



# In the right direction

Consolidated Annual Report 2017

# Corporate Governance

GRI 102-18, 102-19, 102-20, 102-22, 102-23, 102-24, 102-26, 102-27, 102-28, 102-29, 102-30, 102-31, 102-33, 102-35, 102-36, 102-37, 405-1

At Quálitas we have a Corporate Governance system guaranteeing the company's permanence over time, through strategic, ethical, and transparent management.

## STRUCTURE OF THE GOVERNANCE BODY

Pursuant to the Insurance and Bond Institutions Law, the Board of Directors is responsible for the implementation and monitoring of our Corporate Governance. **The Board of Directors** is integrated by 13 Board members, of which 10 are independent having an average of 6 years of seniority in our Board. Furthermore, we have 2 alternate Board members (related members).
































The Board of Directors is chaired by Mr. Joaquín Brockman Lozano, as voted by the Board, who is also one of the founding shareholders having vast knowledge of the company and the industry.



**The Board protects the shareholders' interests, prevents conflict of interest and promotes the social responsible operation of the business.**

## BOARD OF DIRECTORS

## COMMITTEES

	QUÁLITAS CONTROLADORA	AUDIT	CORPORATE PRACTICES	SOCIAL RESPONSIBILITY	INVESTMENT, FINANCE AND PLANNING	OPERATIONS	REINSURANCE
Joaquín Brockman Lozano <sup>1</sup>							
Wilfrido Javier Castillo Sánchez Mejorada							
María del Pilar Moreno Alanís							
Juan Enrique Murguía Pozzi							
Fernando Jacinto Velarde Muro							
Juan Felipe Sottill Achutegui							
Juan Marco Gutiérrez Wanless							
Harald Feldhaus Herrmann							
Juan Orozco y Gómez Portugal							
Raúl Alejandro Jiménez-Bonnet García							
Mauricio Domenge Gaudry							
Christian Alejandro Pedemonte del Castillo							
Madeleine Marthe Claude Brémond Santacruz							
Noah Daniel Couttolenc Brockmann							
Wilfrido Javier Castillo Miranda Olea							

 Related Member Independent Member Alternate Member Chairman Vice Chairman<sup>1</sup>Founding Partner and Executive President.

## BOARD OF DIRECTORS

### Joaquín Brockman Lozano

Joaquín Brockman Lozano is the founding partner of Quálitas and Chairman of the Board of Quálitas Controladora since 2008. He was the Chief Executive Officer of Quálitas Compañía de Seguros from 1994 through March 2016, he currently serves as Executive President, equivalent to CEO, of Quálitas Controladora. He has an extensive experience in the insurance industry in Mexico.

In the early 70's he worked at Seguros America and from 1974 to 1991 he worked at Brockmann and Schuh, the largest insurance broker in Mexico at the time. From 1989 to 1991 he acted as National President of AMASFAC. He is currently member of the Board of Directors of Grupo Financiero Aserta, Servicios Financieros Comunitarios (Fincomún) and Grupo Beta San Miguel.

Joaquín Brockman holds a degree in Business Administration from Universidad Anáhuac, a Diploma in Senior Executive Management from IPADE and a Diploma in Risk and Insurance from the College of Insurance in New York City.

### Wilfrido Javier Castillo Sánchez Mejorada

Wilfrido Javier Castillo Sánchez Mejorada is one of the founding partners of Quálitas and member of the Board since 2008. He is Vice-chairman of the Board since 2016. He acted as CFO from 1996 to July 2014, and he is currently the Head of Investments and Investor Relations.

Prior co-founding Quálitas, he held various management positions in Mexico's financial sector, including several brokerage firms. He is an active member of the College of Public Accountants of Mexico, in which he served as President from 1982 to 1984.

He is member of the Board of Directors of Corporación Inmobiliaria Vesta, Grupo Financiero Aserta and Maxcom Telecomunicaciones. Wilfrido Castillo holds a degree in Accounting from the Universidad Nacional Autónoma de México.

### Juan Enrique Murguía Pozzi

Juan Enrique Murguía Pozzi is member of the Board since 2008. He has extensive experience in finance, particularly in insurance and bonding.

He has held various positions in the Mexican financial sector including Afianzadora Insurgentes, Grupo Financiero Serfin, Seguros Serfin and Afianzadora Serfin, Afore Garante, and in Murguía Consultores, Agente de Seguros y de Fianzas.

