members Board of the six-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.
 - Board members with demonstrated expertise on ESG issues: Three of the independent members of the Board have experience in Governances and environmental issues.

Training and expertise provided to board members

No training is provided.

Regular election of Board members Board members are eligible for re-election following 2-year terms.

Evaluation of board functioning and performance Performance is not evaluated regularly.

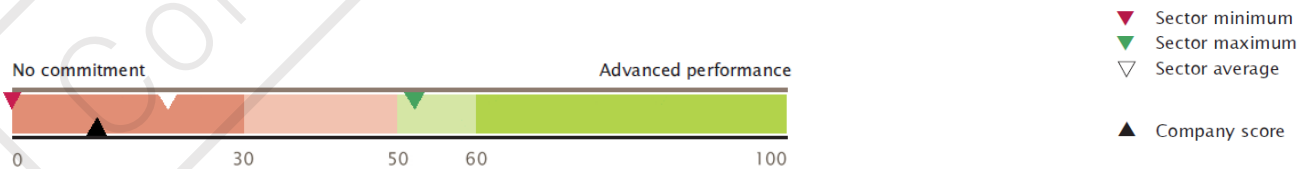
Review of CSR issues at Board meeting Most of the relevant ESG issues for the company are discussed at Board level:
- Business ethics
- Climate change
- Social and environmental considerations in investments

Regularity of and attendance at Board meetings Regular meetings are held, but no attendance rates are disclosed.
4 Board meetings were held during 2016.

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
Eduardo Castro	Chairman & CIO.	X				X	representative of Santander Asset Management.
Linda Murasawa						X	Representative of Banco Santander.
Paulo Vanca							
Roberto Gonzalez							
Carlos Eduardo Lessa Brandão							
Tasso Azevedo							

CGV2.1 Audit & Internal Controls

(score: 11, weight: 3)



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

Information disclosed on this subject is insufficient or not relevant.

- ESG/ SRI policies
- Corruption and money laundering (Business ethics)
- Human Capital
- Societal impacts
- Carbon risks

Stakeholders' feedback

As of 08/2017, Banco Santander Asset Management did not appear to be involved in any controversy related to this sustainability driver.

[UNLISTED COMPANIES] Existence and independence of Audit Committee

Information disclosed on this subject is insufficient or not relevant.
SAM Brazil takes advantage on its global structure and hence, the company's audit Committee is held on a Global level. An Audit Committee is in place, but not all members are elected among the Board of Directors, in addition no information about their backgrounds is disclosed.

Skills and backgrounds of Audit Committee members

Information disclosed on this subject is insufficient or not relevant.

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

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

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.

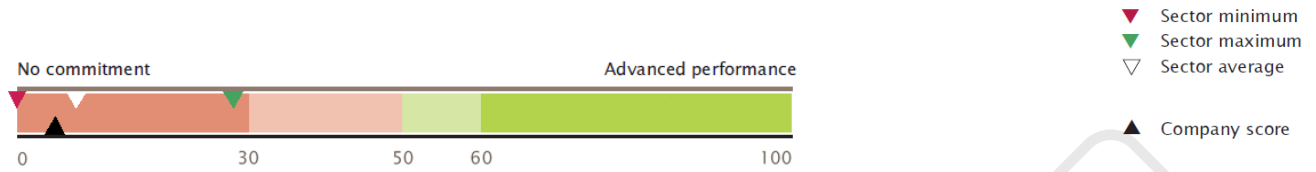
Inclusion of CSR issues in company reporting

The company does not publish any significant ESG reporting.

CGV3.1 Shareholders
(deactivated)

CGV4.1 Executive Remuneration

(score: 5, weight: 2)



[UNLISTED COMPANIES] Existence and independence of Remuneration Committee

Information disclosed on this subject is insufficient or not relevant.

Disclosure of senior executives' individual remuneration

Disclosure of executive remuneration data for senior executives is insufficient.

[UNLISTED COMPANIES] Link between variable remuneration and the economic and CSR performance of the company

There is no disclosure on what rules guide the company in allocating variable remuneration to senior executives.

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

As of 08/2017, Santander Brazil Asset Management did not appear to be involved in any controversy related to this sustainability driver.

Contacts

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