



BOARD PERFORMANCE ASSESSMENT
Financial Year (01/2020-12/2020)

Final report

INTERCORP FINANCIAL SERVICES INC. (IFS).

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ABOUT PCS

Our mission:

- Contribute with society and with our clients supporting them in their commitment to sustainable development through new ways of doing business that satisfy their current needs without compromising future generations, with the support of a team of professionals strongly committed to the future.

Our vision:

- Become a global leader in corporate sustainability.

Certifications and memberships:

- Global Reporting Initiative (GRI)
- Gold Community Membership.
- Preparation of GRI-G4 reports.
- United Nations Environmental Program, Financial Initiative (UNEP-FI)
- Socioenvironmental risks assessment.
- International Corporate Governance Network (ICGN)
- Membership (Presidency of PCR Group)



Regional coverage:

- We cover all Latin America.
- We are part of the Pacific Credit Rating (PCR) Group, the only rating group with real and direct international presence in Latin America.
- We have more than 23 years of experience and prestige in the region.
- We have local offices in 11 countries, being in a constant expansion and growth process.



Services portfolio:

Corporate Sustainability (CS)

- Strategic Sustainability Plan
- Determination of materiality
- Integrated Report (IIRC)
- Preparation and verification of GRI Reports
- ESR Rating
- Financial SR Rating
- Assessment of contribution to SDG

Corporate Governance (CG)

- CG Rating
- Board Performance Assessment
- Preparation of Annual CG Reports
- Validation for IBGC (Perú)
- CG Report Resolution N° 005-2011 (Panama)

Fiduciary Responsibility (FR)

- FR Rating
- Preparation of FR Reports
- Verification of FR Reports

Transversal Services

- Improvement Opportunities Implementation Plan (IOIP)
- IOIP Follow-Up Service
- In-house training and workshops
- Participation in ESR & CG events
- Publications

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EXECUTIVE SUMMARY

The assessment of the performance of the Board of Directors carried out for INTERCORP FINANCIAL SERVICES INC. (hereinafter, the “company”), takes into account the period comprised between January 01, 2020 and December 31, 2020. In that sense, various organizational documents, formal policies and codes, in force during the period under analysis, were analyzed according to the request for information sent at the beginning of the service and through additional inquiries made to the company.

1. Result obtained

General Performance Assessment	
Level	Optimal
Category	EDG-2
Rating	83.79%

Individual Performance Assessment	
Level	Outstanding
Category	EDI-1
Rating	87.86%

2. Rating Scales

General Performance Assessment

Level of Performance	Category	Intervals		Range	Description
		LINF	LSUP		
Outstanding	EDG-1	84.18%	100.00%	15.83%	The company's Board shows outstanding general performance, regarding its good corporate governance practices.
Optimal	EDG-2	68.34%	84.17%	15.83%	The company's Board shows optimal general performance, regarding its good corporate governance practices.
Good	EDG-3	52.51%	68.33%	15.83%	The company's Board shows good general performance, regarding its good corporate governance practices.
Acceptable	EDG-4	36.67%	52.50%	15.83%	The company's Board shows acceptable general performance, regarding its good corporate governance practices.
Regular	EDG-5	20.84%	36.66%	15.83%	The company's Board shows regular general performance, regarding its good corporate governance practices.
Limited	EDG-6	5.00%	20.83%	15.83%	The company's Board shows limited general performance, regarding its good corporate governance practices.

Individual Performance Assessment

Level of Performance	Category	Intervals		Range	Description
		LINF	LSUP		
Outstanding	EDI-1	84.18%	100.00%	15.83%	The company's directors show outstanding individual performance, regarding its good corporate governance practices.
Optimal	EDI-2	68.34%	84.17%	15.83%	The company's directors show optimal individual performance, regarding its good corporate governance practices
Good	EDI-3	52.51%	68.33%	15.83%	The company's directors show good individual performance, regarding its good corporate governance practices.
Acceptable	EDI-4	36.67%	52.50%	15.83%	The company's directors show acceptable individual performance, regarding its good corporate governance practices.
Regular	EDI-5	20.84%	36.66%	15.83%	The company's directors show regular individual performance, regarding its good corporate governance practices
Limited	EDI-6	5.00%	20.83%	15.83%	The company's directors show limited individual performance, regarding its good corporate governance practices

3. General comments on the results

Performance as collegiate body

Regarding the assessment of the Board as collegiate body, an optimal level of performance is observed. This is based on the compliance of the criteria established for the composition of the body, the large number of meetings of the Board and the Audit Committee and the high level of attendance of the directors to these meetings. In addition, the optimal¹ presence of independent directors should be highlighted, and, especially, the compliance of strategic functions by the Board of Directors, among other aspects evaluated.

Individual performance

At individual level, the directors also report an outstanding level of performance. This is based on the compliance with the requirements demanded by the company for the members of the Board of Directors, as well as the collective professional experience of the directors, which contributes with different points of view and opinions, guaranteeing efficient decision-making.

COVID-19 Situation

It is important to mention that due to the COVID-19 pandemic, the Board of IFS had to dedicate more hours of meetings to discuss some issues related to the financial, labor, social situation generated by the pandemic, and the effects on the company. It should be pointed out that initially six meetings were established for the year 2020, but, given the situation, four more were scheduled, holding ten meetings in total. Despite of the emergency situation, the strategic issues related to ongoing projects, to Risk Control and Corporate Governance continued being discussed during the Board meetings.

¹ The presence of independent directors is optimal as it complies with the ratios recommended by DJSI criteria which requests a minimum of 25% of the Board.

4. General Table of Results

Aspects and indicators	Very Low	Low	Medium	High	Very High
1. General Performance Assessment (Board of Directors as collegiate body)					
1.1. Composition of the Board of Directors	●	●	●	●	○
1.2. Appointment of the Board of Directors	●	●	●	●	●
1.3. Board Committees	●	●	○	○	○
1.4. Work plan of the Board	●	●	●	○	○
1.5. Regulations of the Board	●	●	●	●	○
1.6. Board Meetings	●	●	●	●	○
1.7. Board committees meetings.	●	●	●	●	●
1.8. Virtual Board meetings.	●	●	●	●	●
1.9. Call for meetings and delivery of information.	●	●	●	○	○
1.10. Presence of independent directors.	●	●	●	●	●
1.11. Definition of independent director.	●	●	●	●	●
1.12. Strategic functions of the Board.	●	●	●	●	●
1.13. Hiring of external consulting for decision-making.	●	●	●	●	●
1.14. Induction policy for new directors.	●	●	●	●	●
1.15. Remuneration of the Board.	●	●	●	●	○
1.16. Information Policy.	●	●	●	●	●
1.17. Code of ethics and conflicts of interests.	●	●	●	●	●
2. Individual Performance Assessment (directors)					
2.1. Compliance of requirements established by the company.	●	●	●	●	●
2.2. Professional experience.	●	●	●	●	●
2.3. Participation in other Boards.	●	○	○	○	○
2.4. Work hours dedicated to the Board.	●	●	●	●	○
2.5. Board Meetings attended.	●	●	●	●	○
2.6. Board Committees Meetings attended.	●	●	●	●	●
2.7. Independence of directors.	●	●	●	●	●

ROAD MAP

A. Improvement opportunities

This section includes a list of recommendations related to the indicators in which compliance gaps or improvement opportunities have been identified. These indicators are the following:

1. General Performance

Indicator 1.1 – Composition of the Board

With the purpose of increasing the level of compliance to “Very High”, it is recommended, to the extent possible, that the Bylaws stipulates the maximum number of directors that may be part of the collegiate body. It has been verified that the company has stipulated that the maximum number of directors will be freely fixed by the General Shareholders’ Meeting, but it is necessary that this maximum number be defined in a company’s document.

