

FONDOS SURA SAF SAC

Overall score 42/100

ISIN CODE: VG0000248

Sector: ALAS20 investors

Information rate: 58% (Sector average: 34%)
Company cooperation level: Not responsive *

Companies in sector panel: 34

General information

Fondos SURA SAF S.A.C. (Fondos Sura) operates mutual funds portfolios, which are invested in the local and international market through debt and capital instruments. The company is a subsidiary of Grupo Sura. Fondos Sura was founded in 2005 and is based in Lima, Peru.

Main Economic Segment**

Turnover

CORPORATE GOVERNANCE			
	2015	2016	2017
Score			42
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 (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 limited in absolute terms.

– As the Company does not have any proper Board nor Corporate Governance structure because it is fully integrated in Grupo Sura, the assessment of the Board entailed in the Corporate Governance domain is the assessment of Grupo Sura's Board. More than half of the board members are considered independent and most of them have demonstrated expertise on ESG issues. Regular board meetings and elections seem to occur, and the performance of the Board is evaluated regularly. In terms of internal controls, the Company has a sound management of ESG risks with a clear materiality assessment and reporting system to the board of these issues. However, minor voting rights restrictions as well as major restrictions to convene a EGM have been identified, while no information is disclosed on rules guiding Executive Remuneration.

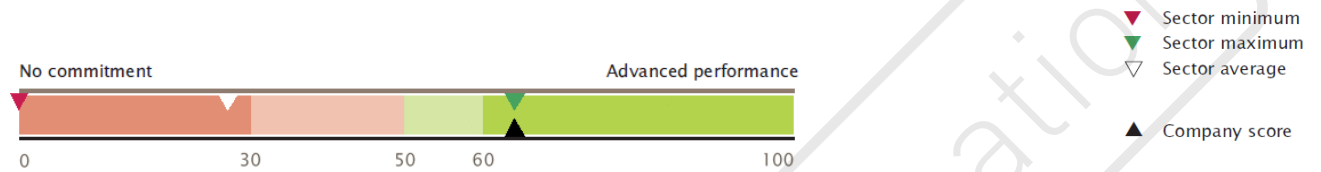
* On a 4-level scale: proactive, responsive, partially responsive, not responsive
 ** See detailed economic indicators in Selected financial data section
 *** Based on the most recent Index at the date of publication

Corporate Governance

Score : 42

CGV1.1 Board of Directors

(score: 64, weight: 3)



[LISTED COMPANIES] Existence and independence of Nomination Committee

No executive is a member of the committee, but half or fewer are independent. One members of the three-member Nomination Committee are 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

There is a ESG committee that is part of the Board. The Risk Committee of the Board is formally responsible for the aspects that in the matter of Sustainability within the Company.

Share of independent shareholder-elected Board members

In accordance with standards advocated by Vigeo, the board is more than 50% independent. Four members of the seven-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: 6 members out of 7 members of the board has some experiences related with Environmental, Social or Governance areas.

Training and expertise provided to board members

Training is provided upon joining the board. In addition, the Company provides a budget to trainings to the members of the Board but does not disclose further details

Regular election of Board members

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

Evaluation of board functioning and performance

In accordance with standards advocated by Vigeo, performance is evaluated regularly by a third party, with disclosure on the results.

Review of CSR issues at Board meeting

The formal ESG reporting has been signed by Chairman, but there is no evidence that relevant ESG issues are reviewed at Board meetings.

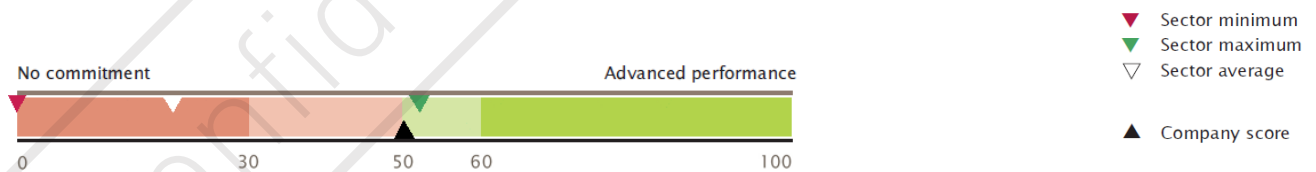
Regularity of and attendance at Board meetings

Regular meetings are held, and attendance rates are above 90%.
15 Board meetings were held during the 2016, and the attendance rate was 99%.