Currently, he serves as Chairman of the Board of Sociedad Financiera Popular Fincomún, Servicios Financieros Comunitarios and Grupo Financiero Aserta. He is currently President of the Advisory Council of Nacional Financiera in Mexico City.

Juan Murgía holds a lawyer degree from the Escuela Libre de Derecho and has a Diploma in Senior Executive Management from IPADE.

#### **Harald Feldhaus Herrmann**

Harald Feldhaus Herrmann is member of the Board since 2008. He has extensive experience in the Insurance Industry. He was Chairman of the Board of Brockmann and Schuh, Servicios Actuariales and from Reinmex. He was Chairman of Marsh&McLennan Companies Latin America. He is currently a Consultant and he is also member of the Board at Hoteles Cityexpress, SAFE-Data Resources and Fondo para la Paz (NGO).

Harald Feldhaus holds a degree in Actuarial Science from the Universidad Nacional Autónoma de México and a Diploma in Top Management from the IPADE Business School.

#### **Juan Orozco y Gómez Portugal**

Juan Orozco y Gómez Portugal is member of the Board since 2008. He has extensive experience in the industrial and insurance sectors. He was CEO of Spicer, Seguros La Comercial, DESC Sociedad de Fomento Industrial, currently KUO, Seguros América, and Seguros Interamericana.

He was Deputy Managing Director of Banco Nacional de México, being responsible for the Industries and Insurance area. Currently, he serves as Chairman of Grupo Esal. He is also the Chairman of Spee Dee and member of the Board of Grupo Financiero Aserta, Fincomún and he also serves as Chairman and member of various philanthropic institutions.

Juan Orozco holds a degree in Public Accounting from the Universidad Nacional Autónoma de México and a Diploma in Senior Management from the IPADE Business School AD-2 and with a Diploma in Liberal and Social Economic Model from Universidad Menéndez y Pelayo de Santander, Spain.

#### **Raúl Alejandro Jiménez-Bonnet García**

Raúl Alejandro Jiménez-Bonnet García is member of the Board since 2008. He has extensive experience in the financial sector, serving in several institutions such as Bank of America and ING Groep. He has been board member of several companies in the industrial and services sectors. Since 1998 he has been Managing Partner of Dymax, a company specialized in financial consulting in M&A.

Raúl Jiménez-Bonnet holds a degree in Industrial Design from the Universidad Iberoamericana and a Master's degree in Business Administration from Boston College.

### **Mauricio Domenge Gaudry**

Mauricio Domenge Gaudry is member of the Board since 2008. His experience is related with debt and investments of complex financial schemes for large infrastructure projects. In 1979 he joined NM Rothschild & Sons Limited (England) a company where he worked for 25 years developing financial models, services agreements, tariff schemes, concessions and foreign investments in countries such as United Kingdom, Spain, Colombia, Chile, and Mexico.

He is currently a consultant of project finance, mainly related with energy, and he participates in several boards of financial companies. He also serves as member of the credit and investment committees of such companies.

He has been a board member in brokerage firms, mortgage, financial, and banking companies both, in Mexico and abroad.

Currently, he is Board member of Anteris Capital Venture Lending, S. de R.L. de C.V. and of Altum CP, S.A.P.I. de C.V. SOFOM, E.N.R.

### **Juan Marco Gutiérrez Wanless**

Juan Marco Gutiérrez Wanless is a member of the Board since 2012. He was CEO of Grupo KUO and Pegaso. He was also Deputy Director of Promecap and Telefónica Móviles. He is founding member of Anteris Capital and since 2015 he has been acting as a member of the Board of Directors and of the Audit and Corporate Practices Committees at UNIFIN.

Juan Marco Gutiérrez holds a degree in Industrial Engineering from the Universidad Anáhuac and MBA studies from the ITAM.

### **Juan Felipe Sottit Achutegui**

Juan Felipe Sottit Achutegui is member of the Board since 2008. He was partner of Ascentia, a financial consulting firm since 2002 up until 2009 and he is currently the CFO of Corporación Inmobiliaria Vesta.

Juan Sottit graduated in Industrial Engineering from the Universidad Anáhuac and has a Master's degree in Business Administration from Harvard Business School.

### **Fernando Jacinto Velarde Muro**

Fernando Jacinto Velarde Muro is member of the Board since 2012. He was the CEO of Invermexico Casa de Bolsa and Deputy Managing Director of Casa de Bolsa Inverlat. From 1991 to 1992 he was partner of Finser and he is currently the Managing Partner of F.J. Asesores.