Indicator 1.3 – Board Committees

According to the assessment, it has been identified that the Board has only a support committee, which is comprised by independent directors. With the purpose of strengthening the work of the Board, it is recommended, to the extent possible, to have 2 or more committees, among which it would be essential to have one dedicated to Appointments and another for Corporate Governance. In this sense, it is recommended that the Board committees include in their functions the following issues:

- Define and start up the process of election of members of the Board.
- Submit to the consideration of the Board and the General Shareholders’ Meeting the names of the persons that, in

their opinion, must be appointed to hold positions in the collegiate body.

- Submit to the instances that may request it the estimate of the remuneration of the members of the Board, taking into account criterias such as dedication of the members, market average, among others.
- Prepare the work plan of the Board, which must define the objectives and improvement opportunities of the management.

It should be pointed out that each of the committees must have at least one independent director.

Indicator 1.4. Work Plan of the Board.

According to the assessment, it has been identified that, though a schedule of meetings to be held has been defined, there is no work plan for the Board. In this sense, it is recommended to prepare a Work Plan that contains the management objectives and improvement lines to be executed throughout the year. It must be included in the schedule of the meetings of the Board.²

Indicator 1.6 – Board Meetings

It is recommended to hold between 12 or more Board meetings throughout the year with the purpose of reaching the “Very High” level of compliance based on the assessment methodology used.

Indicator 1.9 Calls for meetings and delivery of information.

With the purpose of improving the level of compliance of the assessment to “Very High”, it is recommended to make the call for meetings and the delivery of

² An example of work plan can be found in: <https://governance.ca/wp->

<content/uploads/2020/05/Board-annual-work-plan-sample-1.pdf>

information related to the issues of the agenda five days in advance.

Indicator 1.15 – Remuneration of the Board

According to the assessment it has been identified that, although the retribution of the Board members is within the market average, some directors consider that it is low. It is recommended to have a process or policy for the definition of the retribution of the members of the collegiate body, which allows to conduct an analysis of the retribution of the directors against the work load that they have in the board and taking into account the market average.

2. Individual Performance

Indicator 2.3. Participation in other Boards.

It is recommended that, to the extent possible, the directors do not participate in more than 4 additional Boards.³

Indicator 2.4 – Work hours dedicated to the Board

With the purpose of improving the level of compliance to “Very High” it is recommended that, to the extent possible, the dedication of all the directors be between 6 to 8 weekly hours.

Indicator 2.5 – Board Meetings attended

With the purpose of improving the compliance to “Very High” it is recommended that, to the extent possible, all directors attend 100% of the Board meetings, whether on a presential and/or remote basis.

B. Outstanding performance

³ G20/OECD Principles of Corporate Governance Chapter IV. The responsibilities of the board: “Board members must be willing to effectively commit to perform their responsibilities.

In addition, it is recommended to maintain the level of performance reached for those indicators in which the company has reached an outstanding rating. These indicators are the following:

1. General Performance

Indicator 1.2 – Appointment of the Board

Indicator 1.5 – Regulations of the Board

Indicator 1.7 – Board committees meetings

Indicator 1.8 – Non-presential Board meetings

Indicator 1.10 – Presence of independent directors

Indicator 1.11 – Definition of independent director

Indicator 1.12 – Strategic functions of the Board

Indicator 1.13 – Hiring of external consulting for decision-making

Indicator 1.16 – Information policy.

Indicator 1.17 – Code of ethics and conflicts of interests

2. Individual performance

Indicator 2.1 – Compliance of the requirements established by the company.

Indicator 2.2 – Professional experience

Indicator 2.6 – Board Committees meetings attended

Indicator 2.7 – Independence of directors

C. Additional recommendations

Though the current performance of the board meets the regulatory requirements of Peru, some additional recommendations are presented to be considered by the company, which include optional guidelines to continue

The belonging to too many Boards might affect the performance of the functions of said members”.

improving their performance, beyond what the local regulation requires. These improvement opportunities have been identified through an analysis of the international trends of Corporate Governance⁴, specifically regarding the performance of the Board.

1. Diversity factors

According to the IFC, the diversity of perspectives and experience enriches the knowledge, the strategic vision and the judgment of the board for the adequate performance of its responsibilities.⁵

Likewise, Dow Jones Sustainability Index (hereinafter, DJSI), in its annual assessment of corporate performance in governance, environmental and social aspects, establishes

that diverse boards in terms of gender, ethnicity and culture will be able to evaluate the problems from a wider point of view, and it is more likely that they consider the interests of all the stakeholders. In addition, several studies have demonstrated a positive correlation between gender, ethnic and cultural diversity in the boards and the financial performance of companies.

Though there is presence of directors with diverse profiles, it is recommended to evaluate, to the extent possible, including diversity criteria related to gender, ethnicity, cultural background, age and other criteria that the company may deem relevant in the guidelines or mechanisms of the processes of nomination of members of the board, such as the use of skill matrix.⁶

⁴ According to the "Corporate Governance" section of the Corporate Sustainability Assessment, prepared by S&P Global and Robeco SAM to determine the components of the Dow Jones Sustainability Index.

⁵ IFC (2010). A Practical Guide to Corporate Governance.

⁶ For this purpose, a skill matrix is suggested to reflect the professional and personal skills of the members of the Board. We suggest to review Annex II of the following regulations: <https://www.rimac.com/content/dam/rimac/common/documentos/nosotros/ReglamentodelDirectorioactualizadoal31122019.pdf>



PART I Introduction

1. Definition of Corporate Governance
2. The Board and its importance
3. Assessment Methodology

1. Definition of Corporate Governance

Corporate Governance is defined as the set of rules and guidelines that guide governance and decision-making processes in the companies, encouraging transparency and confidence by the investors. According to the OECD⁷, Corporate Governance has the following characteristics:

- It comprises a whole series of relationships between the governing body of a company, its Board, its shareholders and other stakeholders.
- It provides a structure for the establishment of objectives by the company, and it determines the means that may be used to reach those objectives and to supervise their compliance.
- It is a key element to increase financial efficacy and enhance growth, as well as promote confidence by the investors.

Likewise, according to the IFC⁸, the main motivations of companies to achieve good Corporate Governance practices are the following:

- Access to capital or reducing its cost
- Face and respond to the external pressures of the market
- Balance the (sometimes) divergent interests of the shareholders
- Solve governance problems in family companies
- Guarantee the company's sustainability
- Achieve better operating results

Finally, the CAF⁹ highlights the main benefits resulting from the achievement of good Corporate Governance practices by the companies:

Taking into account that the Board is, somehow, a link between the shareholders (owners of the company) and the company (represented by its General Manager), the

- Better use of resources.
- It contributes to more transparency.
- It mitigates the problems of asymmetric information that characterizes financial markets.

Taking this into account, good Corporate Governance practices are a key factor for the access of the companies to capital markets, since they allow them to project an image of stable, regulated and transparent governance, which is very attractive for potential investors.

2. The Board and its importance

According to the General Corporations Law, the Board is a collegiate body that has the necessary management and legal representation powers for the administration of the company within its purpose. In addition, the law details complementary aspects, such as the determination of the number of directors, the appointment and vacancy of directors, impediments to be a director, call for meetings, voting procedures and resolutions, among others. As it can be observed, the law does not go deeper into the functions of the Board, and the company itself has to detail in its Bylaws the main functions of this body, within the legal limits.

In this sense, companies normally define a series of fiduciary responsibilities for the Board, among which we can mention: Approval of internal rules of operation of the Board, review and approval of financial statements, approval of policies and rules, approval and follow-up of budgets, appointment of the general manager and main executives, among others.

understanding of its importance and the efficient exercise of its functions are essential aspects for the good running of the company, and, therefore, for obtaining good corporate

⁷ OECD (2004). Principles of Corporate Governance.

⁸ IFC (2010). Practical Guide to Corporate Governance.

⁹ CAF (2005). Guidelines for an Andean Code on Corporate Governance.

governance practices. In that sense, it is essential to understand that the Board must not assume a passive role or simply settle for performing bureaucratically the designated functions.

