

Lojas Renner

ISIN CODE: BRLRENACNOR1

Overall score 44/100

Sector: Specialised Retail
Emerging Market

Information rate: 62% (Sector average: 39%)
Company cooperation level: Not responsive *

General information

Lojas Renner SA engages in the provision of retail services. The company offers clothing, sportswear and other department store articles in a retail trade. The company was founded on June 10, 1965 and is headquartered in Porto Alegre, Brazil.

Main Economic Segment**	Turnover 2015
Apparel & Accessories Retailers	100 %

CORPORATE GOVERNANCE				
	2013	2013/10	2015/11	2017
Score				44
Allegations				No
Rating				+
Risk management				Limited

Key issues

Sound corporate governance is required to oversee a company's strategic direction, including the CSR strategy. Vigeo's framework has been adapted to capture the level of integration of CSR topics at Board-level, supplementing traditional signals on efficient governance practices. Directors are notably evaluated on their level of diversity and experience with operational, financial, and CSR topics (CGV1.1). The audit and internal controls system is examined regarding the efficiency and reach of its risk management (CGV2.1). Shareholders are expected to have fair voting rights and access to all relevant information on material CSR issues (CGV3.1). Executive remuneration is assessed for transparency and alignment with the interests of company's shareholders and other stakeholders (CGV4.1).

Company performance

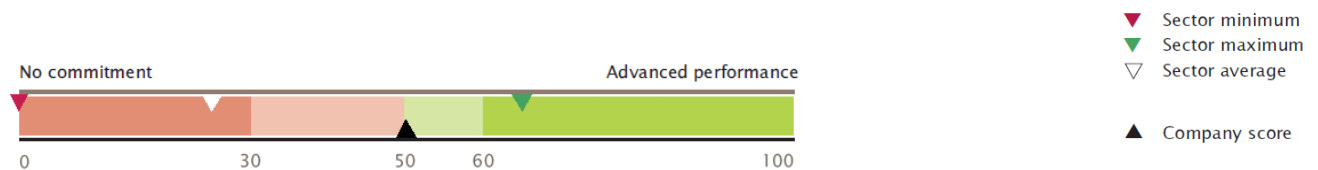
- The Company's performance in the Corporate Governance domain is limited in absolute terms.
- The Company's performance has improved compared with to the previous review.
- This gap is mainly due to the fact that Lojas Renner is more transparent regarding the Audit and the Remuneration Committee. In terms of respecting shareholders' rights, Lojas Renner does not report on the ability to add items to the agenda, and not all item are put to a shareholder vote at AGMs. The Company is not transparent on the requirement regarding the allocation of long and short-term incentives. Furthermore, the Company does not publish any significant CSR reporting on the key material issues. On a positive side, the Board 87.5% independent, and there is a CSR committee that is part of the Board.

Corporate Governance

Score : 44

CGV1.1 Board of Directors

(score: 50, weight: 3)



[LISTED COMPANIES] Existence and independence of Nomination Committee

No specific committee is in charge of director nomination, which might raise concerns.

Independence of the Board Chairman

The roles of Chairman and CEO are separated, and the Chairman is considered independent.

Responsibility allocated over CSR issues

There is a CSR committee that is part of the Board.
The members of the Sustainability committee for the period were non-executive directors José Hruby (Chairman) and Alessandro Giuseppe Carlucci, and Clarice Martins Costa office Representative. The objectives and responsibilities of the committee are to advise the Board of Directors of the Company on all aspects related to sustainability through identification, method of approach and handling of matters which represent risks or may have a material impact on the businesses, on long-term results, on the relationship with the stakeholders and on the Company's image.

Share of independent shareholder-elected Board members

*In accordance with standards advocated by Vigeo, the Board is more than 50% independent.
Seven members of the Eight-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

Information obtained from the Company and public sources regarding training provided to board members is insufficient.

Regular election of Board members

*Board members are elected every year.
Board members are eligible for re-election annually.*

Evaluation of Board's functioning and performance

Information obtained from the Company and public sources regarding the evaluation of board functioning and performance is insufficient.

Review of CSR issues at Board meeting

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

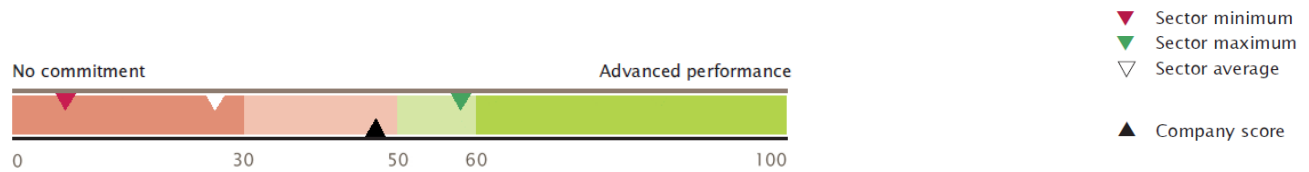
Regularity of and attendance at Board meetings

*Regular meetings are held, but no attendance rates are disclosed.
At least, Six Board meetings were held during 2015.*