Fernando Velarde holds a degree in Accounting from the Escuela Bancaria y Comercial and a postgraduate degree from the Instituto Brasileiro de Mercado de Capitais.

### **Christian Alejandro Pedemonte del Castillo**

Christian Alejandro Pedemonte is a member of the Board since 2013. He has over 30 years of professional experience, building his career on the commercial banking and investment banking.

He served 24 years in Rothschild, where his work included management and implementation of projects, M&A, financial restructuring, project financing, privatization and foreign investment, being the representative in Mexico of the bank NM Rothschild & Sons for over a decade.

Christian Pedemonte holds a degree in Business Administration from the Universidad Iberoamericana and he is specialized in Finance. He currently leads the M&A and Corporate Finances area of BNP Paribas in Mexico. He is also member of the Board and of the Executive Committee of The American British Cowdray Medical Center IAP and of the patronage of Fundación Casa Alianza México IAP.

### **María del Pilar Moreno Alanís**

María del Pilar Moreno Alanís is a member of the Board since 2016. She has 27 years of experience in the automobile insurance industry. She is currently the Technical Director of the company. Before rejoining Quálitas in 2014, she worked as Technical Director for the individual cars segment at Grupo Nacional Provincial. She worked from 2002 to 2012 at Quálitas, where her last position was Underwriting and Special Businesses Director.

She worked from 1991 to 2001 at Seguros Monterrey New York Life. Throughout her career she has worked in the technical department, both in Reserves and Products, Support to Service Offices, Underwriting and in Special Businesses.

María del Pilar Moreno has a degree in Actuarial Science from the Universidad Anáhuac and a Master's Degree in Mathematical Methods in Finance from the same institution.

### **Madeleine Marthe Claude Brémond Santacruz**

Madeleine Brémond Santacruz is a member of the Board since 2016. She has vast experience in the consumer goods and service sectors, as well as in tourism. She is currently Vice Chairman of the Board of El Puerto de Liverpool and Tobanis (Holding). She also participates in the Board of Invex, Hoteles y Condominios and Compañía Hotelera de Guadalajara.

She has been actively involved in various philanthropic institutions such as Fundación Pierre Brémond, the Board of Trustees of the French-Mexican-Swiss and Belgian Association of Beneficence, in addition to being Vice Chariman of the French Alliance of Mexico and of the Board of Trustees of the National Museum of Anthropology.

Madeleine Brémond has a degree in Business Administration from the Universidad Anáhuac.

## Alternates

### Wilfrido Javier Castillo Miranda Olea

Wilfrido Javier Castillo Miranda Olea is an alternate member of the Board since 2008. He has more than 15 years of experience in Quálitas Compañía de Seguros being involved in several departments at the company until he was appointed member of the Investment Committee and the Board of Directors. He has extensive experience in the financial sector, having worked in BBVA Bancomer and in Grupo Financiero Ve Por Más.

He is currently a financial advisor and his specialization fields are valuation, corporate finances and risks. He is a member of the board at Maxcom (telecom) and Altum Capital (credit). He forms part of the board of trustees of ProEducación, with special interest in impact measuring.

Wilfrido Castillo is an Engineer from Universidad Iberoamericana, holds an MBA from Politecnico di Milano and a Master in Operations Research from Cornell University.

### Noah Couttolenc Brockmann

Noah Daniel Couttolenc Brockmann is an alternate member of the Board since 2015. He has vast experience in the financial and insurance fields.

He is currently the CEO of Quálitas Compañía de Seguros. Before joining Quálitas he was CEO at DXN Express and he worked as Financial and Administration Deputy Director at Opcipres. From 2001 to 2008 he worked at Quálitas where his last position was Financial Deputy Director. Previously he worked as Corporate Business Manager at Deloitte.

Noah Couttolenc holds a degree in Business Administration from the Universidad Anáhuac and an MBA from the Notre Dame University.





The board members are appointed by the General Shareholders' Meeting, based upon the recommendation of the Corporate Practices Committee. They have renewable annual terms. When they are proposed to be appointed, their experience, skills and capabilities are reviewed to determine if they could fulfill their fiduciary duties and responsibilities, without conflicts of interest.

To add value to the **Board of Directors' meetings**, the board members participate in training sessions with respect to the environment in which Quálitas operates.

In 2017, the Senior Director of Sovereign Ratings of Latin America, the Director of Public Finance Ratings, as well as the Director of Ratings of Insurance Institutions of the rating agency S&P Global Ratings were present with the purpose of giving a talk about the qualification and perspective of Mexico, of the insurance sector, in addition of the review of the capital model and the rating methodology.