On the contrary, it must be involved in the definition of strategic guidelines and active supervision of the compliance of objectives and action plans, as well as aspects related to investments and scheduled expenses, in line with the mission and vision of the company. In addition, it must have full understanding of the risks that the company faces and the measures taken for their control and mitigation. Finally, the supervision of issues related to corporate governance, compliance with ethical rules and principles, use of privileged information and conflict of interests is of vital importance.

Individually, the members of the Board must have sufficient experience and optimal professional prestige, according to the requirements established by the company. The plurality of opinions and the contribution to the creation of value by the directors must be ensured. On the other hand, the directors who declare themselves independent should maintain said condition during their permanence in the Board. Likewise, all directors must maintain high ethical standards in the performance of their functions, preventing potential conflicts of interests and maintaining adequate handling of the company's privileged information.

In that sense, the periodic assessment of the performance of the Board, both on a collegiate and individual basis, is essential to guarantee the correct performance of the priority functions assigned to this body, as well as to ensure the compliance of the professional and personal characteristics of the members thereof.

3. Assessment Methodology

The Board Performance Assessment is an assessment of the performance of the Board

as collegiate body and of its members individually, regarding the performance of their functions and attributions under good corporate governance. This assessment seeks to determine whether, during the financial year under analysis, the Board and its members satisfactorily comply with a series of quantitative and qualitative indicators on corporate governance matters, so that corrective measures can be established in case of deviations of the corporate objectives proposed.

General aspects

The Board Performance Assessment comprises two approaches. The first one is an assessment of the Board as collegiate body, which implies the assessment of the compliance of the functions and attributions stipulated in the company's Bylaws, as well as in the regulations and other corporate documents approved which regulate the performance of the Board. Likewise, the second approach comprises an individual assessment of the members of the Board. The indicators used for the assessment of both approaches are presented in the table below.

The assessment of the indicators is made in the **Assessment Matrix**, taking into account 5 levels of compliance: Very Low, Low, Medium, High and Very High, for which specific compliance percentages have been established. In addition, each indicator has an **Expected Maximum Rating**, assigned according to a predetermined priority level, related to its relative importance. The level of compliance of each indicator is multiplied by its expected maximum rating, and with the sum of these weighted results, the total final rating is obtained. This final rating allows us to place the company in a specific level and category, according to the **Board Performance Rating Scale**, specifically prepared by PCS. In that sense, the final result of the assessment reflects a level of performance expressed in the corresponding category

Table 1. Aspects and indicators

Aspects	Indicators
1. General Assessment	<ul style="list-style-type: none"> 1.1 Composition of the Board 1.2 Appointment of the Board 1.3 Board Committees 1.4 Work Plan of the Board 1.5 Regulations of the Board 1.6 Board Meetings 1.7 Board committees meetings 1.8 Virtual Board meetings 1.9 Calls for meetings and delivery of information 1.10 Presence of independent directors 1.11 Definition of independent director 1.12 Strategic functions of the Board 1.13 Hiring of external consulting for decision-making 1.14 Induction policy for new directors 1.15 Remuneration of the Board 1.16 Information Policy 1.17 Code of ethics and conflicts of interests
2. Individual Assessment	<ul style="list-style-type: none"> 2.1 Compliance of requirements established by the company 2.2 Professional experience 2.3 Participation in other Boards 2.4 Work hours dedicated to the Board 2.5 Board Meetings attended 2.6 Board Committees Meetings attended 2.7 Independence of directors

Prepared by: PCS



PART II

General Analysis

1. Historical background and operations
2. Ownership structure
3. Governance of the organization

1. Historical background and operations

INTERCORP FINANCIAL SERVICES INC. (IFS) (hereinafter, the “Company”), with headquarters in Panama, was founded in 2006 as part of a corporate reorganization process of Intercorp Group. Said reorganization simplified the structure of the Group and created IFS to cluster the assets with which the Group operates in the industry of financial services in Peru: Interbank and Interseguro.

In June 2007 the initial public offering of shares of IFS was successfully completed, which was more than 8 times oversubscribed and allowed to raise capital for US\$ 310 million, as a result of the sale of 24% of its shares. The placement of shares abroad was the first one of a Peruvian non-mining company in 12 years and generated the active participation of more than 100 international investors, including the largest funds worldwide. The transaction meant an implicit valuation of IFS of US\$ 1,300 million.

In September 2008, IFS launched an Exchange Public Offering of shares of Interbank for shares of IFS, which main purpose was to generate more value for the minority shareholders of Interbank. The exchange ratio was of one share of IFS for every 9.45 shares of Interbank delivered. The operation was a success, with the application of 13,565,775 shares of Interbank, which were exchanged for a total number of 1,435,938 shares of IFS. With this operation, the floating capital of Interbank was reduced from 3.12% to 0.71% and the shareholding of IFS in Interbank increased from 96.88% to 99.29%.

On August 01, 2014, 100% of Inteligo Group Corp. was acquired by Intercorp Financial Services Inc. as part of a corporate restructuring process. This purchase did not include the subsidiary Inteligo Real Estate Corp., which was transferred to Intercorp Peru Ltd. before the acquisition of Inteligo Group Corp. by IFS. Said transfer caused a reduction of the capital stock of Inteligo Group Corp.

On May 31, 2017 the acquisition of Seguros Sura and Hipotecaria Sura was announced, which was approved on September 28, 2017. The acquisition was carried out through the purchase of shares from Sura Asset Management on November 2, 2017 and from Wiese Group on November 22, 2017. This transaction was financed through the issuance of senior notes for US\$300 million in October 2017. The integration of Seguros Sura and Hipotecaria Sura to Interseguro will occur during the first semester of 2018.

In January 2019, the equity management business in Inteligo was reorganized by transferring Interfondos, subsidiary of mutual funds of Interbank, to Inteligo Group, where asset management is the main business.

On July 18, 2019, IFS made a public offering of 9,000,000 common shares at a price of US\$ 46.00 per common share, both in the Lima Stock Exchange and in the New York Stock Exchange. The shares were offered by (i) IFS, (ii) Banco Internacional del Perú, SAA — Interbank, a subsidiary of IFS, (iii) Intercorp Perú Ltd. (controlling shareholder of IFS) and (iv) a non-related third party. As part of the transaction, IFS sold 2,418,754 common shares maintained in treasury (including the shares sold by Interbank) and 1,150,000 common shares recently issued. In addition, IFS granted the subscriber banks (underwriters) an option for a duration of 30 additional days to purchase, as additional primary offering, up to 1,350,000 additional ordinary shares. The shares of the offering began to be listed in the New York Stock Exchange on July 19, 2019, under the symbol "IFS".

On July 19, 2019, the subscriber banks (underwriters) exercised the purchase option previously mentioned for a total of 1,186,841 common shares of the company with an issuance value of US\$ 9.72 each, representative of the capital stock of the Company, to be traded and placed in the New York Stock Exchange at the same placement price of US\$ 46.00 that was informed to the market.

As a consequence of these transactions, the amount of the capital stock paid increased to US\$1,122,151,692.60 being represented by 115,447,705 shares with an issuance value of US\$9.72 per share.

The shares of IFS are traded under the mnemonic code “IFS” both in the Lima Stock Exchange and in the New York Stock Exchange. In addition, IFS has two symbols in Bloomberg, IFS PE and IFS US, one for each market in which it has listed its shares. Currently, approximately 29.38% of the shares of IFS are publicly traded in Peru and in the United States. 70.62% of the remaining shares are owned by Intercorp Perú Ltd directly or indirectly.

Table 2. Subsidiaries of Intercorp Financial Services Inc.

