

Alicorp SA

ISIN CODE: PEP214001005

Overall score 27/100

Sector: Food Emerging Market

Companies in sector panel: 38

Information rate: 49% (Sector average: 30%)
Company cooperation level: Not responsive *

General information

Alicorp is a Peruvian food processing company, founded in 1956 and headquartered in Lima, Peru. It focuses on consumer good products such as food, home, and personal care, industrial food products, and animal nutrition. The Company manufactures and distributes edible oils, margarines, pastas, mayonnaise, cookies, crackers, ice cream, pet food, hair care, laundry detergents, industrial baking flour, another animal nutrition and consumer good products. Alicorp conducted various acquisition of companies in the past years, Global Alimentos in Peru in 2014, Pastificio Santa Amáli in Brazil in 2013, Salmofood in Chile and UCISA in Peru in 2012.

Main Economic Segment**	Turnover 2016
Mass consumption	55.6 %
B2B	22.8 %
Aquaculture	21.6 %

CORPORATE GOVERNANCE		
	2015	2017
100		
75		
50		
25		
0		
Score		27
Allegations		No
Rating		+
Risk management		Weak

■ Sector performance
■ Company performance
 Rating: min -- / max ++

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

- Alicorp's absolute performance in the Corporate Governance domain is weak and is stable compared to the previous review.
 - The Company's rules guiding executive remuneration are not disclosed. The level of independence of the Board is less than recommended and it remains unclear if a committee is in charge of director nomination. An Audit Committee is in place, but an executive is part of it. Finally, although the one share-one vote principle is respected, shareholders are not able to express opinion on executive remuneration.

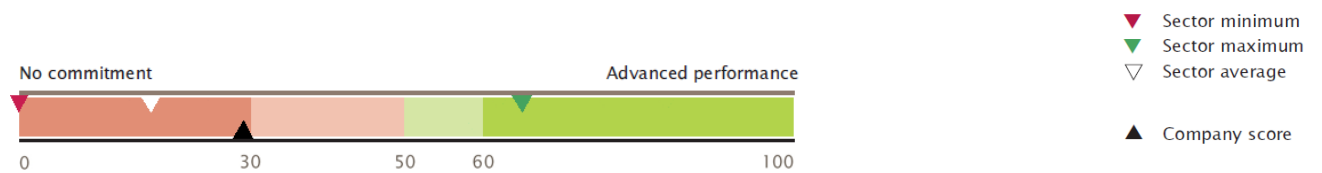
* On a 4-level scale: proactive, responsive, partially responsive, not responsive
 ** See detailed economic indicators in Selected financial data section
 *** Based on the most recent Index at the date of publication

Corporate Governance

Score : 27

CGV1.1 Board of Directors

(score: 29, 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, but the chairman is not considered independent.

Responsibility allocated over CSR issues Information on the responsibilities allocated over CSR issues is insufficient.

Share of independent shareholder-elected Board members *The Board is between 21 and 33% independent, which is less than the recommended level. Three members of the nine-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: the majority of the Board members worked for different service and commercial companies related to retail activities.*

Training and expertise provided to board members Training is provided upon joining the Board.

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

Evaluation of Board's functioning and performance Performance is evaluated regularly, but with no disclosure on the results. *The Board conducts self-evaluation every year. In addition, Alicorp states that an external advisor must evaluate the performance of the Board every two years. However, the company does not disclose how these external evaluations are conducted.*

Review of CSR issues at Board meeting *The formal CSR reporting has been signed by the CEO, but there is no evidence that relevant CSR issues are reviewed at Board meetings.*

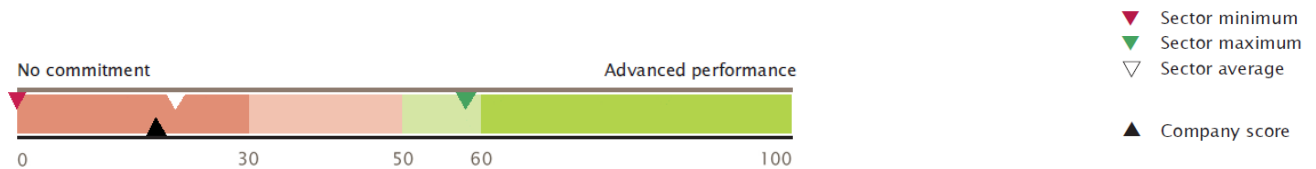
Regularity of and attendance at Board meetings Information obtained from company and public sources regarding the regularity of and attendance at board meetings is insufficient.

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
Dionisio Romero	Chairman		X						X			X	Represents Grupo Romero	
Luis Romero			X			X	X		X			X	Represents Grupo Romero	
José Antonio Onrubia			X			X	X		X			X	Represents Grupo Romero	
Ángel Manuel Irazola			X						X					
José Morales			X			X	X		X					

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Aristides de Macedo			X			X	X							X
Juan Carlos Escudero			X											X
Calixto Romero			X				X		X			X	Represents Grupo Romero	
Carlos Hereen			X											X

CGV2.1 Audit & Internal Controls

(score: 18, weight: 2)



[LISTED COMPANIES] Existence and independence of Audit Committee

A specific committee is in place, but at least one executive is part of it, which might raise concerns.

Skills and backgrounds of Audit Committee members

Members appear to have financial 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

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

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

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

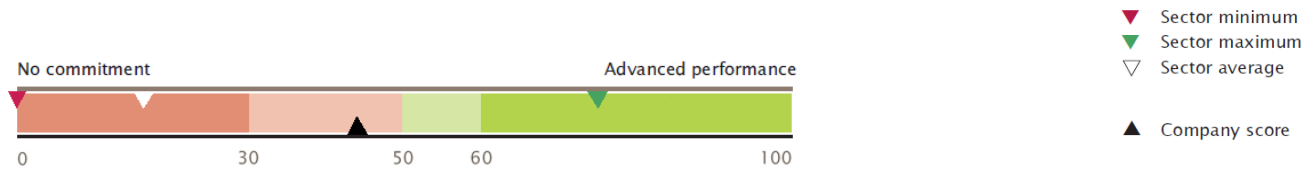
The company does not publish any significant CSR reporting on the key material issues for its sector.

Stakeholders' feedback

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

CGV3.1 Shareholders

(score: 44, 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

Any shareholder is able to submit a resolution to the AGM, but the rules set to call for an Exceptional General Meeting remain unclear.

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 put to a shareholder vote, but shareholders are not given an opportunity to express their opinion on all elements of executive remuneration.

Presentation of CSR strategy to shareholders and investors

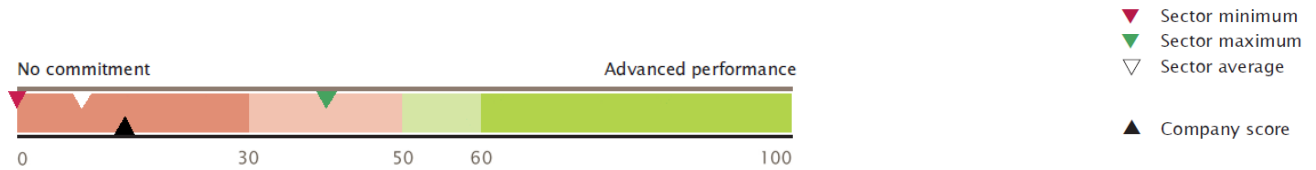
Information disclosed from the entity and public sources regarding the presentation of CSR strategy to shareholders and investors is insufficient.

Stakeholders' feedback

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: 14, 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 member of the five-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

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 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

Contacts

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