

Credicorp

ISIN CODE: BMG2519Y1084

Overall score 27/100

Sector: Retail & Specialised Banks
Emerging Market

Information rate: 41% (Sector average: 55%)
Company cooperation level: Not responsive *

General information

Credicorp Ltd. is a financial services holding company that provides a wide range of financial and health services and products through its banking and non-banking subsidiaries, mainly throughout Peru and other countries. The Company operates through four segments: Banking, Insurance, Pension Funds, and Investment Banking. The Company was founded on October 20th 1995 and is headquartered in Lima, Peru.

Main Economic Segment**	Turnover 2016
Banking	83.8 %
Insurance	15.9 %
Other	0.8 %

CORPORATE GOVERNANCE				
	2013	2013	2015	2017
Score				27
Allegations				No
Rating				-
Risk management				Weak

Key issues

Sound corporate governance is required to oversee a company's strategic direction, including the CSR strategy. 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). Executive remuneration is assessed for transparency and alignment with the interests of company's shareholders and other stakeholders (CGV4.1).

Company performance

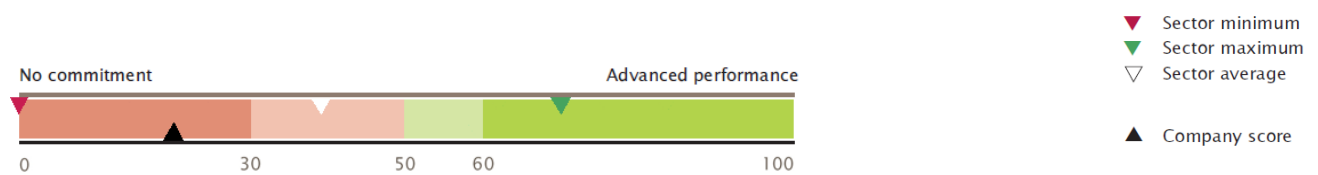
- The Company's performance in the Corporate Governance domain is weak in absolute terms which is consistent compared to the previous review.
- The Board is 25% independent, which is less than the recommended level and CSR issues do not appear to be reviewed regularly at the board level. The Company adopted most of the recommended measures for a sound risk management, but the Audit Committee plays a limited role in overseeing internal and external controls. Finally, the Company respects the 'one share - one vote' principle, but transparency about executives' remuneration remains the major area for improvement.
- Overall, the Company ranks below its peers

Corporate Governance

Score : 27

CGV1.1 Board of Directors

(score: 20, weight: 3)



[LISTED COMPANIES] Existence and independence of Nomination Committee

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

Independence of the Board Chairman

The roles of Chairman and CEO are combined and there is no senior independent director.

Mr. Romero Paoletti is the Chairman of the Board of Directors of Credicorp and has been the Chief Executive Officer of Credicorp since 2009.

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 25% independent, which is less than the recommended level. Two 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:

- 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.

The Company organises an Induction programme for the new Directors. In addition, any Director may request that the General Secretariat schedule training on specific subjects.

Regular election of Board members

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. *Annually, the Board of Directors shall perform a self evaluation of its performance. The Corporate Governance Committee shall provide methodological support for the evaluation process.*

Review of CSR issues at Board meeting

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

- Business ethics
- Human capital
- Responsible customers relations
- Climate change
- Social and environmental considerations in lending and investments
- Tax policy
- Financial inclusion

Regularity of and attendance at Board meetings

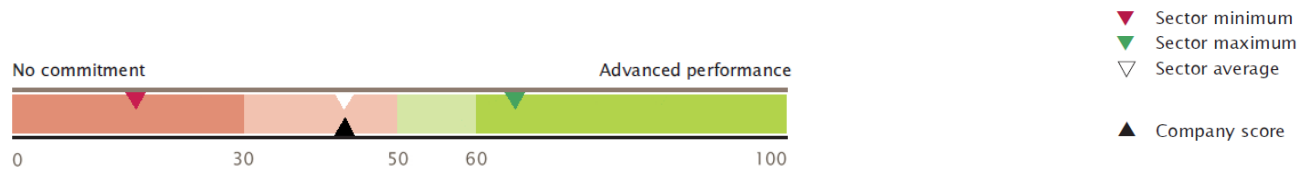
Regular meetings are held, but no attendance rates are disclosed. *At least, 12 Board meetings were held during 2016.*

