

Grupo de Inversiones Suramericana

ISIN CODE: COT13PA00060

Overall score 41/100

Sector: Financial Services -
General Emerging Market

Information rate: 62% (Sector average: 55%)
Company cooperation level: Not responsive *

General information

Grupo de Inversiones Suramericana SA is a Colombia-based company primarily engaged in the life insurance sector. The Company's investment portfolio comprises Sura Asset Management, Suramericana, Bancolombia, Grupo Argos, Grupo Nutresa, Habitat, Sodhexo and Enka, among others. The Company operates through numerous subsidiaries in Latin America, including Colombia, Mexico, Chile, Peru, El Salvador and Panama, among others.

Main Economic Segment**	Turnover 2016
Insurance	nd
Fund Management	nd
Services	nd

CORPORATE GOVERNANCE				
	2013	2013	2016	2017
Score				41
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 Eiris' 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

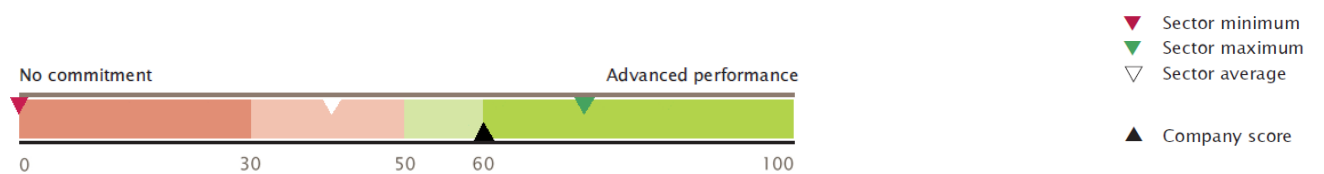
- The Company's performance in the Corporate Governance domain is limited in absolute terms which is a deterioration compared to the previous review.
- Nomination and Remuneration committees are in place. More than half of the members of the Board of Directors are Independent. The audit committee has a comprehensive role with relevant CSR reporting audited by an external party. However, decrease in score is explained by the lack of disclosure on executive remuneration and restrictions to shareholders' rights.
- Overall, the Company ranks in line with its peers

Corporate Governance

Score : 41

CGV1.1 Board of Directors

(score: 60, weight: 3)



[LISTED COMPANIES] Existence and independence of Nomination Committee No executive is a member of the committee, but half or fewer are independent.
1 member of the 3-member Appointments and Remuneration Committee is considered independent.

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

Responsibility allocated over CSR issues The Head of CSR department/functions reports directly to the CEO/Board.
The Risks committee is responsible for the company's sustainability.

Share of independent shareholder-elected Board members [LISTED COMPANIES] In accordance with standards advocated by Vigeo, the Board is more than 50% independent.
4 members of the 7-member Board are 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 through regular updates, but it does not cover CSR issues.
Training is provided through regular updates, but it is not clear if it covers CSR issues.
When a member is appointed to the Board for the first time, he or she shall undergo an induction process in order to properly ascertain the Company's situation and its business environment. Also on a permanent and continuous basis, members may receive training on specific topics, so as to optimize their participation and contribution to the smooth running of the Company.

Regular election of Board members [LISTED COMPANIES] Board members are elected at least every three years and these elections are not staggered.
Board members are eligible for re-election following 2-year terms.

Evaluation of Board's functioning and performance Performance is evaluated regularly, with disclosure on the results.
The Board conducts a self evaluation annually through the self-assessment survey, and discloses the results corresponding to the group of questions which show positive aspects as well as opportunities for improvement of 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.

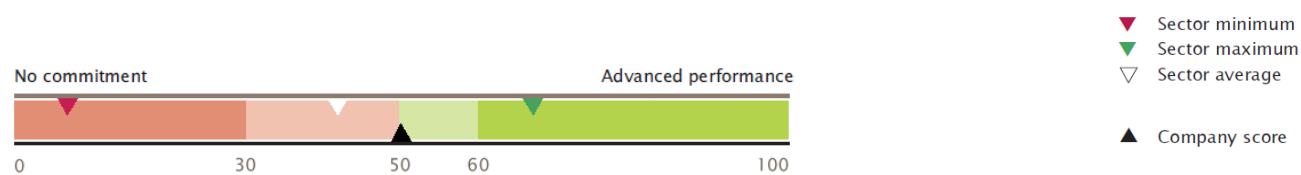
- Business ethics*
- Human capital*
- Responsible customers relations*
- Climate change*

Regularity of and attendance at Board meetings Regular meetings are held, and attendance rates are above 90%
15 Board meetings were held during 2016 and attendance rate reached an average of 99%.