In addition of appointing the CEO and the senior management of the company, the Board protects the interests of the shareholders, prevents conflicts of interest and promotes the socially responsible operation of the business.

The company is analyzing best practices to evaluate the performance of the Board members. Currently, the assessment is mainly based on assistance and active participation at the Board and Committees meetings.

In addition to their legal responsibilities, the committees are required to present their periodic performance reports to the Board of Directors.

## COMMITTEES

In order to fully comply with its responsibilities, the Board of Directors relies on 6 advisory committees, 2 of which have been established in accordance with applicable regulations and which are fully integrated by independent members; four have been designed pursuant to the strategic needs of Quálitas.

<p><b>AUDIT COMMITTEE</b></p>	<p>Integrated solely by the Independent Board members with vast accounting and financial experience.</p> <hr/> <p><b>Duties</b> Oversees the regulatory and internal guidelines compliance by Quálitas. In the event of failures to comply with the aforementioned, it carries out the corresponding investigations. It also designates and evaluates the independent auditor and analyzes the financial information of the company. Supervises that Top Management complies with the resolutions of the Shareholders' Meeting.</p> <hr/> <p><b>Frequency of the meetings:</b> Monthly</p>	<p><b>Chairman</b> · <b>Fernando Jacinto Velarde Muro</b> – since 2013</p> <hr/> <p><b>Members</b> · <b>Mauricio Domenge Gaudry</b> – since 2013 · <b>Christian Alejandro Pedemonte del Castillo</b> – since 2017</p>
<p><b>CORPORATE PRACTICES COMMITTEE</b></p>	<p>Integrated solely by the Independent Board members.</p> <hr/> <p><b>Duties</b> Support the Board of Director with the management, supervision, and execution of the administrative operations. Suggests to the Board about the CEO's and other top management's compensation. Informs the Board about operations with related parties.</p> <hr/> <p><b>Frequency of the meetings:</b> Monthly</p>	<p><b>Chairman</b> · <b>Mauricio Domenge Gaudry</b> – since 2015</p> <hr/> <p><b>Members</b> · <b>Christian Alejandro Pedemonte del Castillo</b> – desde 2013 · <b>Fernando Jacinto Velarde Muro</b> – since 2017</p>

<p><b>SOCIAL RESPONSIBILITY COMMITTEE</b></p>	<p><b>Duties</b>            Defines commitments and activities to be materialized in value creation for stakeholders.            Monitor and measure, through indicators, the advancement and fulfillment of the commitments made.            Promote an insurance culture in Mexico.            Promote initiatives for reducing accidents in public roads.</p>	<p><b>Chairman</b>            · Juan Orozco y Gómez Portugal – since 2014</p> <hr/> <p><b>Members</b>            · Joaquín Brockman Lozano – since 2014            · Wilfrido Castillo Sánchez Mejorada – since 2014            · Fernando Jacinto Velarde Muro – since 2015            · Noah Daniel Couttolenc Brockmann – since 2016</p>
<p><b>Frequency of the meetings:</b> Bimonthly</p>		
<p><b>INVESTMENT, FINANCE AND PLANNING COMMITTEE</b></p>	<p><b>Duties</b>            Evaluates and suggests investment policies pursuant to the organizational vision.            Establishes guidelines for the strategic planning of the company.            Maintains a balanced investment portfolio pursuant to the authorized investment regime and applicable regulations.            Gives an opinion on the budget's assumptions and monitors the budget.            Identifies risk factors and evaluates policies to manage them.</p>	<p><b>Chairman</b>            · Wilfrido Javier Castillo Sánchez Mejorada – since 2013</p> <hr/> <p><b>Members</b>            · Joaquín Brockman Lozano – since 2013            · Juan Marco Gutiérrez Wanless – since 2013            · Christian Alejandro Pedemonte del Castillo – since 2017            · Wilfrido Javier Castillo Miranda Olea – since 2013            · Noah Daniel Couttolenc Brockmann – since 2015</p>
<p><b>Frequency of the meetings:</b> Monthly</p>		
<p><b>OPERATIONS COMMITTEE</b></p>	<p><b>Duties</b>            Advises the Top Management in establishing strategies and actions to optimize efficiency and quality of the company's operations.            Assists in establishing the business plan and comprehensive strategy to guarantee the continued and improved development of the Group.</p>	<p><b>Chairman</b>            · Joaquín Brockman Lozano – since 2016</p> <hr/> <p><b>Members</b>            · Wilfrido Javier Castillo Sánchez Mejorada – desde 2016            · Harald Feldhaus Herrmann – since 2016            · Juan Enrique Murguía Pozzi – since 2016            · Juan Orozco y Gómez Portugal – desde 2016            · Noah Daniel Couttolenc Brockmann – since 2016</p>
<p><b>Frequency of the meetings:</b> Monthly</p>		

