



In the right direction

Consolidated Annual Report 2017

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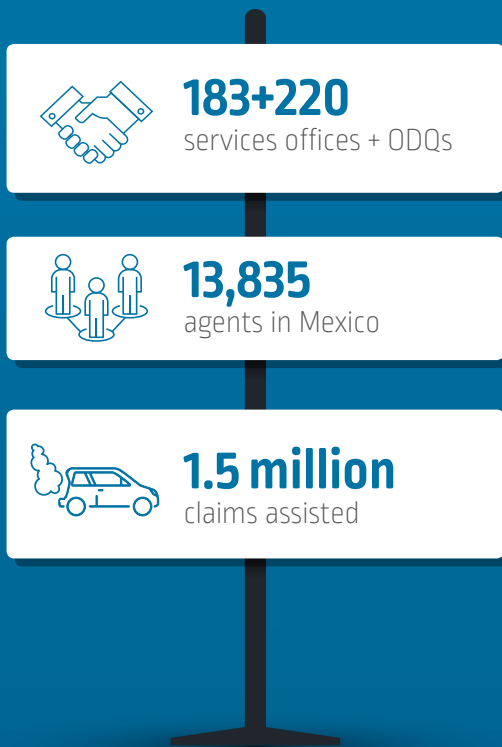
Challenges:

turning hardships into opportunities.



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At Quálitas, we seek to promote a safety road culture among our policyholders and the general population to reduce the high number of vehicular accidents.

We create awareness through initiatives which guide and provide information on the importance of having better driving habits.

At the end of 2017 we had a total of 3,818,542 insured units in the four countries where we operate. This represented a 10% increase, vis-à-vis 2016.

GRI 102-9, 102-43, 103-2, 103-3, 416-1, FS15

This increase is the result of our focus on service excellence and the actions we undertake with our stakeholders. Each of them has a key and fundamental participation within our offer of products and services, as well as during the attention provided for the claims.

POLICYHOLDERS

Our policyholders motivate us to improve and create solutions to ensure their patrimony. To guarantee the success of our products and services, we consider it is essential that the policyholder has the precise information allowing him/her to know the product that better adapts to his/her needs.

In connection therewith, we have guidelines to ensure that the policyholder has the precise and sufficient information on the products acquired by him/her. As part of these attention guidelines, we deliver a kit containing: the policy specifying the hired coverages and limits, the General Conditions with the most relevant clauses included in the Insurance and Bond Laws and a Glossary of Terms.

Furthermore, we deliver a **Claims Attention Guide** which provides guidance on what to do in the event of a claim, a quick guide for the indemnification process and a brochure including the rights as policyholder, contractor or beneficiary of insurance.

To complement our service offer and to benefit our policyholders after a claim happens; in 2017 we launched two products:



¹ For more information over such matter, please refer to "Organizational Identity".



Substitute Car and Substitute Truck; these coverages contribute so that our clients do not have to stop doing their activities while their automobile is under repair as, in case of suffering an accident, whether involving a partial or total loss, we provide them support for renting a vehicle.

The acquisitions of these products, as well as the rest of our portfolio products, can be made through our marketing channels. These are available through our network of service offices', agents and ODQs (Quáalitas Development Offices), located in areas with low insurance penetration.

It is also possible to hire our products and services through automotive financing institutions and through the Quáalitas website. At all times during our relationship with our policyholders, our employees must comply with the **Marketing Policy and the Code of Ethics and Conduct**, which regulate our overall performance.

With the purpose of bringing us closer to less attended communities, where it is necessary to consolidate an insurance culture, in Quáalitas we offer competitive, fair, and equitable rates according to each zip code area.

In addition to providing personalized attention through our offices, we provide our customers with more advanced communication channels, such as the “Q Móvil” App, which after three years of being launched, constitutes a comprehensive service platform.

Given that the claims officer intervenes in a key moment in the relationship with our policyholder, in 2017 we updated our **Claims Officer General Policies Handbook**. The handbook contains the guidelines, policies and procedures to be followed by the claims officers to carry out the evaluation for establishing the causes of the accident and other circumstances that may influence the determination of the liability derived from an insurance contract pursuant to the Insurance and Bond Institutions Law.

Our handbook defines the profile of skills and capabilities that Quálitas’ claims officers must have, which are reinforced through our **Claims Officers Seedbed** (talent incubator), and its objective is to develop the skills for assisting an accident according to the demarcation guide and applicable regulations, in compliance with the service philosophy and the **Code of Ethics and Conduct**. The Claims School of the Quálitas University also contributes to improving the profile of the claims officer.