Subsidiaries	Line of Business
Banco Internacional del Perú S.A.A. - Interbank and Subsidiaries -	<ul style="list-style-type: none"> Interbank is organized in Peru and it is authorized to operate as a bank by the Banking, Insurance and AFP Superintendence (SBS), according to Peruvian laws. The operations of Interbank are regulated by the General Law of the Financial and Insurance System and Organic Law of the SBS – Law N° 26702 (hereinafter, the “Banking and Insurance Law”), which establishes the requirements, rights, obligations, restrictions and other operation conditions to which financial and insurance entities are subject in Peru.
Interseguro Compañía de Seguros S.A. and Subsidiaries -	<ul style="list-style-type: none"> Interseguro is organized in Peru and its operations are regulated by the Banking and Insurance Law. It is authorized by the SBS to issue life insurance and general insurance policies.
Inteligo Group Corp. and Subsidiaries	<ul style="list-style-type: none"> Inteligo is an entity organized in the Republic of Panama. As of December 31, 2019 and 2018, it maintains 100 percent of the shares
Negocios e Inmuebles S.A. and Holding Retail Perú S.A.	<ul style="list-style-type: none"> These entities were acquired by IFS as part of the acquisition of Seguros Sura and Hipotecaria Sura, see note 9(b). As of December 31, 2019 and 2018, as a consequence of the merger between Interseguro and Seguros Sura, both companies maintain 8.50 percent of the shareholding of Interseguro. In addition, as of December 31, 2018, these entities maintained 30.0 percent of the capital stock of Hipotecaria Sura, a liquidated company, to be further extinguished in October 2019.
San Borja Global Opportunities S.A.C.	<ul style="list-style-type: none"> A company which purpose consists in the trading of products and services through internet, telephone or similar means.
Hipotecaria Sura Empresa Administradora Hipotecaria S.A	<ul style="list-style-type: none"> As of December 31, 2019, the Company has been extinguished. This company was organized in Peru and regulated by the SBS. It was mainly engaged in the granting of mortgage credits. Since year 2015, it had not disbursed new credits.

Source: IFS/ Prepared by: PCS

Figure 1. Timeline of IFS

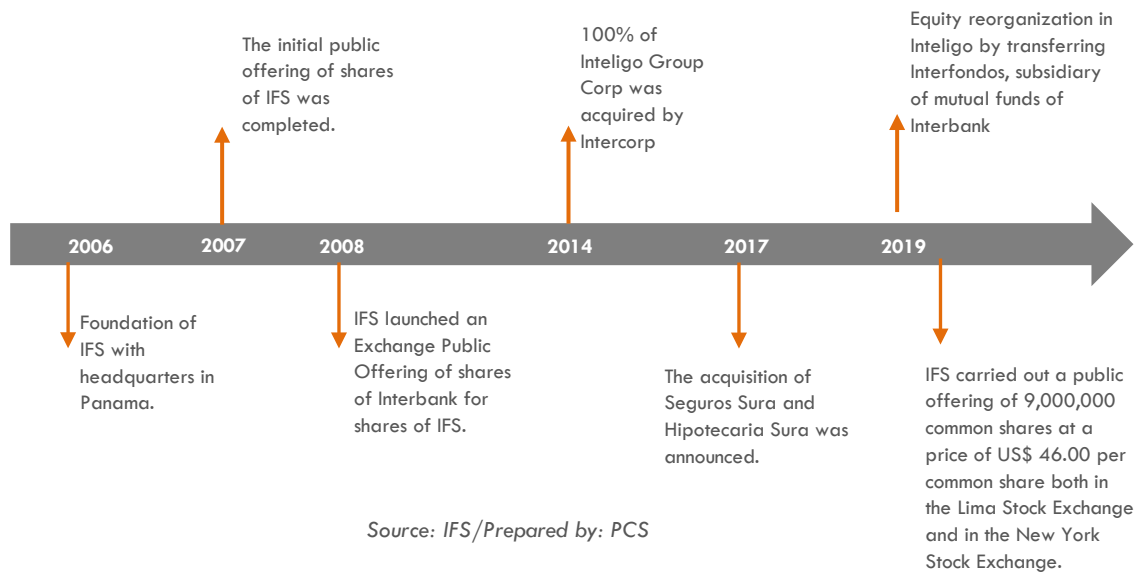


Table 3. Purpose of IFS

Purpose	Description
	Our purpose is to empower all Peruvian citizens to achieve financial well-being, and as such, we have built an integrated platform of financial services in the Peruvian financial system of rapid growth, infra-penetrated and profitable. We have invested in the building of a leader and scalable digital platform (mobile and online), which is being rapidly adopted by existing and new clients and complements one of the largest distribution networks of the country (financial stores, ATMs,

correspondent agents, dedicated sales forces, financial consultants and call centers).

Source: IFS/Prepared by: PCS

As of the closing of financial year 2020, the net profit was 383,259 million dollars.

Figure 2. Consolidated statement of financial position

	Note	2020 S/(000)	2019 S/(000)		Note	2020 S/(000)	2019 S/(000)
Assets				Liabilities and equity			
Funds available:	4(a)			Obligations to the public:	11		
Which do not generate interest		3,397.663	2,704.758	Which do not generate interest		9,354.487	5,644.238
Which generate interest		14,750.135	7,153.180	Which generate interest		<u>37,794.788</u>	<u>32,448.986</u>
Restricted funds		<u>617.684</u>	<u>1,270.937</u>			47,149.275	38,093.224
		18,675.482	11,128.875	Interbank funds	4(e)	28.971	169.138
Intebank funds	4 (e)	18.105	85.006	Debts and financial obligations	12	9,660.877	3,979.637
Financial investments	5	24,277.115	19,072.718	Outstanding securities and obligations	13	7,778.751	6,890.290
Credit portfolio, net:	6			Bank acceptances		16.320	139.685
Credits, net of non-accrued interest		43,504.274	38,531.632	Liability from insurance contracts	14	12,501.723	11,426.631
Credit portfolio impairment		<u>(2,984.851)</u>	<u>(1,394.779)</u>	Other accounts payable, provisions and other liabilities	10	2,146.152	1,960.227
		40,519.423	37,136.853	Income tax deferred liabilities, net	15	<u>11</u>	<u>13</u>
				Total liabilities		<u>79,282.080</u>	<u>62,658.85</u>
Investment properties	7	1,043.978	972.096	Equity, net	16		
Property, furniture and equipment, net	8	844.427	950.943	Equity attributable to shareholders of IFS:		1,038.017	1,038.170
Bank acceptances		16.320	139.685	Capital stock		(2.769)	(196)
Intangibles and commercial credit, net	9	1,042.585	979.262	Treasury shares		532.771	530.456
Other accounts receivable and other assets, net	10	1,355.029	1,051.872	Capital premium		5,200.000	4,700.000
Tax deferred assets to date, net	15	<u>353.565</u>	<u>44.983</u>	Reserves		836.773	442.905
Total assets		<u>88,236.029</u>	<u>71,562.293</u>	Unrealized income, net		<u>1,303.317</u>	<u>2,145.688</u>
				Retained earnings		8,908.109	8,856.870
				Uncontrolled interest		<u>45.840</u>	<u>46.578</u>
				Total net equity		<u>8,953.949</u>	<u>8,903.448</u>
				Total liabilities and equity, net		<u>88,236.029</u>	<u>71,562.293</u>

2. Ownership structure

The capital stock of IFS as of January 01, 2008 was represented by 92,179,513 shares with an issuance value of US\$9.72 per share. In September 2008, due to an operation of exchange of shares of Interbank, IFS issued 1,435,938 shares at an issuance value of US\$9.72 each, and as of December 31, 2009 the capital stock of IFS was represented by 93,615,451 shares with an issuance value of US\$9.72 per share.

Later, in August 2014, two subsidiaries of Intercorp Perú Ltd. (Intercorp Capital Investments Inc. and IFH Capital Corp.) contributed to IFS with 100% of their shares in the capital stock of Inteligo Group Corp., a company organized and existing under the laws of the Republic of Panama.

As a consequence of the foregoing, the capital stock of IFS went from the amount of US\$909,942,183.72 to the new amount of US\$1,099,437,598.08, issuing 19,495,413 shares representative of the capital stock of IFS with an issuance value of US\$9.72 each, in favor of each of the contributors:

(i) Intercorp Capital Investments Inc. received 9,747,707 shares representative of the capital stock of IFS, in exchange for the 418,727 shares, fully paid, representative of 50% of the capital stock of Inteligo Group Corp. that it contributed to IFS.

