

Cia Minera Milpo

ISIN CODE: PEP620001003

Overall score 30/100

Sector: Mining & Metals Emerging Market

Information rate: 63% (Sector average: 58%)
Company cooperation level: Not responsive *

General information

Cia. Minera Milpo is a peruvian mining company, founded in 1949. Its main products are zinc, lead and copper, with gold and silver contents. Currently the Company has 3 mining units in operation across Peru: Cerro Lindo, El Porvenir and Atacocha.

Main Economic Segment**	Turnover 2016
Mining	99.2 %

CORPORATE GOVERNANCE			
	2015	2016	2018
Score			30
Allegations			No
Rating			=
Risk management			Limited

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 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, the protection of Shareholders Rights and the establishment of Executive Remunerations which align executives' and company's interests.

Company performance

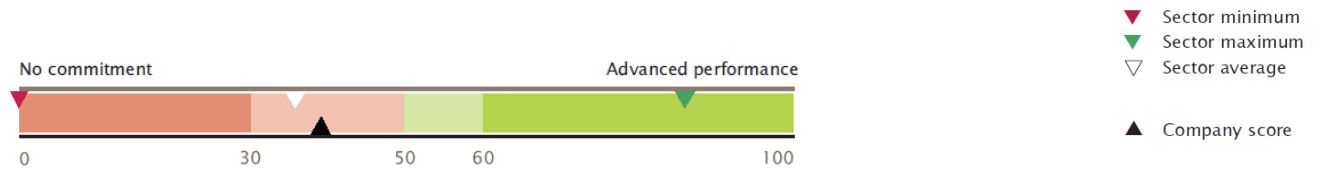
- The Company's performance in the Corporate Governance domain is limited in absolute terms.
- The domain score has decreased by 6 points compared to the previous review
- Three non-executive Directors compose the company's Social Responsibility Committee, but only two of the nine board members are considered independent. A specific Audit committee is in place and has a limited role, but its composition is only partially disclosed, which hampers the company's score. No detailed information is provided on fees paid to the external auditor. The Company respects the "one share - one vote" principle, and no safeguards appear to be in place. Finally, Executive Remuneration is not disclosed.
- Overall, the Company ranks in line with its sector peers

Corporate Governance

Score : 30

CGV1.1 Board of Directors

(score: 39, weight: 3)



[LISTED COMPANIES] Existence and independence of Nomination Committee

All members are non-executive directors and the majority are independent. However, the committee's chairman is not considered independent.
One member of the two-member Nomination Committee are 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.
The CSR Committee has three members of the board. Its main objective is to establish policies covering social and environmental issues.

Share of independent shareholder-elected Board members

[LISTED COMPANIES] The Board is between 21 and 33% independent, which is less than the recommended level.
Two 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:

- 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 occasionally.

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 two-year terms

Evaluation of Board's functioning and performance

Performance is evaluated regularly, but with no disclosure on the results.
The board is evaluated internally in annual basis and it could be supplemented by a third party.

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
- Community issues
- Environment
- Human rights

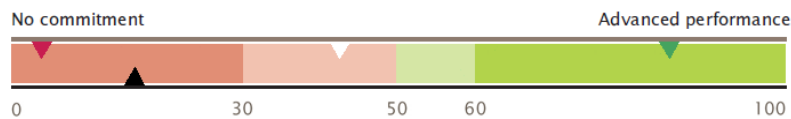
Regularity of and attendance at Board meetings

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
Ivo Ucovich	Chairman		X				X		X					
Agustín De Aliaga	Vice Chairman		X				X		X					
Tito Martins	Chairman Remuneration Committee	X			X		X			X				
Mario Bertoncini	Chairman Audit Committee	X				X				X				
Jones Belther			X											
Felipe Guardiano			X											
Valdecir Botassini			X											
Gianfranco Castagnol			X			X								X
Javier Otero			X		X									X

CGV2.1 Audit & Internal Controls

(score: 16, weight: 2)



- ▼ Sector minimum
- ▲ Sector maximum
- ▽ Sector average
- ▲ Company score

[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.

One member of the three-member Audit Committee is considered independent. The company states that the audit committee has 3 members, but in its website only disclose 2 of them.

Skills and backgrounds of Audit Committee members

Members appear to have financial and/or audit experience, but lack relevant operational experience in the sector.

Two of three members of the committee have extensive educational and experience background in finance, but less experience in the mining field.

Operational and CSR risks covered by the company's internal controls system

Information disclosed on this subject is insufficient or not relevant.

- Corruption
- Community Issues
- Employee Safety
- Climate Change
- Fundamental labour rights
- Fundamental human rights
- Local pollution
- Biodiversity
- Water
- Atmospheric emissions
- Waste

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

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

- Balanced scorecard
- Risk-related training
- Monitoring of key risk indicators
- Reporting system to the Board
- Risk mapping/materiality assessment
- A Board Risk Committee with no executive part of it

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

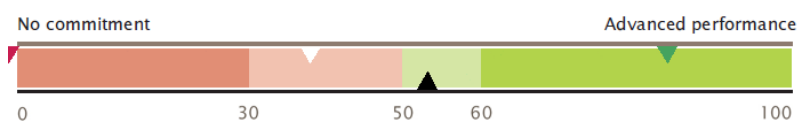
The company publishes significant CSR reporting on key material issues.

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 11/2017, Cia Minera Milpo did not appear to be involved in any controversy related to this sustainability driver

CGV3.1 Shareholders

(score: 53, weight: 2)



- ▼ Sector minimum
- ▼ Sector maximum
- ▽ Sector average
- ▲ Company score

Nonexistence of voting rights restrictions

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

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

No major restrictions have been identified.
Only a shareholder or a group of them that have more than 5% of ownership are able to add item to the agenda of AGM.

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

The company has presented to shareholders and investors its CSR strategy and this covers some of the most relevant CSR issues.

- Business ethics*
- Human capital
- Community issues
- Environment
- Human rights*

Board's attitude towards CSR-related shareholder resolutions

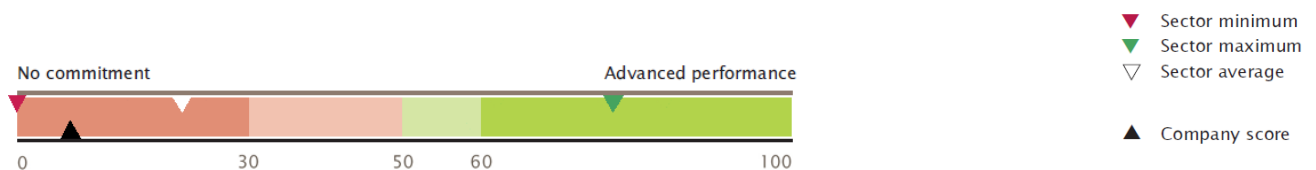
Information obtained from company and public sources, regarding the Board's attitude toward legitimate CSR related shareholder resolutions is insufficient.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral
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CGV4.1 Executive Remuneration

(score: 7, weight: 2)



[LISTED COMPANIES] Existence and independence of Remuneration Committee

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

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.

- Human resources development*
- Health and safety*
- Compliance related to environmental regulations*
- Efficient resource utilization*

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
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Contacts

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