



In the right direction

Consolidated Annual Report 2017

About our report

GRI 102-32, 102-50, 102-51, 102-52, 102-53, 102-54

We are proud to present for second consecutive year our Integrated Annual Report "In the right direction" as a channel to communicate the procedure, actions and impacts of our financial and non-financial performance during the period comprised as of January 1st to December 31st, 2017. This report has been prepared in accordance with the Essential option of the GRI Standards.

Additionally, we considered the contents of the GRI supplement for the financial services sector that are linked to the issues that were determined to be relevant.

For the first year, our report is subject to external verification by an independent third party. This testimony report is attached.

This report also constitutes the Communication on Progress (COP) of the company with respect to our commitments of the UN Global Compact. To evidence our commitment to contribute to the implementation of the SDGs, we have included in the report the most relevant contributions of the company to achieve these goals.

This report presents the performance of Quálitas, the results, and achievements of the year derived from our strategy on economic, social, and environmental issues. We include data from previous years to allow a better analysis and; thus, see the progress made in several items.

The scope of the information presented corresponds to Quálitas Controladora and the operations of its subsidiaries in Mexico, United States, Costa Rica and

El Salvador. Within the chapters, the information may vary with respect to the aforementioned scope. Changes in such scope are informed throughout each topic.

The Executive President, jointly with the Social Responsibility Committee carries out an internal validation regarding the contents presented in the integrated annual report; guaranteeing the inclusion of relevant topics for the different stakeholders of Quálitas.



For more information about our processes, products, and performance, please visit www.qualitas.com.mx; for any comments regarding the information presented, please contact:

Investor Relations /
Corporate Social Responsibility at:

+5255 1555 6103

+5255 5481 8547



DEFINITION OF CONTENTS AND THEIR COVERAGE

GRI 102-46, 102-47, 103-1

Within the framework of being an organization committed to sustainability topics and adherence to international guidelines, in 2016 we conducted an analysis of relevant topics applying the Global Reporting Initiative (GRI) standards, through the process of defining Relevant Topics by considering the current context of sustainability and the issues of our sector.

The purpose of this analysis was to identify the topics which reflect the most significant economic, environmental and social impacts which could influence the decisions of our stakeholders; considering said impacts within an internal and external coverage.

The process consisted in the following key stages having a methodological approach:

Review and Identification

Company's approach	Stakeholders perspective
<p>Analysis of corporate documents, including the Code of Ethics and Conduct and some of the major policies, among others.</p>	<p>Analysis of the results obtained by Quálitas Controladora and its subsidiaries through constant interaction with stakeholders, including a work environment survey and a comprehensive service survey, along with primary information requirements from investors and press appearances.</p>
<p>Interviews with Quálitas Controladora's executives.</p>	<p>Study of the main topics reflected by the industry, as stated in the publications of the Global Reporting Initiative (Financial Services Sector Supplement), the annual analysis of RobecoSAM (Sustainability Yearbook), materiality suggested by SASB and aspects included in the reference document of PSI initiative from UNEP-FI²</p>

² Sustainability Accounting Standard Board (SASB), Principles for Sustainable Insurance (PSI), The United Nations Environment Programme Finance Initiative (UNEP-FI)