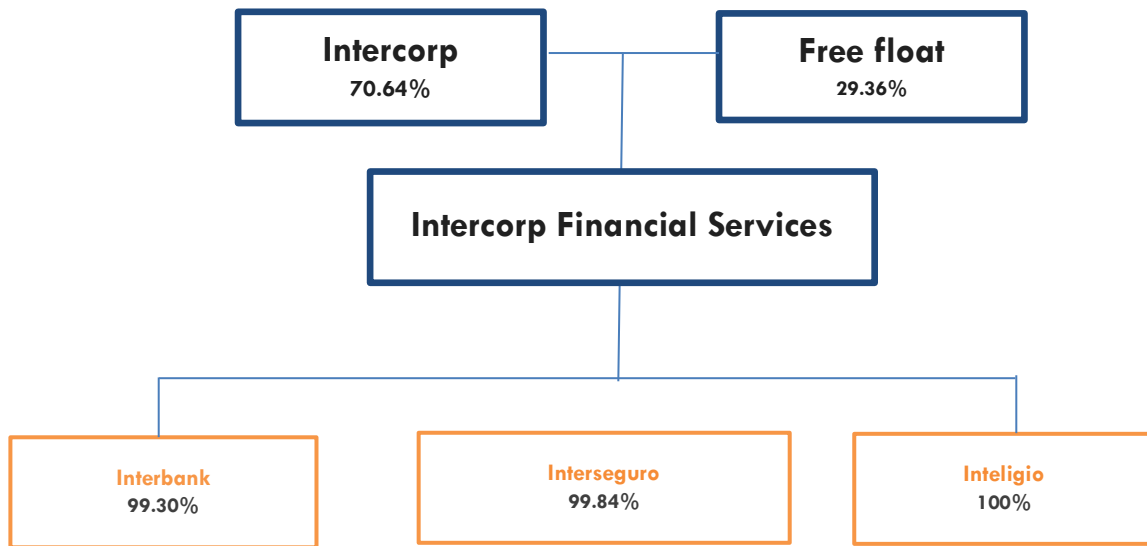
(ii) IFH Capital Corp. received 9,747,706 shares representative of the capital stock of IFS, in exchange for the 418,727 shares, fully paid, representative of 50% of the capital

stock of Inteligo Group Corp. that it contributed to IFS.

As of December 31, 2018 the capital stock of IFS was represented by 113,110,864 shares with an issuance value of US\$9.72 each and a market value of US\$42.00 per share, of which Intercorp Peru Ltd had: (i) direct ownership of 64,568,380 shares that represented 57.08% of the capital stock of IFS, and (ii) indirect ownership through each of its subsidiaries Intercorp Capital Investments Inc. and IFH Capital Corp., of shares representative of 8.62% of the capital stock of IFS.

On July 18, 2019, IFS carried out a public offering of 9,000,000 common shares at a price of US\$ 46.00 per common share both in the Lima Stock Exchange and in the New York Stock Exchange. The shares were offered by (i) IFS, (ii) Banco Internacional del Perú, SAA — Interbank, a subsidiary of IFS, (iii) Intercorp Perú Ltd. (controlling shareholder of IFS) and (iv) a non-related third party. As part of the transaction, IFS sold 2,418,754 common shares kept in treasury (including the shares sold by Interbank) and 1,150,000 common shares recently issued. In addition, IFS granted the subscriber banks (underwriters) an option for a duration of 30 additional days to purchase, as additional primary offering, up to 1,350,000 additional ordinary shares. The shares of the offering started to be listed in the New York Stock Exchange on July 19, 2019, under the symbol "IFS".

Figure 3. Corporate Structure



Source: IFS /Prepared by: PCS

3. Governance of the organization

According to the Good Corporate Governance Guidelines of the company, its corporate governance bodies are comprised by:

- The General Shareholders' Meeting
- The Board of Directors
- The General Management

In addition, according to the Corporate Governance Guidelines, the General Shareholders' Meeting is the supreme body of the Company. The Shareholders, assembled in a General Meeting, duly called for, and with the corresponding quorum, decide, with the majority established by the law of the Republic of Panama and the Articles of Incorporation of the Company, on all the issues under its competence. The sessions of the General Shareholders' Meeting may be ordinary or extraordinary.

Likewise, the Board is the maximum administration body of the Company. It has responsibilities, duties and rights, which, as a whole, are part of the daily routine of the Company and support its development. The commercial activities of the Company are carried out by its officers and employees

under the management of the General Manager and under the supervision of the Board. The members of the Board are elected by the General Shareholders' Meeting to supervise the management and to guarantee the protection of the Company's interests.

The table below shows the members of the Board of Directors for the period from 01.01.2019 to 31.12.2020, elected by the General Shareholders Meeting.

Table 4. Members of the Board

Name	Title
Rodríguez-Pastor Persivale, Carlos Tomás	Chairman of the Board
Zavala Lombardi, Fernando Martín	Director
Morris Guerinoni, Felipe Federico Roy	Director
Bustamante y Bustamante, Jose Alfonso E.	Director
Aljovín Gazzani, Lucía Cayetana	Director
Martínez Barros, Ramón Guillermo	Director
Santa María Guzmán, Hugo Antonio	Director

Source: IFS /Prepared by: PCS

It should be pointed out that during the period under analysis there were no changes in the composition of the Board.

The table below shows the Senior Management and the main corporate managers who hold those positions to date.

Table 6. Members of the Management

Name	Title
Luis Felipe Castellanos López Torres	General Manager
Gonzalo Basadre Brazzini	Deputy General Manager
Michela Casassa Ramat	Finance Manager
Juan Antonio Castro Molina	Legal Manager and Permanent Stock Exchange Representative
Liliana Elcira Vera Villacorta	Accounting Manager
Ernesto Giancarlo Ferrero Merino	Investor Relations Officer
Katia Mercedes Lung Won	Corporate Compliance Officer
Peter Roekaert Embrechts	Internal Auditor

Source: IFS /Prepared by: PCS



PART III

Specific Analysis

1. General Performance Assessment
2. Individual Performance Assessment

1. General Performance

Assessment (Assessment of the Board as collegiate body)

1.1. Composition of the Board

1.1.1. Regulatory scope

The Board is the maximum administration body of the Company. It has responsibilities, duties and rights, which, as a whole, are part of the daily routine of the Company and support its development.

The commercial activities of the Company are carried out by its officers and employees under the management of the General Manager and under the supervision of the Board. The members of the Board are elected by the General Shareholders' Meeting to supervise the management and to guarantee the protection of the Company's interests.

Under the Good Corporate Governance guidelines:

I. Rules of qualification of the directors:

1. The Board is comprised by seven (7) members, of which at least 4 must be independent. (...)

Good Corporate Governance Guidelines.

2. Each Director will be elected by the General Shareholders' Meeting, as established in the Articles of Incorporation of the Company. No substitute or alternate directors will be appointed, especially for reasons of quorum.

1.1.2. Application

The Board of Directors is comprised by seven (7) directors, there being five (5) independent directors, four of them were appointed in session of the Ordinary and Extraordinary General Shareholders' Meeting held on 01.04.2019. In addition, it must be pointed out that no substitute or alternate directors were elected. During the assessment period, no appointment in the Board took place, since there was no resignation and the Articles of Incorporation do not impose specific

restrictions on the number of terms of office that the directors may hold.

In the meeting held on February 13, 2020 the execution of the statements of independence of the members of the Board for the year 2020 was agreed.

With regard to the diversity indicators, it was verified that the directors have different specialties, among them, business, economics, agronomic engineering, law and commercial engineering. In addition, through the survey made to the directors, the professional experience of each director was verified, verifying the compliance of the requirements of the company and the plurality of approaches and opinions.