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	Independency
Dionisio Romero	Chairman, CEO, Member of Risk Management Committee, Charman of Compensation Committee, Chairman of Nomination Committee	X			X		X		X					
Raimundo Morales	Chairman of Audit Committee, Member of the Risk Management Committee		X		X	X	X	X	X					
Fernando Fort	Memeber of the Risk Management Committee		X						X					
Luis Enrique Romero			X										Mr. Luis Enrique Romero is not considered as independent by the Company.	
Juan Carlos Verme			X				X		X					

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
Benedicto Ciguenas	Member of the Risk Management Committee		X			X								X
Martin Perez		X			X									
Patricia Lizarraga			X			X								X

CGV2.1 Audit & Internal Controls

(score: 43, weight: 3)



[LISTED COMPANIES] Existence and independence of Audit Committee

All members are non-executive directors, and the majority are independent. However, the committee's chair is considered non-independent. *Two members of the three-member Audit Committee are considered independent.*

Skills and backgrounds of Audit Committee members

Members appear to have financial, audit 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.

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 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 committee (with no executive part of it) overseeing CSR risks*

Supervision of material risk-takers Information disclosed on this subject is insufficient or not relevant.

Leverage ratio of the bank The leverage ratio of the bank is above 7%.
At December 2016, the unweighted leverage ratio of the bank ((Equity - goodwill and less tangible assets)/ Total assets) was 11.6%

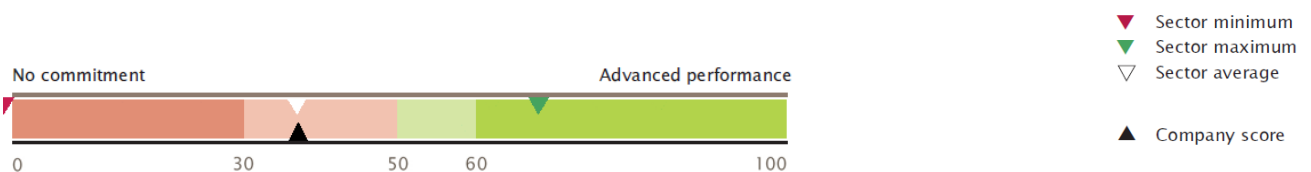
Independence of the firm's external auditors The audit firm receives non-audit fees, but these represent only 25% or less of total fees.
Non-audit fees represented 11% of total fees paid to Gaveglione, Aparicio y Asociados S.C.R.L in 2016.

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
As of 12/2017, Credicorp did not appear to be involved in any controversy related to this sustainability driver.

CGV3.1 Shareholders

(score: 37, 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

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, 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:
- *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.

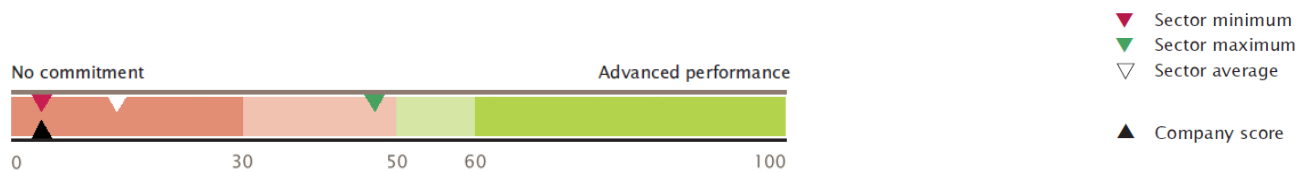
- Climate change*
- HRT and ENV issues in lending and investments*
- Human capital*
- Responsible customer relations*
- Business ethics*
- Tax policy*
- Financial inclusion*

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, Credicorp did not appear to be involved in any controversy related to this sustainability driver.

CGV4.1 Executive Remuneration

(score: 4, 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.

- Business ethics*
- Customer relations*
- Contribution to social development & financial inclusion*
- Indirect environmental and human right impacts*
- 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.

Risk alignment of remuneration of material risk takers

Information on risk adjustments of remuneration is insufficient or not relevant.

Evolution of CEO-to-employee compensation ratio

Information regarding the compensation of the CEO is 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, Credicorp did not appear to be involved in any controversy related to this sustainability driver.*

Contacts

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