

Cia Minera Milpo

ISIN CODE: PEP620001003

Overall score 36/100

Sector: Mining & Metals Emerging Market

Companies in sector panel: 51


Information rate: 60% (Sector average: 54%)
Company cooperation level: Not responsive *

General information

Minera Milpo (Milpo) is a mining company that markets metal concentrate. Its three mining units are located in provinces of Pasco and Chíncha in Peru. In 2015, the company has started a project to integrate the mining units Atacocha and Porvenir through underground tunnels and become the largest mine in Pasco. Grupo Milpo also aims to reactivate the Chapi mine closed since 2012. The company was founded in 1949 and is headquartered in Lima, Peru.

Main Economic Segment**	Turnover 2014
Zinc concentrate	45.0 %
Copper concentrate	35.0 %
Lead concentrate	19.0 %

CORPORATE GOVERNANCE	
	2015 2016
Score	36
Allegations	No
Rating	=
Risk management	Limited

 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 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, the protection of Shareholders Rights and the establishment of Executive Remunerations which align executives' and company's interests.

Company performance

– The Company's performance in the Corporate Governance domain is limited in absolute terms.
 – Four non-executive Directors compose the company's Social Responsibility Committee but only two of the nine board members are considered independent. A specific Audit committee is in place and has a comprehensive role, but its composition is only partially disclosed, which hampers the company's score. No detailed information is provided on fees paid to the external auditor. A significant CSR report is published, but it is not reviewed by a third party. The Company respects the "one share – one vote" principle but shareholders can not vote on executive remuneration. In the same way, no information is disclosed on rules determining executive remuneration.

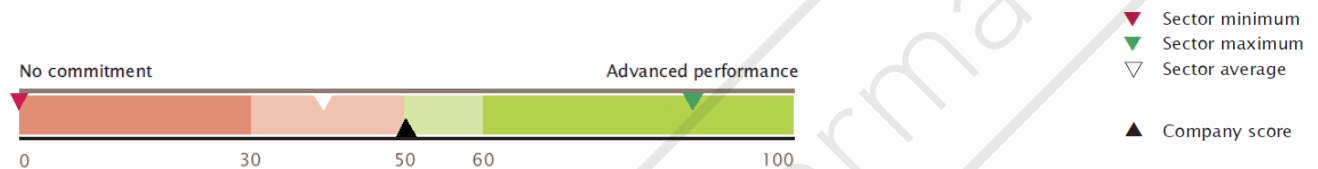
* On a 4-level scale: proactive, responsive, partially responsive, not responsive
 ** See detailed economic indicators in Selected financial data section
 *** Based on the most recent Index at the date of publication

Corporate Governance

Score : 36

CGV1.1 Board of Directors

(score: 50, weight: 3)



Existence and independence of Nomination Committee

No executive is a member of the committee, but half or fewer are independent, contrary to standards advocated by Vigeo.
No member of the three-member Compensation and Human Resources Committee is considered independent.

Independence of board Chairman

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

Total % of independent shareholder-elected board members

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

Skills and backgrounds of non-executive board members

Non-executive board members have complementary and relevant skills and backgrounds.

Training and expertise provided to board members

Training is provided occasionally.

Regularity of and attendance at board meetings

Regular meetings are held, but no attendance rates are disclosed.
At least 4 Board meetings were held in 2013.

Regular election of board members

Board members are elected at least every 3 years, and these elections are not staggered.
Board members are eligible for re-election following 2-year terms.

Evaluation of board functioning and performance

Performance is evaluated regularly, but with no disclosure on the results.
The Board conducts self-evaluation every year.

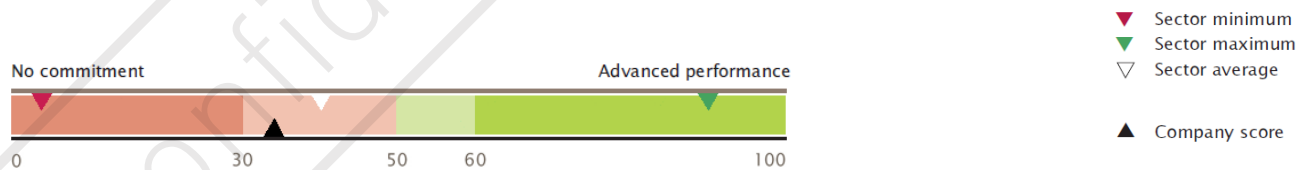
Review of CSR issues at board meetings

One or more non-executive directors is responsible for oversight of CSR issues within the board.
The company's Social Responsibility Committee is composed by four non-executive Directors.