In addition, it was verified that the company discloses in its website the names of the directors, their status of independence, as well as a brief summary of the résumé of the directors. In addition, it communicates its different stakeholders relevant information such as: Annual reports,¹⁰ corporate governance structure and bodies, composition of the Board, and other information. Finally, the current composition of the Board, elected for the 2019-2021 period, is indicated:

¹⁰ This information is also found in the report of Good Corporate Governance of IFS filed with the Securities Market

Superintendence. [FichaGC_116759_20210331140140.pdf](https://www.smv.gob.pe/FichaGC_116759_20210331140140.pdf)

Table 7. Main characteristics of the directors

N°	Name	Title	Condition	Appointment	Nationality	Profession
1	Rodríguez-Pastor Persivale, Carlos Tomás	Chairman of the Board	Dependent	2007	Peruvian / US	Entrepreneur
2	Zavala Lombardi, Fernando Martín	Director	Dependent	01.04.2019	Peruvian	Economist
3	Morris Guerinoni, Felipe Federico Roy	Director	Independent	2007	Peruvian	Economist
4	Bustamante y Bustamante, Jose Alfonso E.	Director	Independent	2007	Peruvian	Agronomic Engineer
5	Aljovín Gazzani, Lucia Cayetana	Director	Independent	01.04.2019	Peruvian	Lawyer
6	Martínez Barros, Ramón Guillermo	Director	Independent	01.04.2019	Chilean	Commercial Engineer
7	Santa María Guzmán, Hugo Antonio	Director	Independent	01.04.2019	Peruvian	Economist

Source: IFS / Prepared by: PCS

1.2. Appointment of directors

Good Corporate Governance Guidelines. Shareholders' Regulations. Section IV – Ordinary Meetings and functions

“Appoint the members of the Board and establish their remuneration. (The procedures of election of the directors is established.)

In the year 2020 the election of new members of the Board has not occurred. This process was carried out in the year 2019 and it is viewed in the Minutes of the General Shareholders' Meeting held on April 1, 2019, in section 5 of the agenda, where the number of members of the Board was determined, and its members were elected”.

The Shareholders or their representatives may vote separately on the issues that are materially independent, even in the cases where said issues are part of the same issue of the Agenda. Thereby, the Shareholders (or their representatives, if applicable), will be able to exercise separately their voting preferences, particularly, regarding the appointment of each of the directors, of each article or group of articles (materially independent) of the Articles of Incorporation which modification is proposed, among others.

Independent directors

The Board is comprised by seven (7) members, of which at least 4 must be independent.

It was also verified that during the assessment period, no change in the composition of the Board occurred.

Participation in other boards of directors

In addition, the Articles of Incorporation do not impose specific restrictions on the number of terms of office that the directors may hold.

“The Directors must be willing to dedicate sufficient time to carry out their obligations and responsibilities effectively and they must be committed to provide services to the Board for a long time period”.

As it has been commented in previous sections, taking into account the OECD Principles of Good Corporate Governance, it is advisable that the directors do not belong to too many boards, because the correct performance of their duties could be affected.

Virtual board meetings

During the assessment period, it was verified that a General Shareholders' Meeting was held on April 7, 2020. The meeting was held online due to the restrictions on the capacity of premises established due to the Covid-19 pandemic.

1.3. Board Committees

According to Guideline N° 32 of the Latin American Code of Corporate Governance of the CAF, it is recommended that the Board of the company establishes, among its members, special committees that focus on the analysis of the most relevant aspects for the performance of the company.

The Board will have at all times an Audit Committee. The composition of the Audit Committee will be established by the Board, which will approve the performance regulations of said committee. All the members of the audit committee must be independent, according to the independence requirements established in the applicable rules of the New York Stock Exchange, as well as the Securities Exchange Act rule, Rule 10A-3, of the U.S. Securities and Exchange Commission, according to the adjustment period granted under said regulation for Foreign Private Issuers.

It should be pointed out that the Board does not have other committees such as the Appointments committee or the Corporate Governance committee.

“The key obligations and responsibilities of the Audit Committee are established in the Policy of the Audit Committee. The Board may, periodically, establish or maintain the additional committees that it may deem convenient”.

“According to its guidelines, all the members of the audit committee must be independent according to the independence requirements established in the applicable rules of the New York Stock Exchange, as well as the Securities Exchange Act rule, Rule 10A-3, of the U.S. Securities and Exchange Commission”.

Table 8. Audit Committee

Members	Title in the company
Fernando Zavala Lombardi	Dependent Director
Felipe Morris Guerinoni	Independent Director
Hugo Antonio Santa María Guzmán	Independent Auditor

Source: IFS/Prepared by: PCS¹¹

1.4. Work Plan of the Board

¹¹ This assessment corresponds to 2020 period, reason why the composition of the committee that corresponds to said year is being considered. In year 2021, in the month of March, the

Guideline N° 31 of the Latin American Code of Corporate Governance of the CAF, recommends as good practice of the operativity of the Board, to have a work plan that determines the number and schedule of ordinary meetings. The plan must contribute to the efficiency of the functions of the Board. It is recommended that the directors adequately comply with said work plan and carry out, on planned basis, the due follow-up of the performance of the company in its relevant aspects. In that sense, there is no evidence of the existence of a Work Plan of the Board or of a pre-approved schedule of meetings.

As it can be seen in the table below, 100% of the Board meetings were held. It should be clarified that the existence of an approved schedule of meetings could not be verified by the end of year 2019 or at the beginning of the assessment period. In addition, regarding the meetings of the Audit Committee, 7 meetings were scheduled during year 2020 and 9 were held.

Table 10. Board Meetings (01.01.20 - 31.12.20)

N°	Type	Nature	Date held
1	Ordin.	In-person	13.01.20
2	Ordin.	Remote	05.03.20
3	Extra.	Remote	17.03.20
4	Ordin.	Remote	24.03.20
5	Ordin.	Remote	13.04.20
6	Extra.	Remote	22.04.20
7	Ordin.	Remote	12.05.20
8	Extra.	Remote	23.06.20
9	Ordin.	Remote	12.08.20
10	Extra.	Remote	10.11.20

Source: IFS /Prepared by: PCS

Table 11. Meetings of the Audit Committee (01.01.20 – 31.12.20)

N°	Type	Nature	Date scheduled	Date held
1	Ordin	In-person	10.02.20	10.02.20
2	Ordin	In-person	13.03.20	13.03.20
3	Extra	Remote	13.04.20	13.04.20
4	Ordin	Remote	22.04.20	22.04.20
5	Ordin	Remote	08.05.20	08.05.20
6	Ordin	Remote	02.06.20	02.06.20

composition of the Board and of its Audit Committee has been updated.

N°	Type	Nature	Date scheduled	Date held
7	Ordin	Remote	19.06.20	19.06.20
8	Ordin	Remote	10.08.20	10.08.20
9	Ordin	Remote	09.11.20	09.11.20

Source: IFS /Prepared by: PCS

1.5. Internal rules related to the Board

It is advisable that every company has Board Regulations that contain the policies and procedures for its operation, its organizational structure, as well as the functions and responsibilities of the members of the Board. In addition, the regulations must be binding and its non-compliance must imply liability.

In that sense, the company has Good Corporate Governance guidelines. B. Board Regulations (...) main guidelines of the Board that regulate its operation and organization, being binding for all its members:

Rules of qualification of the directors

The Board is comprised by seven (7) members, of which at least 4 must be independent. (...) The members who comply with all the independence requirements established in the applicable rules of the New York Stock Exchange, as well as the Securities Exchange Act rule, Rule 10A-3, de la U.S. Securities and Exchange Commission will be considered independent.

In the meeting held on 13.01.20 the execution of the statements of independence of the members of the Board for year 2020 was agreed.

1.6. Board Meetings

The Board will meet at least four (4) times a year and it will hold additional meetings whenever it may be necessary to discuss issues of special interest or urgency.

During the period comprised between January 01, 2020 and December 31, 2020,

the Board of Directors held ten (10) meetings, of which 7 were programmed pursuant to the schedule of meetings (See indicator 1.5 – Work Plan of the Board), and 3 meetings were extraordinary. In all of the meetings issues related to strategic planning were discussed (reports, presentations and consolidated results) for the organization, as well as issues related to the special situation caused by the pandemic.

