

Sul America

ISIN CODE: BRSULACDAM12

Overall score 27/100

Sector: ALAS20 investors

Companies in sector panel: 34

Information rate: 50% (Sector average: 34%)
Company cooperation level: Not responsive *

General information

Sul America SA is a Brazil-based holding Company that invests in Companies that mainly operate in the insurance and private pension segment. The Company, through its subsidiaries, is engaged in the business of health, damage and life insurance, private pension, management of health care services and asset management. Sul America SA was founded in 1978 and is headquartered in Rio de Janeiro, Brazil.

Main Economic Segment**

Turnover

CORPORATE GOVERNANCE	
100	2017
75	
50	
25	
0	
Score	27
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

- Sul America's performance in the Corporate Governance area is weak.
 - The Board is less than 33% independent which is less than the recommended level, and the Company lacks disclosure on meetings frequency and trainings. On the positive side, there is an ESG committee that reports directly to the Board. There is a dedicated audit Committee but it has at least one executive amongst its members, and has only a limited role. Minor voting rights restrictions have been identified but, more positively, safeguards to monitor transactions between the company and its major shareholders are in place. Finally, the Company disclosed its criteria for its short term incentives, however there is a lack of other information of executive remuneration, notably on whether ESG criteria are considered

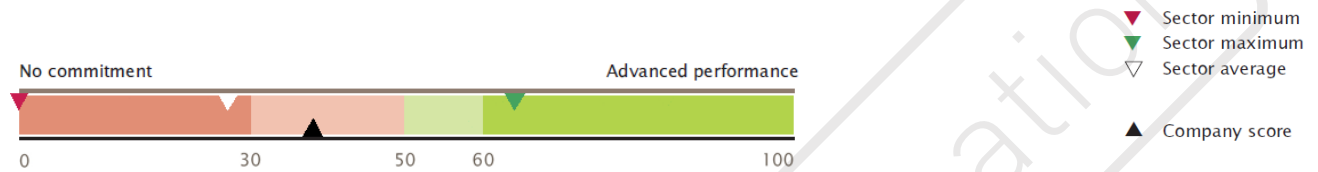
* On a 4-level scale: proactive, responsive, partially responsive, not responsive
 ** See detailed economic indicators in Selected financial data section
 *** Based on the most recent Index at the date of publication

Corporate Governance

Score : 27

CGV1.1 Board of Directors

(score: 38, 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

There is a CSR committee that is part of the Board. The Sustainability Committee is composed of seven members and report directly to the Board of Directors. One Independent member and the CEO are part of the committee.

Share of independent shareholder-elected Board members

The board is between 21 and 33% independent, which is less than the recommended level. Three members of the ten-member Board are considered independent

Diversity of the skills and backgrounds of the Board

The Board of Directors diversity appears to be paritail:
 - Board members with demonstrated professional experience in the company's sector of activities: Eight board have worked in banks, financial institutions and have been board's members in the sector activities.
 - Board members with demonstrated expertise on CSR issues: Patrick A. Claude has been board member of the Geneva Association which carries out this research role through three research programmes: Financial Stability and Regulation, Extreme Events and Climate Risk and Global Ageing.

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

Performance is evaluated regularly, but with no disclosure on the results. The evaluation is an annual process done in a collective and individual performance. Also there is a self-assessment for the independent board members.

Review of CSR issues at Board meeting

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

- 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

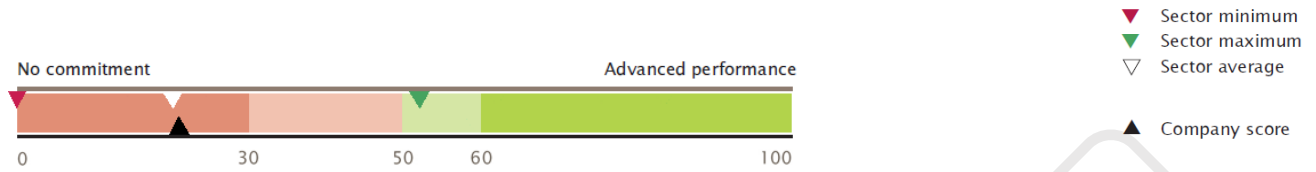
Regularity of and attendance at Board meetings

Regular meetings are held, and attendance rates are above 90% Five Board meetings were held during the last fiscal year and the attendance rate was 92%.