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
Jorge Velásquez						X	President of Grupo Arcos
Carlos Gallego						X	President of Grupo Nutresa
Alejandro Piedrahita						X	Vicepresident Corporate Finance Grupo Arcos
Jaime Bermúdez							
Carlos Espinosa							
Luis Alarcón							
Sergio Michelsen							

CGV2.1 Audit & Internal Controls

(score: 50, 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): the Company developed a risk mapping, where the reputation through Corruption and money laundering and other issues was included as a topic of concern.
 - Human Capital: the Company developed a risk mapping, where the Human Talent was included as a topic of concern to be competitive in the industry.

Stakeholders' feedback

As of 08/2017, Fondos Sura did not appear to be involved in any controversy related to this sustainability driver.

[LISTED COMPANIES] Existence and independence of Audit Committee

All members are independent non-executive directors.
All members of the three-member Audit Committee are considered independent

Skills and backgrounds of Audit Committee members

Members appear to have financial and relevant operational experience. In addition, two member of the committee have ESG skills and experience.

Governance of risks

The Company adopted most of the recommended measures for a sound risk management:

- *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*

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

Relevant processes dedicated to management of ESG risks are in place:

- *Reporting system to the Board: The head of the governance of risks is the Risk committee of the board This Committee is in charge of receives proposal for management and operatives level and decides which issues should be talked eventually in a board meeting.*
- *materiality assessment: the Company developed a materiality assessment within the company, which included the Grupo Sura's investments as a sector evaluated, and identified the critical issues to put the focus on the sector.*
- *A Board Risk Committee with no executive part of it: The Risk Committee of the board has no executive members.*

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.
The Company only disclosed the overall information related to fees paid to the external auditors.

Supervision of risk-taking staff

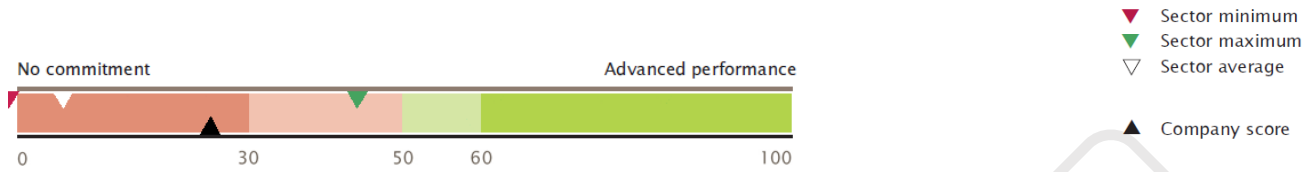
Information disclosed on this subject is insufficient or not relevant.

Inclusion of CSR issues in company reporting

The company publishes significant ESG 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

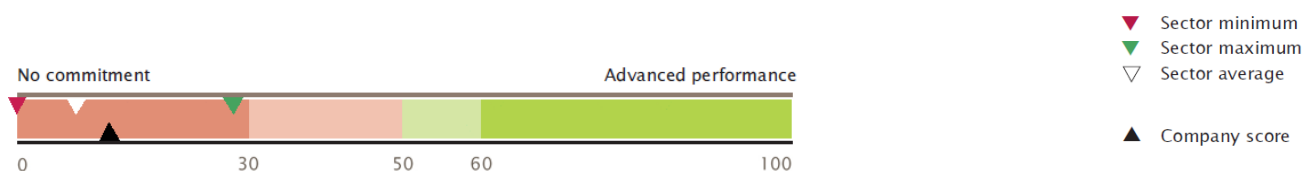
(score: 25, weight: 2)



Voting rights restrictions	Minor voting rights restrictions have been identified. <i>Grupo Sura has preferred shares with restricted voting rights.</i>
Nonexistence of anti-takeover devices	There is no reference to anti-takeover devices in the company's reporting.
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.	Major restrictions have been identified. <i>To convene a special meeting shareholders should represent at least a quarter of the shares subscribed.</i>
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. <i>The following items are not put to a vote at the AGM:</i> - Board fees - Executive remuneration
Presentation of CSR strategy to shareholders and investors	<i>Information disclosed from the entity and public sources regarding the presentation of ESG strategy to shareholders and investors is insufficient.</i>
Stakeholders' feedback	<i>As of 08/2017, Fondos Sura did not appear to be involved in any controversy related to this sustainability driver.</i>

CGV4.1 Executive Remuneration

(score: 12, weight: 2)



[LISTED COMPANIES] Existence and independence of Remuneration Committee

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

Disclosure of senior executives' individual remuneration

Disclosure of executive remuneration data for senior executives is insufficient.

[LISTED COMPANIES] Link between Short Term Incentive Plans and the 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.

[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 ESG performance of the company.

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, Fondos Sura did not appear to be involved in any controversy related to this sustainability driver.

Contacts

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