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	> 9 years on Board	Stock options	Paid > 1/2 executive salary	Represent > 3% company's shares	Other	Independence
Oswaldo Burgos Schir	Chairman, President of the people committee		X			X	X							X
Carlos Fernando Cout			X				X							X
José Galló	CEO	X							X					
José Carlos Hruby	Chair of the Audit and Risk Management Committee		X			X								X
Fábio de Barros Pinh			X			X								X
Alessandro Giuseppe			X											X
Heinz-Peter Elstrodt			X											X
Lilian Maria Ferezim			X				X							X

CGV2.1 Audit & Internal Controls

(score: 47, weight: 2)



[LISTED COMPANIES] Existence and independence of Audit Committee

All members are independent non-executive directors.
All members of the Three-member Audit and Risk Management Committee are considered independent.

Skills and backgrounds of Audit Committee members

Members appear to have financial and audit experience and relevant operational experience.

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.

Role of the Audit Committee in overseeing internal and external controls

There is a confidential reporting system in place for accounting issues. In addition, the Audit Committee 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

Of note, The Company have established a toll-free hotline to report issues related to accounting matters.

Management of the CSR risks

Information obtained from the Company and public sources regarding the management of the CSR risks is insufficient.

Independence of the firm's external auditors

Information obtained from the Company and public sources regarding the independence of the firm's external auditors is insufficient.

Inclusion of CSR issues in the company's reporting

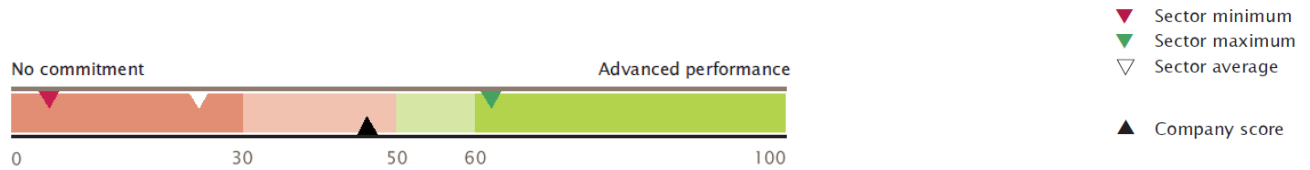
The company does not publish any significant CSR reporting on the key material issues for its sector.

Stakeholders' feedback

As of 03/2017, Lojas Renner S/A did not appear to be involved in any controversy related to this sustainability driver.

CGV3.1 Shareholders

(score: 46, weight: 2)



Nonexistence of voting rights restrictions

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

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)

More than half of the board is independent. However, there are no additional safeguards in place to monitor transactions between the company and its major shareholder(s).

Ability to add items to the agenda of the AGM and to convene an EGM

Information obtained from company and public sources, regarding the ability to add items to the agenda of the AGM and to convene an EGM, is insufficient.

Access to voting at General Meetings

There are no major restrictions on shareholders' ability to vote, and it is possible to vote using online services.

Ability to vote on relevant issues in separate resolutions at AGM

Not all major items are put to a shareholder vote.
The following items are not put to a vote at the AGM:

- Selection of external auditors
- Changes in capital (increases, buy-backs)
- Changes to bylaws
- Extraordinary transactions

Presentation of CSR strategy to shareholders and investors

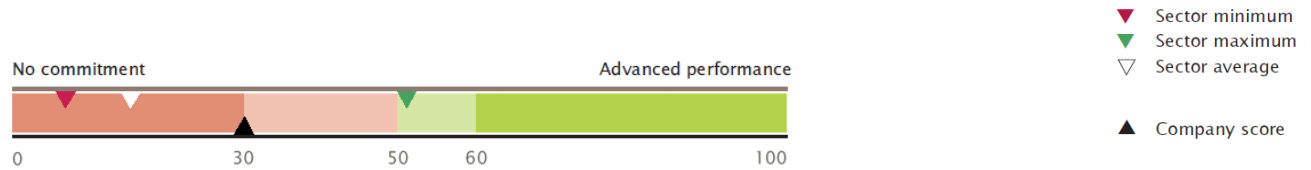
Information disclosed from the entity and public sources regarding the presentation of CSR strategy to shareholders and investors is insufficient

Stakeholders' feedback

As of 03/2017, Lojas Renner S/A did not appear to be involved in any controversy related to this sustainability driver.

CGV4.1 Executive Remuneration

(score: 30, weight: 2)



[LISTED COMPANIES] Existence and independence of Remuneration Committee

All members are independent non-executive directors.
All members of the three-member People Committee are 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 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 performance of the company

Information on the rules and performance conditions guiding the allocation of long-term incentives to senior executives is insufficient.

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.

Severance pay for senior executives

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

Evolution of CEO-to-employee compensation ratio

Information obtained from the Company and public sources regarding the compensation of CEO and the average employee salary is insufficient. Of note, the Company do not seem to disclose CEO remuneration nor Employee salary.

Stakeholders' feedback

As of 03/2017, Lojas Renner S/A did not appear to be involved in any controversy related to this sustainability driver.

Contacts

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