<b>REINSURANCE COMMITTEE*</b>	<p><b>Duties</b> Proposes objectives and policies to contract, monitor, assess, and manage reinsurance operations. Establishes mechanisms to monitor and assess the reinsurance policies. Informs on the results of the operation and of the corrective measures implemented to correct deviations.</p>	<p><b>Chairman</b> · Noah Daniel Couttolenc Brockmann – since 2016</p>
	<p><b>Frequency of the meetings:</b> Quarterly</p>	<p><b>Member and Alternate Chairman</b> · María del Pilar Moreno Alanís – since 2016</p>

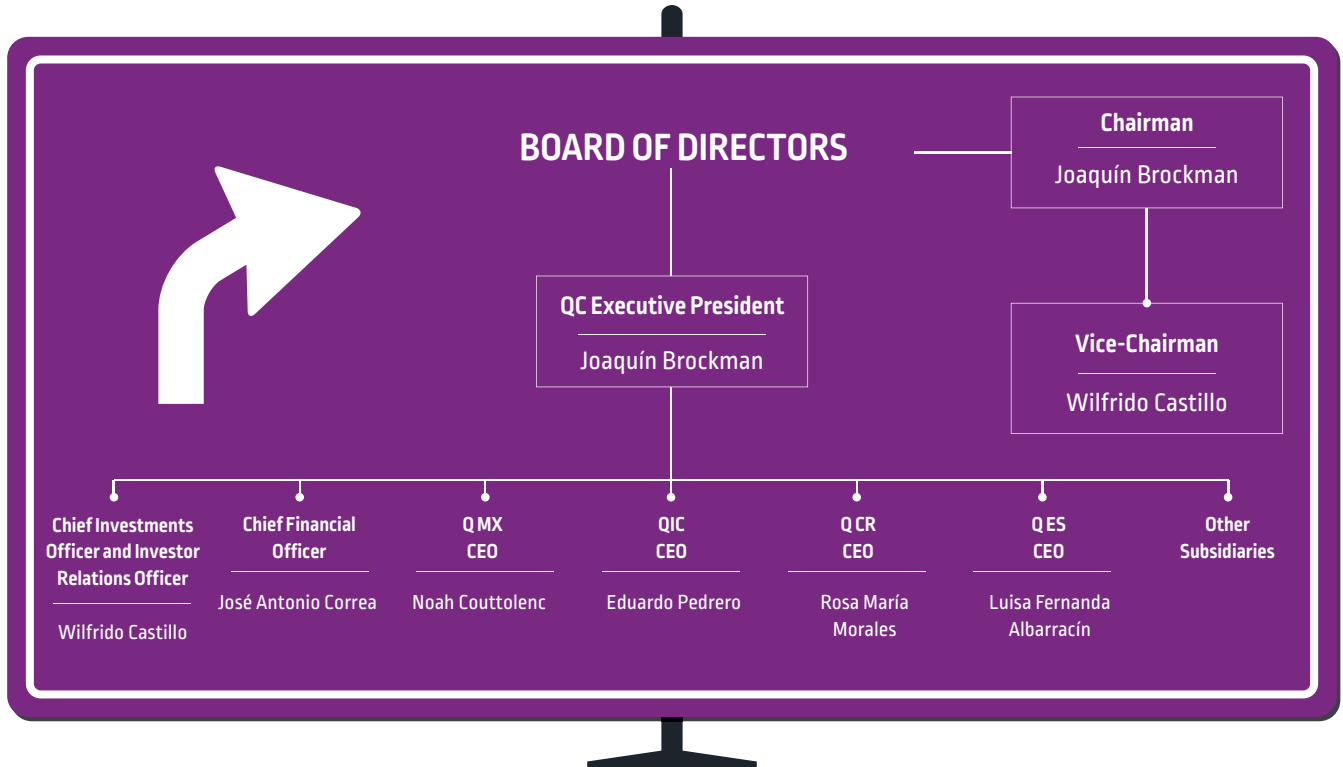
Additionally, the Corporate Practices Committee and the **Board of Directors** propose to the General Ordinary Shareholders' Meeting the compensations for the directors and members of the Audit and Corporate Practices Committees, which are approved by the Shareholders' Meeting. Details with respect to the compensation paid to board members can be found in the Annual Report submitted to the Mexican Stock Exchange<sup>2</sup>.