1.7. Board Committees Meetings

It is advisable for every company that the Board Committees established maintain a healthy level of activity that allows them to provide effective advice to the Board, dealing with the issues for which they were appointed.

The Board committees of IFS held an average of nine (9) meetings during the period comprised between January 01, 2020 and December 31, 2020, of which 8 were programmed pursuant to the schedule of meetings and 1 meeting was extraordinary.

For the list of meetings held, see indicator 1.4 – Work Plan of the Board).

1.8. Non-presential Board meetings

In the context of the pandemic, the board held 90% of its meetings online. In addition, according to the surveys to directors, all of them consider that the company gives them all the facilities to participate in the meetings, whether on a presential and/or remote basis.

It was verified that between January 01, 2020 and December 31, 2020, 9 virtual meetings were held, and only 1 meeting was in-person.

Finally, it should be pointed out that Guideline N° 31 of the Latin American Code of Corporate Governance of the CAF considers that the practice of virtual meetings of the Board should be limited to the cases where reasons of need and urgency demand it so.

1.9. Calls for meetings and delivery of information

According to the Articles of Incorporation (19.09.2006). Art. Nine, Call Notice: *“The Board meetings may be held in the Republic of Panama or in any other place that the Directors may determine. The call notice for any meeting of the Board will be made by any Dignitary of the company, through a written or personal notice given to each Director no less than three (3) and no more than ten (10) days in advance of the date of the meeting. However, the Board may agree on periodic dates of meeting, in which case the call will not be necessary.”*

The Good Corporate Governance guidelines establish that, from the day of the publication of the call, the documents related to the issues of the Agenda of the General Shareholders’ Meeting about to be held are available to the Shareholders, and they may be requested to the Investor Relations Office during office hours of the Company. The Company will provide the information requested, except in the cases where the disclosure of the data requested could damage the corporate interest, or in the case of confidential facts.

In the survey made to the directors, they stated in 71% that the information required for each of the meetings was sent 2 days in advance of the date of the meeting.

With the purpose that the directors can receive more information and have the adequate time to be prepared, it will be recommended that the time of delivery thereof be extended at least to five days before the Board meeting.

1.10. Presence of independent directors

As of December 2020, the company has seven (7) directors, 5 of which are independent directors.

In that sense, it was verified that they meet all the independence requirements established in the applicable rules of the New York Stock Exchange, as well as the Securities Exchange Act rule, Rule 10A-3, of the U.S. Securities and Exchange Commission.

Table 13. Criteria according to the US Securities and Exchange Commission– SEC

A director is considered independent, if the person is someone who, unless he/she only in his/her condition of member of the audit committee, the board or any other board committee:

- Does not directly or indirectly accept any payment for consulting, advice or other compensatory rate of IFS or of any subsidiary of IFS, provided that, unless the rules of the national securities exchange or the national securities association establish otherwise, the compensatory rates do not include the reception of compensation amounts under a retirement plan (including deferred compensation) for a previous service with IFS (provided that said compensation is not contingent in any way to continuous service).
- The term “indirect acceptance” comprises the acceptance of said compensation by the spouse, a minor child or stepchild, or a child or stepchild that shares the home with the member of the audit committee, or by an entity in which said member of the committee is a partner, member, officer with a position similar to that of managing or executive director, or occupies a similar position (with limited exceptions), and that provides accounting services, consulting, legal advisory services, investment bank advisory services or financial advisory services to IFS or to any of its subsidiaries; or is not an affiliated person of IFS or any subsidiary of IFS.
- The term “affiliate” comprises the person who directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, said person. In addition, “control” means the power to direct, or cause the direction of, the administration and policies of a certain person, whether through the ownership of voting shares, under a contract or otherwise.
- It should be mentioned that, any officer of an affiliate, a director of an affiliate who is also an employee of an affiliate, general partner of an affiliate or a member of the administration of an affiliate will be considered as an affiliated person. Finally, a representative third party or an agent of an affiliate who acts in its place will be also considered as an affiliated person.

Source: IFS /Prepared by: PCS

The table below lists the independent directors of the company in financial year 2020:

Table 14. Independent directors

Name	Title	Category
Felipe Morris Guerinoni	Director	Independent
Cayetana Aljovín Gazzani	Director	Independent
Alfonso Bustamante y Bustamante	Director	Independent

Name	Title	Category
Guillermo Martínez Barros	Director	Independent
Hugo Santa María Guzmán	Director	Independent

Source: IFS /Prepared by: PCS

1.11. Definition of independent director

In addition to the definition of Independence mentioned in the previous section, according to the Good Corporate Governance guidelines, the CAF also establishes a definition for independent Director, which indicates that it means the persons who meet the requirements of professional career, honorability, financial sufficiency and absolute disassociation with the company, its shareholders, administrators or its personnel. In that sense, it was verified that the Company has a formal definition of Independent Director, stated in the criteria of the US Securities and Exchange Commission.

It was verified, through consultation to the company that, all the members of the Board meet the independence requirements established in the procedure described above. In addition, each of the directors signs an Affidavit of Independence, in which they declare that they comply with the independence criteria and state their condition as independent.¹²

1.12. Strategic functions of the Board

The Good Corporate Governance Guidelines indicate that the Board will be also responsible for performing certain specific functions, including:

- a) The selection, evaluation and approval of the remuneration of the General Manager of the Company and the planning of his/her succession;
- b) The review and, in the cases where it may be convenient, the approval of the essential operating, financial, risk management strategies and other corporate strategies, as

¹² PCS had access and reviewed said affidavits of the independent directors.

well as important plans and objectives, and the supervision of the efficacy of the policies and decisions of the management, including the implementation of strategies; and,
c) The establishment and supervision of adequate internal controls and legal and regulatory compliance controls.

In that sense, the minutes of the ten (10) meetings of the Board held between January 01, 2020 and December 31, 2020 were reviewed. The table below shows that the Board has complied with the strategic functions described above. Especially, the functions referred to directing the strategy and establishing and supervising budgets and business plans.

Table 16. Compliance of strategic functions of the Board

N°	Date of meeting	F1	F2	F3	F4
1	27.01.20				
2	17.02.20				
3	12.03.20				
4	18.03.20				
5	20.04.20				
6	27.04.20				
7	25.05.20				
8	08.06.20				
9	22.06.20				
10	06.07.20				
11	20.07.20				
12	03.08.20				
13	10.09.20				
14	19.10.20				
15	25.11.20				
16	14.12.20				
Dedicated meetings		12	11	15	8

Source: IFS /Prepared by: PCS

Finally, the survey applied to the directors reflected that 100% thereof consider that the Board develops the long-term strategic vision.

1.13. Hiring of external consulting for decision-making

Guideline N° 26 of the Latin American Code of Corporate Governance of the CAF

recommends to establish as a right of the directors, the rights of information, help from experts, induction and remuneration. In that sense, the Good Corporate Governance Guidelines establish that the Directors will have full access to the management and to the employees of the Company. The Board and any of its committees are authorized to retain and consult, at the Company's expense, the independent consultants that they may deem convenient. The Board expects that the Directors keep the General Manager informed of the communications between a Director and an officer or other associate of the Company, as the case may be. The Board and any of its committees are authorized to hire legal, financial or other independent consultants, as they may deem convenient, without consulting with the management or, in the case of the committees, with the Board, or without obtaining their approval.

1.14. Induction policy for new directors

Good Corporate Governance Guidelines. Board Regulations (Section VI) – Guidance and Permanent Training of Directors.

1. At their choice, each member of the Board recently elected will participate in a guidance program established by the Company. This guidance program will include presentations designed to get the Directors familiar with the Company and its strategic plans, its significant issues on finance, accounting, audit system and internal control and risk management matters. In addition, the program will deal with the procedures of the Board, the responsibilities of the Directors, the handling of conflicts of interest, the establishment of Committees inside the Company and the different codes and manuals that regulate its Corporate Governance system.