Given that we are committed to the continuous improvement of our services, we conduct a monthly **Comprehensive Service Survey** to our policyholders and third parties who reported a claim or carried out a procedure with us. This survey evaluates each of the services we provide: call center, claim officers, medical service, towing service, service in the repair shops or agency, compensation payment, and legal advice.

For Quálitas, it is crucial to ensure that each of our internal processes are carried out correctly, to track the experience faced by each of our policyholders and, especially, to identify the opportunity areas in certain processes that can lead us to improve the experience of our clients.

Through these actions we are more efficient, and we consolidate our purpose of service excellence with our policyholders.

26,610
SURVEYS
RECEIVED IN
2017 FROM
POLICYHOLDERS
AND THIRD
PARTIES



AGENTS

GRI 103-2, 103-3

Our agents, in addition to having the commitment to market and sell our products, they are also responsible for maintaining a solid relationship based upon the trust they convey to our policyholders through their advice and treatment.

In this way, at Quálitas we seek the improvement and optimization of our processes, maintaining a close alliance with them to offer the best service since they are a fundamental part of our business model, ensuring our success and permanence in the market.

That is the reason why in 2017, we offered the **Agents' Financial Health** course through the Quálitas University platform in order to provide tools that contribute to a better management of their resources.

We raised awareness on our new Code of Ethics and Conduct to our agents and, in this way, we conveyed our ethics and integrity philosophy to prevent corruption and conflicts of interest by promoting the transparency of our processes.

To continue with the optimal performance and training of our agents, we have the agent school within the Quálitas University. We had a participation of over 2,000 agents during 2017. In addition, within the Agent Training program, we launched 69 courses for 972 agents, which is the equivalent to 38,330 training hours.

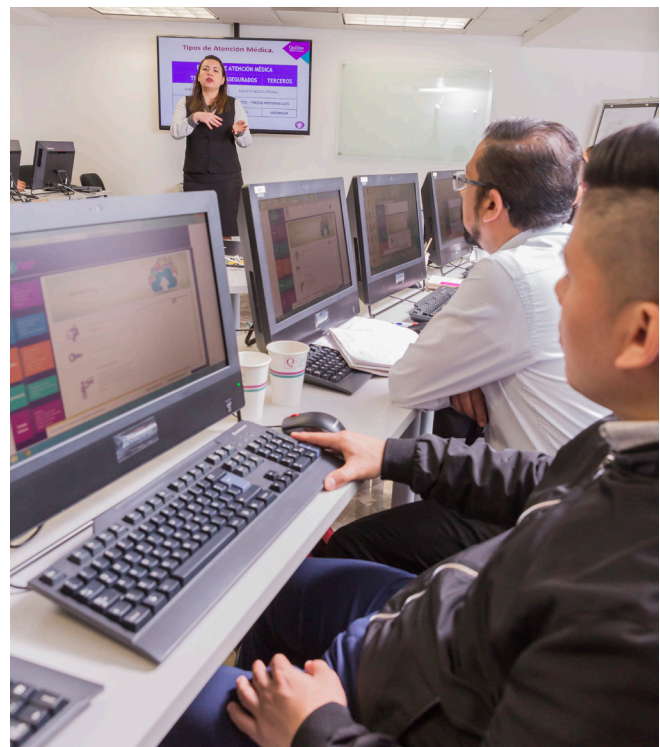
For the first time, we conducted the Agent Service Survey, so we could know the perception and opinion on the processes of our company: issuance, policy management, training, advice, commission collection, bonuses, attention, and support during an accident.

² For more information, please refer to the chapter: "04 Commitment: moving toward sustainability"

WE REACHED

25.3%

PARTICIPATION IN AGENTS' SERVICE SURVEY



Based upon the results of this survey, we were able to strengthen our relationship with our agents by attending their specific needs. The survey also allowed us to know the performance of the departments providing support and attention to this group.

SUPPLIERS

GRI 102-10, 103-2, 103-3

Our suppliers are a fundamental part of the long term relationship we seek to establish with our policyholders; therefore, they have at their disposal the necessary knowledge and tools to guarantee service excellence.

