

# Grupo Nutresa SA

ISIN CODE: COT04PA00028

Overall score 43/100

Sector: Food Emerging Market

Information rate: 71% (Sector average: 45%)  
Company cooperation level: Not responsive \*

## General information

Grupo Nutresa SA (Nutresa), headquartered in Medellín, Colombia, engages in the production, distribution, and sale of processed food products such as cold cuts, biscuits, chocolates, coffee, ice cream and pasta. In June 2016 Grupo Nutresa acquired Fogasa, a cold storage plant located in Aguachica, Cesar, Colombia.

Main Economic Segment**	Turnover 2016
Cold Cuts	23.0 %
Biscuits	20.0 %
Chocolates	16.4 %

CORPORATE GOVERNANCE			
	2015/09	2015/10	2017
Score			43
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

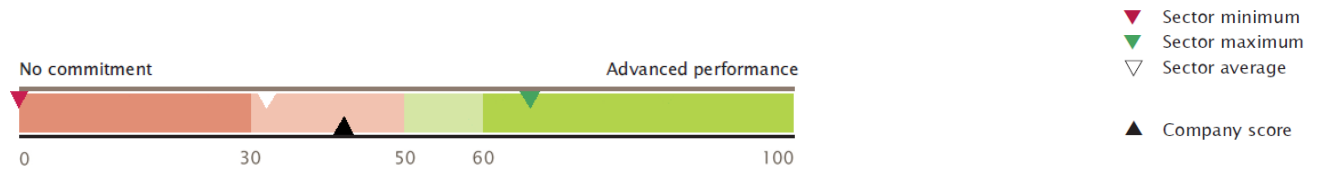
- Nutresa achieves a limited absolute performance in the Corporate Governance domain, in line with the previous review.
- Less than half of the board and committee members are considered to be independent. Some relevant mechanisms to integrate CSR factors at board, internal controls, shareholder and executive remuneration level are reported. Major restrictions have been identified to convene an EGM. There is an overall lack of disclosure on executive remuneration.
- The company ranks above the sector average

## Corporate Governance

Score : 43

### CGV1.1 Board of Directors

(score: 42, weight: 3)



#### [LISTED COMPANIES] Existence and independence of Nomination Committee

No executive is a member of the committee, but half or fewer are independent. *No member of the 3-member Nomination Committee is considered independent.*

#### Independence of the Board Chairman

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

#### Responsibility allocated over CSR issues

There is a CSR committee that is part of the Board. *Members of the Strategic Planning and Sustainability Committee are board members.*

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

[LISTED COMPANIES] The Board is between 0 and 20% independent, which might raise concerns. *1 member of the 7-member Board is considered independent.*

#### Diversity of the skills and backgrounds of the Board

The Board of Directors diversity appears to be partial:

- At least 30% of directors are women*
- At least 40% of directors are women*
- Employee representative(s) sitting on the Board*
- Board members with demonstrated professional experience in the company's sector of activities
- Board members with demonstrated expertise on CSR issues

#### Training and expertise provided to board members

Training is provided upon joining the Board.

#### Regular election of Board members

*Board members are elected every year.*

#### Evaluation of Board's functioning and performance

Performance is evaluated regularly, but with no disclosure on the results. *The Board of Directors evaluates itself annually and the results are analysed by the Committee of Corporate Governance. Additionally, the firm AtKearney conducted an external and independent evaluation of the performance of the Board of Directors, however, the periodicity of the external evaluation is evaluated by the board of directors.*

**Review of CSR issues at Board meeting**

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

- Product safety/Information to customers
- Fundamental human rights
- Labour standards in the supply chain
- Access to products/Combating health problems linked to food
- Environmental issues/ Climate change
- Fundamental labour rights/Reorganisation

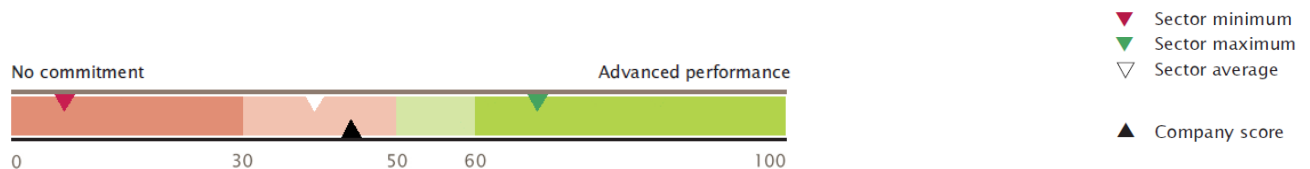
**Regularity of and attendance at Board meetings**

Regular meetings are held, and attendance rates are above 90%  
12 Board meetings were held during the last fiscal year and attendance rate was 93.8%.