PRIORITIZATION AND VALIDATION

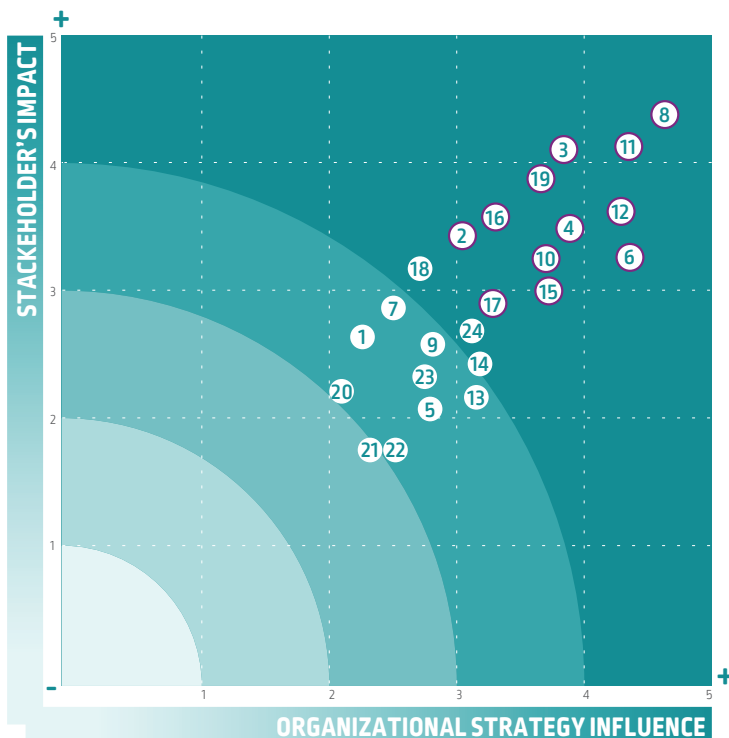
Once the potentially significant topics list was defined, we carried out a quantitative analysis over such topics considering their impact and influence over the operations, the strategic perspective of the company and the approach of stakeholders, through:

Review and Identification

Company's approach	Stakeholders perspective
Level of commitment by the interviewed executives towards the various topics	Direct query through a focus group of agents and interviews to automotive financials with which we operate Indirect query through interviews of employees in charge of the relationship with suppliers and policyholders

The result deriving from the prioritization was schematized in the following relevant topics matrix:

RELEVANT TOPICS MATRIX



The relevant topics were validated by the Social Responsibility Committee.

THEME NO.	STRATEGY	IMPACT	
1	2.5	2.7	Road safety support and education
2	3.1	3.1	Financial education and insurance culture
3	4.0	3.9	Innovation and operational efficiency
4	3.5	3.6	Relationship with suppliers
5	2.6	2.3	Insured availability for entire population
6	4.2	3.3	Relationship with agents
7	2.7	2.8	Insured personal data protection
8	4.4	4.4	Costume service
9	2.7	2.7	Clear and pertinent information on insurance conditions
10	3.5	3.2	Legal compliance
11	4.1	4.0	Ethics, transparency and anti-corruption
12	4.1	3.9	Risk management
13	2.9	2.4	Corporate governance
14	2.9	2.4	Participation in the elaboration of public policies
15	3.4	3.2	Economic results
16	3.5	3.1	Market and brand positioning
17	3.0	3.0	Attraction y retention of employees
18	3.0	3.0	Work climate and employee's satisfaction
19	3.8	3.8	Training and career development (employees)
20	2.4	2.2	Diversity and equal opportunity rights (employees)
21	2.5	2.1	Wages and benefits (employees)
22	2.5	2.1	Health and safety (employees)
23	2.6	2.3	Social support and donations
24	2.9	2.7	Environmental management (energy, waste, emissions, etc.)

MOST RELEVANT THEME

SCORE 4.4
CUSTOMER SERVICE

The relevant topics were validated by the Social Responsibility Committee, which are linked with the external limits, set forth below:

Relevant Topics	External Limits (coverage)
Attraction and retention of employees	NA
Employees training and career development	IT Suppliers and training
Legal compliance	Agents
	Service offices' owners
Ethics, transparency, and anticorruption	Agents
	Service offices' owners
Risk management	Agents
	Service offices' owners
Innovation and operational efficiency	Agents
	Service offices' owners
Market and brand positioning	Service suppliers for policyholders (medical, legal, tow truck, repair shops)
	Agents
	Service offices' owners
Relationship with agents	Service suppliers for policyholders (medical, legal, tow truck, repair shops)
Relationship with suppliers	Service offices' owners
Economic results	NA
	Agents
	Service offices' owners
Customer service	Agents
	Service offices' owners
	Service suppliers for policyholders (medical, legal, tow truck, repair shops)

NA: Not applicable



**Independent Verification Letter of the Consolidated Annual Report 2017
"In the right direction" of Quálitas Controladora, S.A.B. de C.V.**

To the Board of Directors of Quálitas Controladora S.A.B. de C.V., stakeholders and readers of the report:

You are informed that Redes Sociales en Línea Timberlan carried out the independent and impartial verification of the Consolidated Annual Report 2017 "In the right direction" of Quálitas Controladora. Based on internal processes and according to international methodologies, the following is declared:

Scope

The scope of our work consisted in an exhaustive review of the processes of preparing the report, compiling and controlling of Quálitas' information. The integrity and quality of the published data were evaluated.