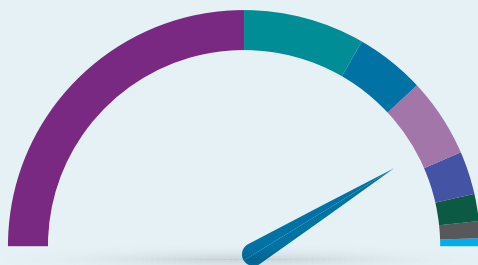
We establish relationships with suppliers who comply with our policies and guidelines, guaranteeing the value chain and complying with the requirements of our stakeholders under a continuous improvement approach.

To prevent negative impacts on labor and environmental matters, we monitor that our contracts include clear responsibilities for our suppliers, allowing us to have access to documents guaranteeing that they are acting in accordance with applicable regulations.

In 2017, we allocated \$10,392 million pesos in payments to service suppliers; 99.9% being local supplier companies, contributing to the national economy.



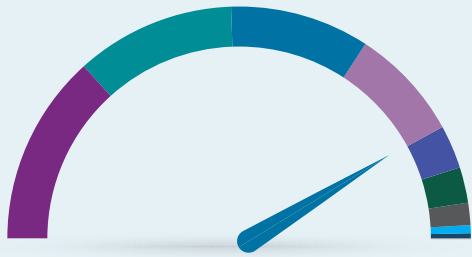
Suppliers breakdown by expenses



50% agencies
17% repair shops
10% tow trucks
10% spare parts vendors

6% medical services
4% glass companies
2% construction companies
2% others

Breakdown by type of supplier



27% agencies
23% medical services
20% repair shops
15% tow trucks
6% spare parts vendors

5% fees
3% construction companies
1% legal
0.38% glass companies
0.06% environmental protection

As part of the supplier training initiatives, in 2017 we launched the **Suppliers School**, with the purpose of raising awareness of the values and organizational philosophy of Quálitas and to reinforce the skills of our spare parts suppliers, repair shops and tow trucks.

The modules are oriented to inform, understand, and adopt the organizational philosophy of Quálitas, acquire knowledge about billing and operational processes, among others. This is an added value that allows us to have alliances and maintain a lasting relationship with our suppliers.

We have internal programs which benefit the relationship with our suppliers, for example our Automobile and Heavy Equipment Incubator program, which are provided every six months, with the objective of developing skills and competencies to effectively identify the damages presented in the structures of cars.

AUTOMOTIVE FINANCING INSTITUTIONS

One of our most important allies in the commercialization of our products and services are vehicle leasing companies, automotive finance companies and agencies.

To continue being selected by our clients, we have the **Q Agencies** portal at their disposal, as an efficient administrative management channel for collections and commission payment processes, among others.




It is worth noting that each institution has a wide range of financing plans, as well as policy options adjusted to the needs and requirements of the market.

We incorporate technologies improving the quality of our products and services in line with our constant practice of providing excellent service to strengthen a long term relationship with our clients.

INNOVATION

In order to increase the value of our products, we are constantly working on the development of devices and tools that accelerate the service and contribute to the safety of people.

We have 5 digital tools:

<p>Q Móvil App</p> 	<ul style="list-style-type: none"> · Claims report, road assistance request and emergency · Consultation and information about the policy and payment receipts · Directory of service offices · GPS tracking location of the claims officer · Location of stolen vehicles through Encontrack · Vehicle repair status
<p>Encontrack</p> 	<ul style="list-style-type: none"> · Vehicle recovery tool in case of robbery · The service has its own recovery team in strategic locations in the country · Recovery center exclusively for Quálitas · Deductible reduction in case of robbery · Unique synergy with Quálitas, a single communication and control contact
<p>Mobileye</p> 	<ul style="list-style-type: none"> · Accident prevention device · Informs the driver up to 2.7 seconds before a collision, which reduces the accident rate · Greater profitability when reducing accidents · Helps to achieve a more efficient fuel consumption · Predictive analysis

Q Agentes



- Quotation without the need of internet
- Easy tariff update
- Possibility of issuing policies online
- Reports consultation

Q 360° Portal



To accelerate the communication with our policyholders, we implemented chatbots, an artificial intelligence computer program that responds to customer concerns through text messages on our website.

To shorten response times, we designed the “Ajuste Exprés” (Express Adjustment) modality. This modality provides remote accident assistance applicable to certain conditions.

EFFICIENCY IN SERVICE

In compliance with the requirements set forth by law, all our claims officers are certified by the National Insurance and Bonds Commission, which issues them a certificate to carry out their professional activities.

Compliance with the requirements of applicable regulations and the continuous improvement of Quálitas in its processes, positively impacts the quality of our services.