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
Antonio Mario Cella	Chairman		X		X	X	X		X					
Jaime Alberto Palaci			X			X			X					
Mauricio Reina Echev			X		X	X	X		X					
Cipriano López Gonzá			X			X								X
David Emilio Bojanin			X		X		X		X				considered non-independent by company	
Gonzalo Alberto Pére			X			X			X				considered non-independent by company	
María Clara Aristizá			X										considered non-independent by company	

**CGV2.1 Audit & Internal Controls**

(score: 44, weight: 2)



**[LISTED COMPANIES] Existence and independence of Audit Committee**

No executive is a member of the committee, but half or fewer are independent.  
1 member of the 5-member Audit Committee is considered independent.

**Skills and backgrounds of Audit Committee members**

Members appear to have financial and/or audit experience AND relevant operational experience.

**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 CSR risks inherent to the company's business operations such as :

- Product safety/Information to customers
- Fundamental human rights
- Labour standards in the supply chain
- Access to products/Combating health problems linked to food
- Environmental issues/ Climate change: The Company makes reference to the climate change risks that involved water, geophysics, biological and epidemic risks.

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

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

**Management of the CSR risks**

Limited processes dedicated to management of CSR risks appear to be in place:  
- materiality assessment

**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 the company's reporting**

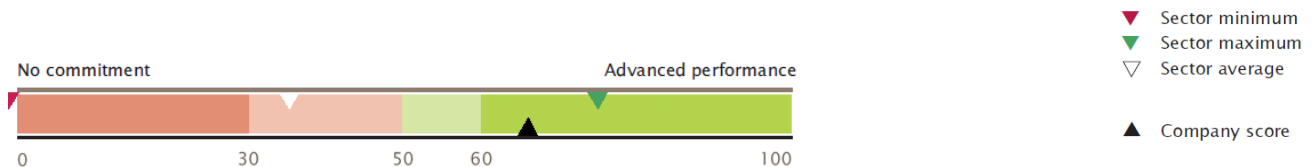
The company publishes significant CSR reporting on key material issues, with an independent third party assessment of the reliability of key performance indicators, with limited level of the assurance. KPMG discloses a verification report that expresses their engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral  
As of 10/2017, Grupo Nutresa SA did not appear to be involved in any controversy related to this sustainability driver

**CGV3.1 Shareholders**

(score: 66, 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)**

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 to convene an EGM.  
*An extraordinary meeting can be held only on the initiative of shareholders representing at least 25% of the company's capital or on the initiative of shareholders that represent at least 20% of the Nutresa's subscribed shares in the case of discussing whether to take derivative action against members of Company Management.*

**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**

All major items are voted upon in separate resolutions, in accordance with standards advocated by Vigeo.

**Presentation of CSR strategy to shareholders and investors**

*The Company shall present the ordinary meeting of the Shareholders' Assembly with an Annual and Sustainability Report, in which it will report on the management of economic, social and environmental areas within the framework of sustainable development, with relevant information for stakeholders and all those who are interested in knowing it.*  
*The company has presented to shareholders and investors its CSR strategy and this covers some of the most relevant CSR issues:*

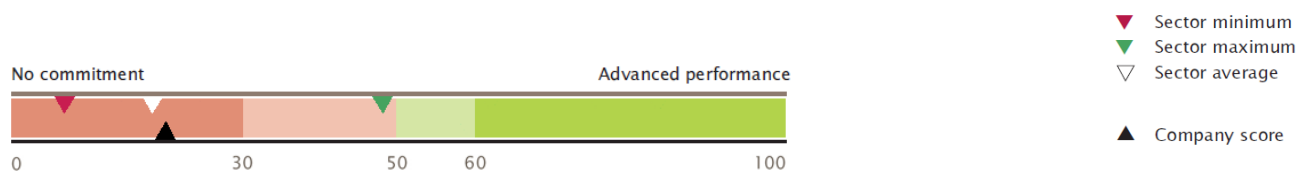
- Product safety
- Fundamental human rights
- Labour standards in the supply chain
- Nutrition
- Environmental issues

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral  
*As of 10/2017, Grupo Nutresa SA did not appear to be involved in any controversy related to this sustainability driver*

**CGV4.1 Executive Remuneration**

(score: 20, weight: 2)



**[LISTED COMPANIES] Existence and independence of Remuneration Committee**

No executive is a member of the committee, but half or fewer are independent.  
*No member of the 3-member Remuneration 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 performance of the company**

Bonuses are linked to predetermined and disclosed economic and/or operational performance indicators. However the actual quantified targets are not disclosed.  
*The Company discloses targets such as leadership, economic growth, organizational climate, CSR developments, customer satisfaction, international growth and innovation and new products.*

**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**

*CSR performance objectives are considered in the determination of variable remuneration of senior executives, but information on performance targets are not disclosed:*  
- *Environmental issues: specific targets are related to energy and water consumption.*  
- *Access to products/Combating health problems linked to food: develop new portfolio of products with high nutritional standards.*

**Severance pay for senior executives**

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

**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  
*As of 10/2017, Grupo Nutresa SA did not appear to be involved in any controversy related to this sustainability driver*

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## Contacts

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