A limited verification of the content of this report was developed, validating the methodological compliance of the material issues of the company in **accordance with the essential option of the GRI Standards and the sectorial supplement: financial services.**

The correct application of all the contents stated in the GRI index table were analyzed and the veracity, traceability and reliability of the following indicators were corroborated:

102-17	205-2	404-2	FS15
102-20	302-1	405-1	FS16
201-1	401-1	412-2	
204-1	404-1	419-1	

In regard to: CO₂ emission, water consumption, solid waste, absenteeism rate and Quálitas wellbeing program, a special and deep revision was carried out on existing processes, control and quality of presented information.

Responsibilities

Quálitas is responsible for the preparation and presentation of the report. Our commitment is to issue objective opinions of the disseminated content taking as reference: Ethical Principles of Independence of ISAE 3000; and *The external assurance of sustainability reporting* of GRI.

Activities for the verification

Our verification process covered the following activities:

- Interviews with departments that own the information.
- Understanding of information management processes and visualization of control systems.
- Verification of qualitative and quantitative information through visual and documentation evidence of the aforementioned indicators.
- Analysis and comparison of reports from past years regarding the information presented.
- Consultation of electronic evidence: Web page of Quálitas Controladora and those related to the verification of information published in the Report.



Conclusion

We believe that the validation evidence is accurate and adequate so that there is no factor that leads us to conclude that the processes of obtaining and validating information are not effective and that they do not comply with the principles of *traceability, precision, clarity and reliability* of visual evidence and documentary of the contents of the GRI Standard.

Recommendations

An internal report, exclusive for the client, is delivered separately, containing the areas of opportunity detected for future reports.

Declaration of independence and competence of Redes Sociales LT

Redes Sociales employees have the level of competence necessary to verify the compliance with standards used in the preparation of Sustainability Reports, so they can issue a professional opinion of non-financial information reports, complying with the principles of independence, integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. In no case our declaration of verification can be understood as an audit report and therefore no responsibility is assumed for the systems and processes of management and internal control from which the information is obtained. This Letter of Verification is issued on April, 6th two thousand and eighteen and is valid as long as there are no subsequent and substantial modifications to the Quálitas Controladora's 2017 Consolidated Annual Report.

Alma Paulina Garduño Arellano

Redes Sociales en Línea Timberlan S.A. de C.V

Pico Sorata 180, Jardines en la Montaña,
Tlalpan, C.P. 14210, CDMX.

T. (55) 54 46 74 84

paulina@redsociales.com

April 6, 2018

GRI Index of Content

GRI 102-55

Standard	Content	Page / Statement	UN Global Compact Principle
GRI 102: GENERAL CONTENT 2016			
Organization profile			
GRI 102-1	Name of Organization	Back cover	
GRI 102-2	Activities, brands, products, and services	10	
GRI 102-3	Location of headquarters	Back cover	
GRI 102-4	Location of operations	10	
GRI 102-5	Ownership and legal form	10	
GRI 102-6	Markets served	10	
GRI 102-7	Scale of the organization	6, 39	
GRI 102-8	Information on employees and other workers	63	
GRI 102-9	Supply chain	51	
GRI 102-10	Significant changes to the organization and its supply chain	11, 55	
GRI 102-11	Precautionary principle or approach	36	
GRI 102-12	External initiatives	92	
GRI 102-13	Membership of associations	28	
Strategy			
GRI 102-14	Statement from senior decision-maker	3, 22	
GRI 102-15	Key impacts, risks, and opportunities	3, 36	
Ethics and integrity			
GRI 102-16	Values, principles, standards, and norms of behavior	8, 31, 89	Principle 10
GRI 102-17	Mechanisms for advice and concerns about ethics	31, 89	Principle 10
Governance			
GRI 102-18	Governance structure	78	
GRI 102-19	Delegating authority	78	
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	78	
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	25	
GRI 102-22	Composition of the highest governance body and its committees	78	
GRI 102-23	Chair of the highest governance body	78	
GRI 102-24	Nominating and selecting the highest governance body	78	
GRI 102-25	Conflicts of interest	31, 89	
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	8, 78	
GRI 102-27	Collective knowledge of highest governance body	78	
GRI 102-28	Evaluating the highest governance body's performance	78	
GRI 102-29	Identifying and managing economic, environmental, and social impacts	36, 78	
GRI 102-30	Effectiveness of risk management processes	36, 78	
GRI 102-31	Review of economic, environmental, and social topics	78	