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
Patrick Claude de Larragoiti Lucas	Chairman Chairman - Governance and Disclosure Committee Chairman - Investment Committee Member Chairman - Human Capital Committee Member		X			X	
Carlos Infante Santos de Castro	Investment Committee Member		X			X	Ex CEO Sul America Capitalização S.A Sul América Corporate Vice President Sul América Financial Vice President
Isabelle Rose Marie de Segúr			X			X	
Jorge Hilário Gouvêa Vieira			X			X	
Christopher John Minter	Audit Committee Member Governance and Disclosure Committee Member						
David Lorne Levy							
Guilherme Affonso Ferreira	Human Capital Committee Member						
Pierre Claude Perrenoud	Audit Committee Member		X				
Renato Russo	Chairman - Sustainability Committee Member					X	Risk Manager of Banco Sul America General Manager of Sul America Investimentos Vice President of Life and Pension business unit.
Roberto Teixeira da Costa	Governance and Disclosure Committee Member Investment Committee Member Human Capital Committee Member		X				

CGV2.1 Audit & Internal Controls

(score: 21, weight: 3)



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.

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

No member of the two-member Audit Committee are considered independent. In addition, the Committee is composed by three external members.

Skills and backgrounds of Audit Committee members

Members appear to have financial, audit 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
- Oversee the work of the external auditor

Management of the CSR risks

Information obtained from company and public sources regarding the management of the CSR 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

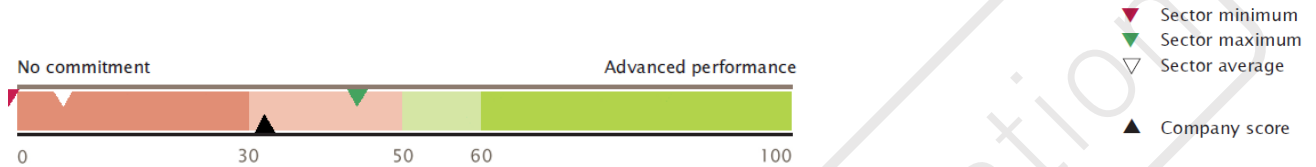
Information disclosed on this subject is insufficient or not relevant.

Inclusion of CSR issues in company reporting

The company publishes significant CSR reporting on key material issues, with an independent third party assessment of the reliability of key performance indicators, with limited level of the assurance.

CGV3.1 Shareholders

(score: 32, weight: 2)



Voting rights restrictions

Minor voting rights restrictions have been identified. The Company has common and preferred shares. Also, the voting process may be by multiple vote for election of board members, which may be requested by shareholders that represent at least 5% of the voting capital of the Company.

Safeguards on transactions with major shareholder(s)

Less than half of the board is independent. However, there are other safeguards in place to monitor transactions between the company and its major shareholder(s). There is a Policy for transaction with Related parties where it is regulated and defined the cases of conflict of interest, rules for decision in potential conflicts, forbidden transactions, penalties and compliance for the conflict of interest issues.

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

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 Selection of external auditors and Board fees are not voted in AGM.

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.

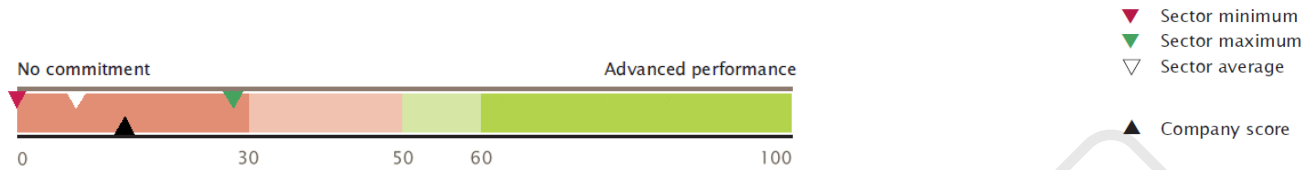
- Development of green products and services
- Human capital/ Diversity
- Economic and social development

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: 14, weight: 2)



[LISTED COMPANIES] Existence and independence of Remuneration Committee

No executive is a member of the committee, but half or fewer are independent. Two members of the three-member Human Capital Committee are considered independent.

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

Bonuses are linked to predetermined and disclosed economic and/or operational performance indicators. However the actual quantified targets are not disclosed.
 The amounts corresponding to the bonuses are calculated annually, by the Board of Directors or the Compensation Committee, according to assessments based on targets determined in management contracts. In this way, the Company has selected the following indicators and criterias related with:

- income from sales of products and services
- the company's operating results
- net revenues
- EBITDA
- market value of shares
- cash flow
- sales volume.

[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.

- Development of green products and services
- Social and economic development / Financial inclusion
- Customer satisfaction
- Human resources development

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

Confidential Information

Contacts

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