

# AFP INTEGRA (Peru)

Overall score 23/100

ISIN CODE: PEP104001008

Sector: ALAS20 investors

Information rate: 37% (Sector average: 34%)  
Company cooperation level: Not responsive \*

Companies in sector panel: 34

## General information

AFP Integra operates as a private pension fund manager in Peru. It manages pension funds that are in the form of individual capitalization accounts; and provides its affiliates with retirement, invalidity, and widows/widowers pensions and funeral expenses. The company was incorporated in 1993 and is headquartered in San Isidro, Peru.

Main Economic Segment\*\*

Turnover

CORPORATE GOVERNANCE			
	2015	2016	2017
Score			23
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.  
 -Less than a third of the Board members are considered independent, which is less than the recommended level. However these directors are elected and their performance reviewed on a regular basis. Board meetings also seem to be take place regularly. On the other hand, information on rules guiding executives' remuneration is insufficient, and information about the members of the audit committee is no longer disclosed. More positively, the internal control system takes into consideration some of the ESG risks inherent to the company's business operations.

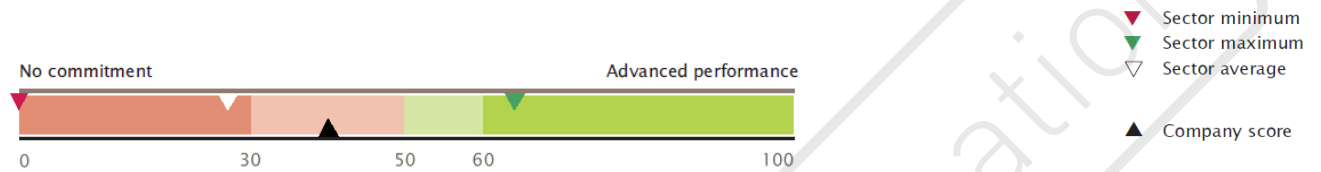
\* On a 4-level scale: proactive, responsive, partially responsive, not responsive  
 \*\* See detailed economic indicators in Selected financial data section  
 \*\*\* Based on the most recent Index at the date of publication

## Corporate Governance

Score : 23

### CGV1.1 Board of Directors

(score: 40, weight: 3)



**[UNLISTED 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**

Information on the responsibilities allocated over ESG issues is insufficient.

**[UNLISTED COMPANIES] Corporate governance strategy**

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

- Interaction between shareholders and board (conflict of interests)
- Organization of the Board and its functioning
- Definition of the company's risk profile

**Share of independent shareholder-elected Board members**

The majority of Board members are non-executive directors. In addition, one members of the 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.  
The necessary information will be provided to the new Director knows both the company and its operation, which will include internal and external regulations and other reports that the General Manager considers relevant.

**Regular election of Board members**

Board members are eligible following two-year terms.

**Evaluation of board functioning and performance**

Performance is evaluated regularly, but with no disclosure on the results.  
*The evaluation of the board considers the assistance to the Board meetings, active participation in the decisions taken and a annual individual self-assessment.*

**Review of CSR issues at Board meeting**

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

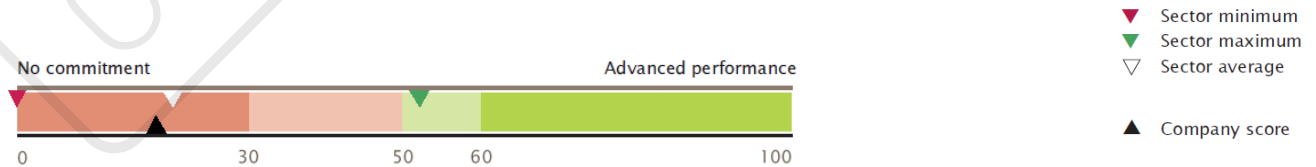
**Regularity of and attendance at Board meetings**

Regular meetings are held, but no attendance rates are disclosed.  
*Meetings of the Board shall be held at least on a quarterly basis.*

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	Owns or represents >3% company's shares	Other
Maria Jesus Hume	Chairman					X	Director in Wealth Management in Sura
Andres Bernal						X	Vicepresident Finance and Strategic Development in Sura
Jaime Caceres						X	Director in Wealth Management Sura SA.
Caridad de la Puente						X	Chairman of Sura Insurance Board
Luis Garcia							
Jorge Ramos		X				X	CEO of Sura Peru
Rodrigo Velazquez						X	Director in Wealth Management Sura SA.

**CGV2.1 Audit & Internal Controls**

(score: 18, weight: 3)



**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:  
 - Corruption and money laundering (Business ethics): AFP Integra developed a policy and procedures to prevent the money laundering and Financing terrorism within the Company to take into consideration in the Company's operation.

**Stakeholders' feedback**

*As of 08/2017, AFP INTEGRÁ (Peru) 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.

**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.*

**Role of the Audit Committee in overseeing internal and external controls**

*The Corporate Governance code states that an audit committee should be in place with the following tasks, even though there is no other information provided about the Audit Committee composition.  
The Audit Committee has a limited role that includes:*  

- *Oversee internal audit and internal controls*
- *Review accounting policies and be responsible for updates*

**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.

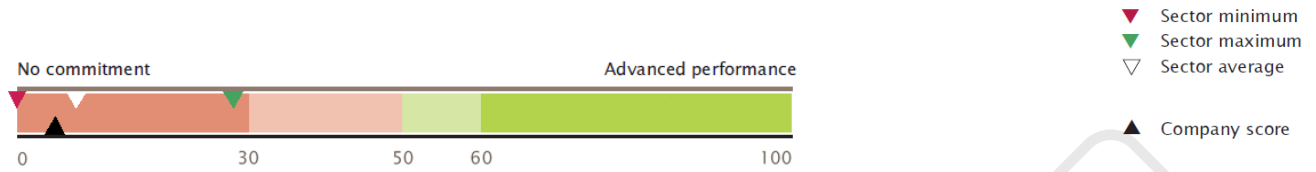
**Inclusion of CSR issues in company reporting**

*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, AFP INTEGRÁ (Peru) did not appear to be involved in any controversy related to this sustainability driver.*

---

## Contacts

Analyst : Gonzalo Marambio • Gonzalo.marambio@vigeo.com  
Sector Lead: Céline Bonnenfant • celine.bonnenfant@vigeo.com

---

## Disclaimer

### Copyright Vigeo 2017

Reproduction of this document in whole or in part is prohibited without the express written authorization of Vigeo and is protected by the provision of the French Intellectual Property Code.

The information in this document results from the application of Vigeo's Equities methodology and is based on sources which Vigeo believes to be reliable. However, the accuracy, completeness and up-to-dateness of this report are not guaranteed, and Vigeo shall under no circumstances be responsible for the strategy choices, management decisions and, more generally, decisions of any nature taken by the reader in reliance upon the information contained in this document.

Confidential Information