Standard	Content	Page/ Statement	UN Global Compact Principle
GRI 102-32	Highest governance body's role in sustainability reporting	97	
GRI 102-33	Communicating critical concerns	78	
GRI 102-34	Nature and total number of critical concerns	89	
GRI 102-35	Remuneration policies	78	
GRI 102-36	Process for determining remuneration	74, 78	
GRI 102-37	Stakeholders' involvement in remuneration	74, 78	
Stakeholder engagement			
GRI 102-40	List of stakeholder groups	25	
		We back-up all the communication between the employees of Quálitas to ensure compliance with labor rights and obligations and to consider the expectations and interests of the employees.	
GRI 102-41	Collective bargaining agreements		Principle 3
GRI 102-42	Identifying and selecting stakeholders	25	
GRI 102-43	Approach to stakeholder engagement	25, 51	
GRI 102-44	Key topics and concerns raised	25	
Reporting practice			
GRI 102-45	Entities included in the consolidated financial statements	10	
GRI 102-46	Defining report content and topic boundaries	99	
GRI 102-47	List of material topics	99	
		No restatements of the information included within the annual report are presented with respect to the nature of the business, calculation method of indicators, mergers and acquisitions.	
GRI 102-48	Restatements of information		
		There are no changes with respect to the presentation period of the annual report, relevant topics and boundaries.	
GRI 102-49	Changes in reporting		
GRI 102-50	Reporting period	97	
GRI 102-51	Date of most recent report	April 2017.	

Standard	Content	Page / Statement	UN Global Compact Principle
GRI 102-52	Reporting cycle	97	
GRI 102-53	Contact point for questions regarding the report	97	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	97	
GRI 102-55	GRI Context Index	105	
GRI 102-56	External Assurance	103	
HIRING AND RETENTION OF EMPLOYEES			
GRI 103-1	Explanation of the material topic and its boundary	99	
GRI 103-2	The management approach and its components	63	
GRI 103-3	Evaluation of the management approach	63	
GRI 401: Employment 2016			
GRI 401-1	New employee hires and employee turnover	66	Principle 6
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	75	
GRI 405: Diversity and equal opportunity 2016			
GRI-405-1	Diversity of governance bodies and employees	63, 78	Principle 6
EMPLOYEES TRAINING AND CAREER DEVELOPMENT			
GRI 103-1	Explanation of the material topic and its Boundary	99	
GRI 103-2	The management approach and its components	63, 69	
GRI 103-3	Evaluation of the management approach	63, 69	
GRI 404: Training and education 2016			
GRI-404-1	Average hours of training per year per employee	67	Principle 6
GRI-404-2	Programs for upgrading employee skills and transition assistance programs	72	
GRI-404-3	Percentage of employees receiving regular performance and career development reviews	74	Principle 6
LEGAL COMPLIANCE			
GRI 103-1	Explanation of the material topic and its Boundary	99	
GRI 103-2	The management approach and its components	36	
GRI 103-3	Evaluation of the management approach	36	
GRI 206: Anticompetitive behavior 2016			
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	36	
GRI 307: Environmental compliance 2016			
GRI 307-1	Non-compliance with environmental laws and regulations	36	Principle 8
GRI 417: Marketing and labeling 2016			
GRI 417-1	Requirements for product and service information and labeling	20	
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	In 2017, there were no cases or breach identified related to our services and marketing communications.	
GRI 417-3	Incidents of non-compliance concerning marketing communications		