BENEFITS OF CERTIFIED REPAIR SHOPS

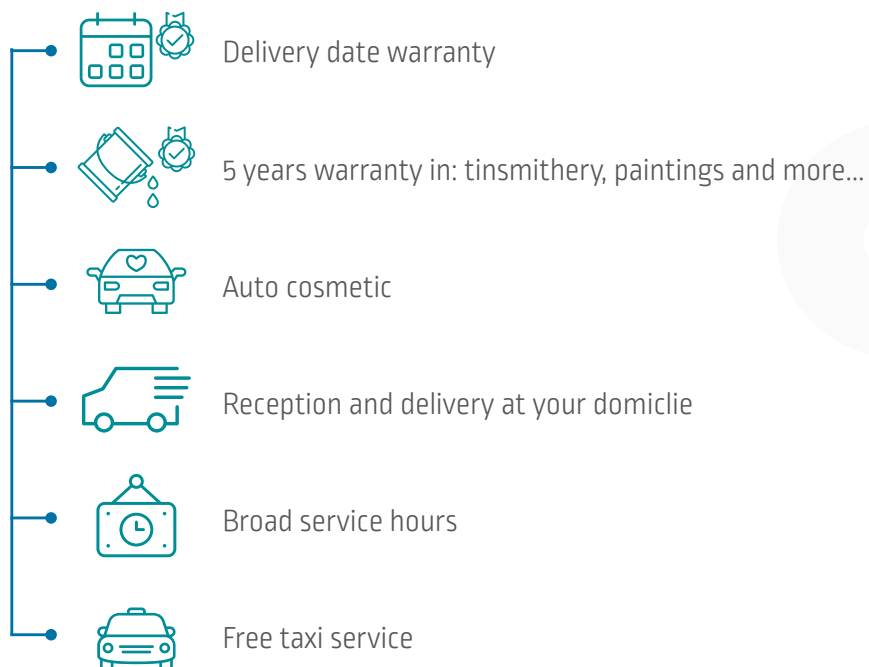
One of the initiatives we promoted was the creation of certified repair shops to provide certainty to our policyholders with respect to the quality of the repairs made on their vehicles. This year we selected several cities in Mexico to register certified and qualified repair shops with adequate facilities according to the service quality required by Quálitas.

For the repair shops, this year we created the following positions:

Repair shops inspector: visits and verifies the operation of repair shops and agencies to identify matters not within the standards and to implement improvement action plans.

Supplier’s development: provides feedback to the repair shops informing improvements they could make with respect to the development of budgets, timely files, as well as guiding the supplier over billing issues.

Services of our Certified Repair Shops



ROAD SAFETY

Pursuant to data from the National Public Security System (SNSP) in Mexico more than 11,000 people die each year due to an automotive accident while thousands end up with some type of disability as a consequence of such accidents.

Deriving from this problem and as part of our initiatives, we launched the **Quálitás Road Safety Campaign**; which aims to guide those driving any vehicle, as well as to raise awareness of safety practices.

This campaign seeks to minimize the high accident rate and to generate an impact on drivers on the importance of being cautious when driving.

The information is spread through informative materials and is updated on a monthly basis, providing a different message, in addition to sending and subscribing to a newsletter with information, videos, and interesting facts on the subject³.

As part of this campaign, Quálitas, Universum and Cinema Park made an alliance to present “Tour Camino a la Seguridad” (Path to Safety Tour), the aforementioned aims to project a short film in cinemas to raise awareness among the Mexican population in order to reduce accidents.

³ For more information about Quálitas Road Safety, please refer to www.conductavialqualitas.net



Be
“smarter”
than your phone

To be attached to your phone can cost you your life. When walking on the street stay alert.

Pay attention and look after your life!

conductavialqualitas.com.mx

ROAD SAFETY
Quálitás
ZERO ACCIDENTS

When being behind the wheel your life and that of others are at stake.



Remain
crystal clear

Having a good vision is vital to be safe while driving. Be sure to check your windshield whippers.

conductavialqualitas.com.mx

ROAD SAFETY
Quálitás
ZERO ACCIDENTS

When being behind the wheel your life and that of others are at stake.



Pedestrians
are not equipped
with airbags

Respect the speed limit
in cities and highways.

conductavialqualitas.com.mx

ROAD SAFETY
Quálitás
ZERO ACCIDENTS

When being behind the wheel your life and that of others are at stake.

GRI 102-1, 102-3



www.qualitas.com.mx

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