The survey applied to the directors reflects that 86% indicate that they have received an induction process as director.

In addition, during the financial year under assessment no change in the composition of the

Board occurred, reason why its applicability could not be verified.

It should be pointed out that, it is recommended that the induction process also deals with the functions and obligations that the new director must perform, as well as the procedure for the access to information, General Management and Board committees Reports, among others.

1.15. Remuneration of the Board

The Good Corporate Governance Guidelines contemplate in the part of the Shareholders' Regulations, Section IV, that in the Ordinary Meetings the members of the Board may be chosen and their remuneration may be established.

It is recommended to have a procedure that details the steps to be followed to determine the remuneration of the members of the board, taking into account criteria related to dedication hours and the market average. Likewise, it is important to detail whether the directors have bonuses or incentives additional to the payment of their fees.

1.16. Information Policy

It has a Specific Information Policy that applies to:

- All the directors, officers and employees in general of the Company with access to Privileged Information, as well as their relatives or other persons who live in the same residence;
- Any other person or entity, including a trust, legal entity, partnership or other association, that carries out an operation with securities of the Company, whose securities are, in fact, owned by any of the persons indicated in the first bullet above; and, any external person entity that has access to Privileged Information.

The Corporate Governance Guidelines establish in section B. Board Regulations (Section X) Communication with the directors: *The Shareholders and other stakeholders may communicate with the Board in writing with attention to the General Manager of the Company to the address of the company. The General Manager of the Company will forward said communications to all the Directors if they are related to material issues and include information, suggestions or comments that the General Manager deems adequate for their consideration by the entire Board.*

1.17. Code of ethics and conflicts of interests

The company has a series of policies intended to promote ethical behavior, being the main one the Code of Ethics and Conduct.

The Code of Ethics and Standards of Conduct (Article 1.1.2) - (...) contemplates any conduct that involves a privileged or discriminatory treatment that represents a direct or indirect personal benefit. As part of the transparency duty, the Employees and External Collaborators will disclose to the competent Audit Committee and the companies that comprise the Company the existence of any real or potential conflict of interests. (...) Impartiality and disclosure of conflicts of interests.

(...) The competent Audit Committee (whether of IFS or of its corresponding subsidiary) will evaluate the situation and will recommend, as it may deem convenient, the implementation of corrective measures that it may deem adequate and/or will issue the authorizations that it may require.

Finally, the survey applied to the directors reflects that 100% thereof state that they have received the Code of Ethics and Conduct when they were appointed.

2. Individual Performance Assessment (Individual assessment of the directors)

2.1. Compliance of requirements established by the company

According to the Board Regulations which is within the Good Corporate Governance Guidelines, the directors must comply with the rules of qualification of the directors.

It was verified that none of the directors has conflicts of interest or personal conflicts with the company and they have notified if they hold executive positions in other companies and their participation in other Boards.

In addition, the company also stipulates in said procedure that the independent directors must comply with the Criteria of the US Securities and Exchange Commission – SEC. In financial year 2020, it was verified that all the independent directors comply with the abovementioned criteria.

2.2. Professional experience

The experience accumulated by the directors in different areas and fields of their professional activity is essential for the correct performance of their functions as members of the Board and the achievement of the goals proposed in the strategic plan of the company. In that sense, after the analysis conducted and considering the nature of the activities carried out by the company, it has been identified that the Board should be comprised by persons that, as a whole, have experience in strategic planning, administration, international businesses, securities market, accounting, banking and financial system, accounting and finance.

Through the analysis of the individual experience of the members of the Board, complemented by the experience indicated by the directors in the survey applied, it has been verified that the directors comply, as a whole, with all the priority requirements identified, clearly standing out the collective experience accumulated in the field of administration, international businesses, followed by activities related to finance and strategic planning.

2.3. Participation in other Boards

According to ICGN¹³, a director should dedicate at least one week a month in each company in which he/she participates as director. It could be deduced therefrom that, for a director to be able to dedicate sufficient time to his/her work as director, he/she should participate in a maximum of four (4) Boards (considering many companies of a group only as one). In addition, according to the Dow Jones Sustainability Index, the number of directors with four or less participations in external boards is considered in line with any corporate guideline on restrictions on the number of participations in other boards. The table below shows the participation of the directors of the company in other Boards. As it can be seen, according to the information provided by the directors in the survey applied, the participation average is 13.9 and only two directors participate in less than 6 boards.

Alfonso Bustamante y Bustamante	5
Lucía Cayetana Aljovín Gazzani	5
Hugo Antonio Santa María Guzmán	8
Guillermo Martínez Barros	8
Average	13.9

Source: IFS/Prepared by: PCS

2.4. Work hours dedicated to the Board

Considering what is mentioned in the previous section, it would be advisable that each director dedicates at least five (5) hours in average to the performance of his/her designated functions, which includes the review of the information sent, participation in the meeting scheduled and further follow-up of the resolutions. In that sense, it was verified that the average duration of the Board meetings is between 3 and 4 hours for each meeting held. In addition, 4 extraordinary meetings were held. The survey applied to the directors only shows that 86% of the Directors indicate that they dedicate between 6 and 8 hours a week to their work as Director in IFS.

Table 17. Participation of the directors in other Boards¹⁴

Name	Number of Boards
Carlos Rodríguez – Pastor Persivale	18
Fernando Martín Zavala Lombardi	41
Felipe Morris Guerinoni	12

2.5. Board Meetings attended

The table below shows the participation of the directors in the meetings held in the financial year between January 01, 2020 and December 31, 2020. As it can be observed, the average of participation in the Board meetings was more than 97.14%.

Table 18. Participation in Board meetings

Meeting	Fernando Zavala	Carlos Rodríguez	Felipe Morris	Alfonso Bustamante	Cayetana Aljovín	Hugo Santa María	Guillermo Martín
13.02.20	P	X	P	P	P	P	P
05.03.20	P	P	P	P	P	P	P
17.03.20	P	X	P	P	P	P	P
24.03.20	P	P	P	P	P	P	P
13.04.20	P	P	P	P	P	P	P
22.04.20	P	P	P	P	P	P	P
12.05.20	P	P	P	P	P	P	P
23.06.20	P	P	P	P	P	P	P

¹³ [International Corporate Governance Network \(ICGN\)](#)

¹⁴ It should be noted that all the boards in which Fernando Zavala, Felipe Morris and Carlos Rodríguez Pastor participate are companies of Intercorp Group.

12.08.20	P	P	P	P	P	P	P
12.11.20	P	P	P	P	P	P	P
Average	100%	80%	100%	100%	100%	100%	100%
97.14%							

Legend: (P) Presential participation / (X) Non-attendance Source: IFS/Prepared by: PCS

2.6. Board Committees Meetings attended

The table below shows the participation of the directors in the meetings of the Audit Committee, held during the period between January 01 and December 31, 2020. As it can be observed, the average of participation of the members in the meetings of the Board committees was 100%.

It should be noted that the company verified the condition of independence of all the members of the Board through its procedure of election of members of the Board. In addition, it was verified that the independent directors mentioned complied with said condition through the analysis of secondary sources and through consultation to the company.

Table 19. Participation in the meetings of the Audit Committee

Meeting	(1)	(2)	(3)	Average
10.02.20	P	P	P	100%
13.03.20	P	P	P	100%
13.04.20	P	P	P	100%
22.04.20	P	P	P	100%
08.05.20	P	P	P	100%
02.06.20	P	P	P	100%
19.06.20	P	P	P	100%
10.08.20	P	P	P	100%
09.11.20	P	P	P	100%
Participation average				100%

Source: IFS / Prepared by: PCS

2.7. Independence of the directors

As of December 2020, the company has seven (7) directors, of which five are considered as independent directors, as stated by the company in the 2020 Annual Report. The directors considered as independent directors are:

- Felipe Federico Roy Morris Guerinoni
- José Alfonso Bustamante y Bustamante
- Lucía Cayetana Aljovín Gazzani
- Hugo Antonio Santa María Guzmán
- Guillermo Martínez Barros

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