Standard	Content	Page/ Statement	UN Global Compact Principle
GRI 419: Socioeconomic compliance 2016			
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	In 2017 Quálitas had three monetary penalties imposed by CONDUSEF for the total amount of \$64,760 MXN. Two of them for not informing on time regarding the constitution of the specific technical reserve and one for not presenting an initial report within the conciliatory process.	
FINANCIAL EDUCATION AND INSURANCE CULTURE			
GRI 103-1	Explanation of the material topic and its boundary	99	
GRI 103-2	The management approach and its components	19	
GRI 103-3	Evaluation of the management approach	19	
Disclosures for the financial services sector			
FS13	Access points in low-populated or economically disadvantaged areas by type	19	
FS14	Initiatives to improve access to financial services for disadvantaged people	19	
FS16	Initiatives for improving the financial culture for type of beneficiary	28	
ETHICS, TRANSPARENCY, AND ANTICORRUPTION			
GRI 103-1	Explanation of the material topic and its boundary	99	
GRI 103-2	The management approach and its components	89	Principles: 1, 2, 3, 4, 5, 6 and 10
GRI 103-3	Evaluation of the management approach	89	
GRI 205: Anticorruption 2016			
GRI 205-1	Operations assessed for risks related to corruption	89	Principle 10
GRI 205-2	Communication and training about anti-corruption policies and procedures	89	
RISK MANAGEMENT			
GRI 103-1	Explanation of the material topic and its boundary	99	
GRI 103-2	The management approach and its components	36	Principles: 1, 2, 4, 5, 6 and 10
GRI 103-3	Evaluation of the management approach	36	
GRI 412: Human Rights assessment 2016			
GRI 412-2	Employee training on human rights policies or procedures	89	Principle 1
INNOVATION AND OPERATIONAL EFFICIENCY			
GRI 103-1	Explanation of the material topic and its boundary	99	
GRI 103-2	The management approach and its components	33	Principles: 7, 8 and 9
GRI 103-3	Evaluation of the management approach	33	

Standard	Content	Page / Statement	UN Global Compact Principle
GRI 302: Energy 2016			
GRI 302-1	Energy consumption within the organization	33	Principles: 7 and 8
GRI 416: Customer health and safety 2016			
GRI 416-1	Assessment of the health and safety impacts of product and service categories	51	
BRAND AND MARKET POSITIONING			
GRI 103-1	Explanation of the material topic and its boundary	99	
GRI 103-2	The management approach and its components	10	
GRI 103-3	Evaluation of the management approach	10	
Disclosures for the Financial Services Sector			
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	39	
RELATIONSHIP WITH AGENTS			
GRI 103-1	Explanation of the material topic and its boundary	99	
GRI 103-2	The management approach and its components	54	
GRI 103-3	Evaluation of the management approach	54	
RELATIONSHIP WITH SUPPLIERS			
GRI 103-1	Explanation of the material topic and its boundary	99	
GRI 103-2	The management approach and its components	55	
GRI 103-3	Evaluation of the management approach	55	
GRI 204: Procurement practices 2016			
GRI-204-1	Proportion of spending on local suppliers	47	
ECONOMIC RESULTS			
GRI 103-1	Explanation of the material topic and its boundary	99	
GRI 103-2	The management approach and its components	40	
GRI 103-3	Evaluation of the management approach	40	
GRI 201: Economic performance 2016			
GRI 201-1	Direct economic value generated and distributed	47	
GRI 201-4	Financial assistance received from government	In Quálitas we do not receive financial support from the Federal, State or local government.	
CLIENT SERVICE			
GRI 103-1	Explanation of the material topic and its boundary	99	
GRI 103-2	The management approach and its components	51	
GRI 103-3	Evaluation of the management approach	51	
Disclosures for the Financial Services Sector			
FS15	Policies for the fair design and sale of financial products and services	51	

GRI 102-1, 102-3



www.qualitas.com.mx

Quálitas Controladora, S.A.B. de C.V.
Av. San Jerónimo 478, Álvaro Obregón, Jardines del Pedregal, 01900 Ciudad de México.