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
Ivo Ucovich Dorsner	Chairman, Compensation and Human Resources Committee		X				
Agustin De Aliaga Fernandini	Compensation and Human Resources Committee, Social Responsibility Committee		X				
Jones Aparecido Belther	Social Responsibility Committee						declared non independent by the company
Mario Antonio Bertoncini	Audit Committee					X	
Jose Chueca Romero	Corporate Governance Committee, Social Responsibility Committee		X			X	
Tito Botelho Martins	Compensation and Human Resources Committee, Corporate Governance Committee					X	
Felipe Guardiano							declared non independent by the company

CGV2.1 Audit & Internal Controls

(score: 34, weight: 2)



Existence and independence of Audit Committee

A specific committee is in place, but its composition is only partially disclosed. According to the company's rule, the Audit Committee is composed by three Directors, but only one Director (non-executive and non-independent) is identified as a member of the Audit Committee.

Skills and backgrounds of Audit Committee members

One members appear to have financial experience, but it remains unclear who are the other members of the Audit Committee.

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

Information disclosed on this subject is insufficient or not relevant.

Role of the Audit Committee in overseeing internal and external controls

The Audit Committee does not oversee CSR risks but has a comprehensive 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
- Approve the type of audit and non-audit services provided and fees paid to the external auditor

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.

Inclusion of CSR issues in company reporting

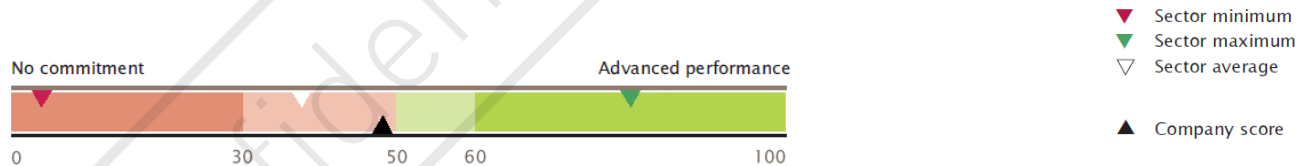
The company publishes significant environmental reporting, with quantitative indicators, but this reporting is not audited by a 3rd party.

Reliability of the company's internal controls system

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

CGV3.1 Shareholders

(score: 48, weight: 2)



Voting rights restrictions

The company respects the "one share - one vote" principle.

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

There are no major restrictions on shareholders' ability to vote, however there is no possibility of voting through online services.

Governance and CSR items put to a vote at General Meetings

Not all major items are put to a shareholder vote. In particular, shareholders are not given the opportunity to express an opinion on executive remuneration through a (non-binding) shareholder vote.

Voting results of the latest AGM

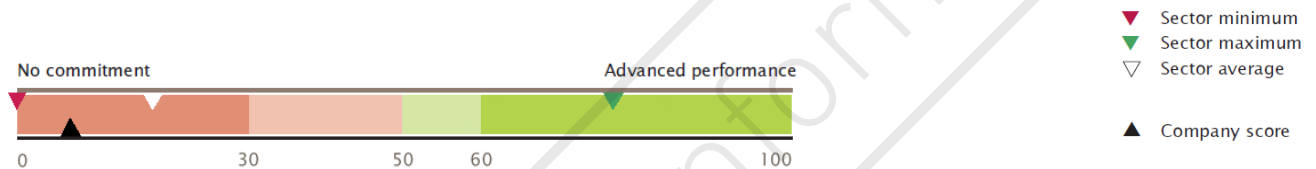
Information obtained from company and public sources regarding voting results of the latest AGM is insufficient.

Feedback from shareholders and other stakeholders on the company's corporate governance performance

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: 7, weight: 2)



Existence and independence of Remuneration Committee

No executive is a member of the committee, but half or fewer are independent, contrary to standards advocated by Vigeo.
No member of the three-member Compensation and Human Resources Committee is considered independent.

Disclosure of senior executives' individual remuneration

Disclosure of individual executive remuneration data for senior executives is insufficient.

Link between Short Term Incentive Plans and the economic and CSR 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.

Link between the main Long Term Incentive Plan and the economic performance of the company

There is no disclosure on what rules guide the company in allocating stock options and other long-term incentives to senior executives, and what performance conditions are attached to the right to exercise these incentives.

Severance pay for senior executives

Information obtained from company and public sources regarding severance pay for senior executives is insufficient.

Contacts

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