

AFP HABITAT (Peru)

Overall score 22/100

ISIN CODE: VG0000242

Sector: ALAS20 investors

Information rate: 47% (Sector average: 34%)
Company cooperation level: Not responsive *

Companies in sector panel: 34

General information

AFP Habitat S.A. (AFP Habitat) is a pension fund administrator (AFP) in the Chilean Private Pension System. Administradora de Fondos de Pensiones Habitat provides pension related services including collection of affiliated worker contributions, management of individual capitalization.

Main Economic Segment**

Turnover

| CORPORATE GOVERNANCE | | | |
|----------------------|------|------|------|
| | 2015 | 2016 | 2017 |
| Score | | | 22 |
| 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

- AFP Habitat's absolute performance in Corporate Governance is weak.
 - Half of the Directors of the Board are considered independent, although less than 50% of them are non-executives. Dedicated Audit, Nomination and Remuneration Committees have been set up at board level, but all have at least one executive in it. Although some relevant elements of the Board functioning and of the corporate governance framework are being disclosed, ESG issues do not appear to be covered in the corporate governance structure. As regards audit and internal controls, the company seems to have adopted only some of the recommended measures for a sound risk management system. Information on rules guiding executives' remuneration is insufficient.

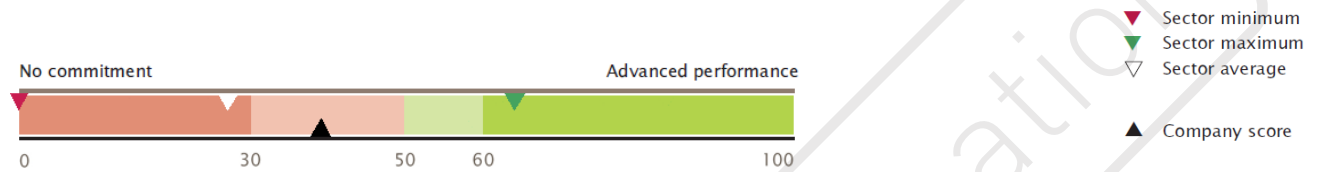
* On a 4-level scale: proactive, responsive, partially responsive, not responsive
 ** See detailed economic indicators in Selected financial data section
 *** Based on the most recent Index at the date of publication

Corporate Governance

Score : 22

CGV1.1 Board of Directors

(score: 39, weight: 3)



[UNLISTED COMPANIES] Existence and independence of Nomination Committee

*A specific committee is in place, but at least one executive is part of it, which might raise concerns.
One member of the three-member Nomination and Remuneration Committee is considered independent.*

Independence of 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.

[UNLISTED COMPANIES] Corporate governance strategy

The company has formalized a corporate governance framework, covering some of the relevant features:

- Organization of the Board and its functioning
- Definition of the company's risk profile (risks mapping and management)

Share of independent shareholder-elected Board members

*The Board includes between 33% and 50% of non-executive directors.
Three members 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*

Training and expertise provided to board members

Training is provided upon joining the board.

Regular election of Board members

Board members are elected at least every 3 years.

Evaluation of board functioning and performance

Performance is evaluated regularly, by a third party.

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.

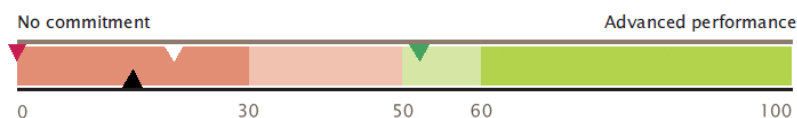
Regularity of and attendance at Board meetings

Regular meetings are held, and attendance rates are above 90%. Thirteen Board meetings were held during the last fiscal year and the attendance rate was 94.6% in average.

| 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 |
|--|---|-----------------------------|----------------------------|---------------------------|----------------------------|--|---|
| Rafael Picasso Salinas | Chairman Member of the Audit Committee Member of the Nomination and Remuneration Committee | | | | | | |
| Patrick Muzard | Deputy Chairman Member of the Investment Committee Member of the Risk Committee Member of the Audit Committee Member of the Nomination and Remuneration Committee Member of the Good CGV Committee | X | | | | X | Planning and Risk Manager - AFP Habitat S.A. (Chile) Planning and Development Manager AFP Habitat S.A (Peru) |
| María Cecilia Blume Cillóniz | Member of the Good CGV Committee | | | | | | |
| Juan Gil Toledo Escobedo | Member of the Risk Committee Member of the Audit Committee | | | | | X | Development Manager - AFP Habitat S.A. (Chile) (2013-Today) Planning Assistant Manager - AFP Habitat S.A. (Chile) (1992-2013) |
| Cristian Rodriguez Allendes | Member of the Investment Committee | | | | | X | CEO - AFP Habitat S.A. (Chile) (2008-Today) CIO - AFP Habitat S.A (Chile) Investment Assistant Manager AFP Habitat S.A. (Chile) |
| Joaquín Cortez Huerta | Member of the Investment Committee Member of the Risk Committee Member of the Good CGV Committee | | | | | | |

CGV2.1 Audit & Internal Controls

(score: 15, weight: 3)



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

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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

[UNLISTED 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.

Skills and backgrounds of Audit Committee members

Members appear to have financial and relevant operational experience.

Governance of risks

The company adopted only some of the recommended measures for a sound risk management:
- 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

Information obtained from company and public sources regarding the role of the Audit Committee in overseeing the internal controls system is insufficient.

- 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*
- Approve the type of audit and non-audit services provided and fees paid to 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

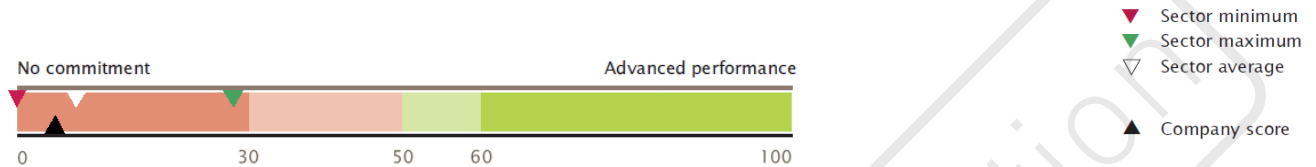
The company does not publish any significant CSR reporting.

CGV3.1 Shareholders

(deactivated)

CGV4.1 Executive Remuneration

(score: 5, weight: 2)



[UNLISTED 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. One members of the three-member Remuneration Committee are considered independent.

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.

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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