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
Luis Alarcón	Chairman - Appointments and Remuneration Committee Chairman		X		X	X	X							X
Carlos Espinosa			X			X								X
Sergio Michelsen	Risk Committee Chairman		X											X
Jaime Bermúdez	Audit and Finance Committee Chairman - Risk Committee member		X			X								X
Alejandro Piedrahita	Risk Committee member		X									X	Not listed by the company among the independent directors.	
Carlos Gallego			X		X		X					X	Not listed by the company among the independent directors.	
Jorge Velásquez			X		X		X					X	Not listed by the company among the independent directors.	

CGV2.1 Audit & Internal Controls

(score: 50, weight: 3)



[LISTED COMPANIES] Existence and independence of Audit Committee

All members are independent non-executive directors.
All members of the 3-member Audit and Finance Committee are considered independent.

Skills and backgrounds of Audit Committee members

Luis Alarcón has relevant experience in environment and social issues, while Carlos Espinosa has experience in environment aspects.

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.

- ESG/ SRI policies
- Corruption and money laundering (Business ethics)
- Human Capital
- Societal impacts
- Carbon risks

The company improved its Group's risk management function now addressing aspects includes in their Risk Map (Reputation and brand, Client Behavior, Human talent,

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
- The Chief Risk Officer (CRO) is at par level of Chief Financial Officer (CFO)*
- The CRO has direct access to the Board Risk Committee (including attending committee meetings)*

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
- Approve the type of audit and non-audit services provided and fees paid to the external auditor*

Management of the CSR risks

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

- Balanced scorecard*
- Risk-related training
- Monitoring of key risk indicators*
- Reporting system to the Board*
- Risk mapping/materiality assessment
- A board committee (with no executive part of it) overseeing CSR risks*

The company conducts business ethics trainings and reports its risk map.

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 the company's reporting

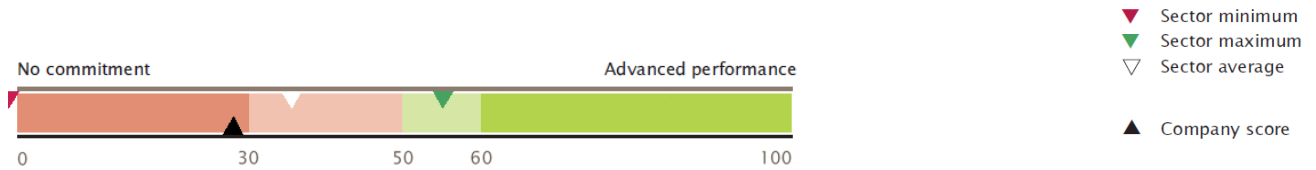
The company publishes significant ESG reporting on key material issues, with EY assessment of the reliability of key performance indicators, with limited level of the assurance.

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 12/2017, Grupo de Inversiones Suramericana did not appear to be involved in any controversy related to this sustainability driver

CGV3.1 Shareholders

(score: 28, weight: 2)



Nonexistence of voting rights restrictions

Minor voting rights restrictions have been identified.
Grupo Sura has preferred shares with restricted voting rights.

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.
To convene a special meeting shareholders should represent at least a quarter of the shares subscribed.

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.
The following items are not put to a vote at the AGM:
- Board fees
- Executive remuneration

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.

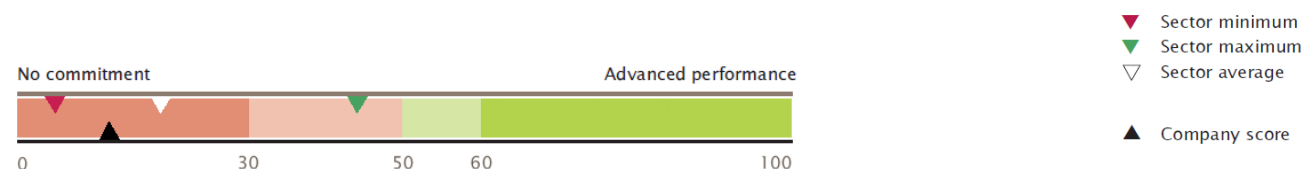
- Climate change
- Human capital

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 12/2017, Grupo de Inversiones Suramericana did not appear to be involved in any controversy related to this sustainability driver

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. *1 member of the 3-member Appointments and 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 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.

- Development of green products and services*
- Social and economic development / Financial inclusion*
- Customer satisfaction*
- Human resources development*

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. *The CEO and the personnel expenses are not disclosed.*

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 12/2017, Grupo de Inversiones Suramericana did not appear to be involved in any controversy related to this sustainability driver*

Contacts

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