To generate an excellence operation, we have a management team with the highest standards of honorability, technical quality, and professional experience in their respective areas, being responsible for carrying out the daily operation.

\* Note: The Operations Committee held meetings exclusively for Quálitas México until early 2016, date when it initiated activities for Quálitas Controladora.

<sup>2</sup> [https://www.bmv.com.mx/es/emisoras/informacionfinanciera/Q-7790-CGEN\\_CAPIT](https://www.bmv.com.mx/es/emisoras/informacionfinanciera/Q-7790-CGEN_CAPIT)

## MANAGEMENT TEAM



## ETHICS AND INTEGRITY

GRI 102-16, 102-17, 102-25, 102-34, 103-2, 103-3, 205-1, 205-2, 412-2

In the meeting held in October 2017, the Board of Directors approved the new **Code of Ethics and Conduct** of Quálitas whose objective is to regulate the behavior of employees and, to the extent applicable, to the different interest groups forming the company, through their alignment with the values, the Conflict of Interest Policy, and the operating regulations of the company.

This document establishes that, regardless of their activity or geographic location, all the board members, employees, representatives, and collaborators of Quálitas, must have knowledge over such Code.

We are leaders because the values we share

Honesty, Equity, Responsibility, Transparency, Respect to human dignity, Cordiality, Solidarity and Loyalty.

Know our new **Code of Ethics and Conduct.**

[Click here](#)

Live it and be part of our philosophy!

Before releasing the **Code of Ethics and Conduct**, in the last quarter of the year a campaign was carried out to promote the Code, coupled with the training sessions conducted through Quálitas University. The Quálitas DNA campaign was implemented for disseminating the values and the new Code of Ethics and Conduct.

**DNA Quálitas** is a four-phase campaign to be implemented over 10 months. The phases are: preventive, informative, reinforcing, and maintenance stages.

In 2017, 2,463 employees were trained in the new **Code of Ethics and Conduct** through **Quálitas University**, and 478 new employees were trained in it through induction courses.

We sent an e-mail to all our suppliers and agents to inform them about our updated **Code of Ethics and Conduct**. Our goal is to convey our philosophy of ethics and integrity in the value chain.

## WHISTLE-BLOWER CHANNELS

The complaints for violations to the Code of Ethics and Conduct can be made through e-mail, and in early 2018 a telephone line and an electronic portal which will operate 24 hours a day will be available for such purpose. The complaints can be anonymous. It should be noted that Quálitas enabled **Q Transparencia**, a new Whistleblower Channel operated by an independent third party, to report anomalies or illegalities observed in the company<sup>3</sup>.

Any employee who conducts its business in violation to our Code of Ethics and Conduct, will be subject to disciplinary measures that may extend to the termination of the employment relationship and/or legal action. The Ethics Committee is the responsible body for monitoring cases of violations to such Code.

## ANTI-CORRUPTION

To face corruption risks, Quálitas has an Anti-corruption Principles and Mechanisms Policy. In the year, 4,493 employees of the company were trained on this topic.

**94%**  
OF THE EMPLOYEES  
OF QUÁLITAS  
MÉXICO WERE  
TRAINED IN MONEY  
LAUNDERING  
PREVENTION

<sup>3</sup> For more information with respect to the Whistle-blower Channel, please refer to the subchapter "Ethics and transparent actions"

### N° of employees trained in anti-corruption matters (Money Laundering Prevention)

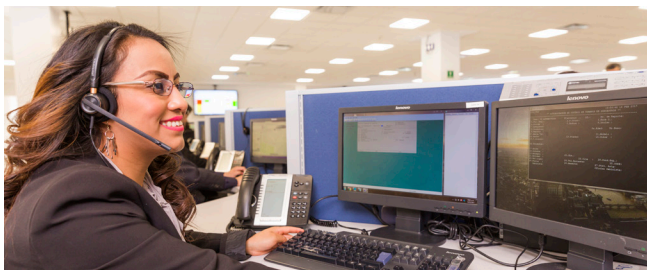
Position	2017	2016
Director	16	14
Assistant director	34	33
Manager	132	112
Coordinator	588	567
Analyst	3,306	2,615
Assistant	417	353
<b>Total</b>	<b>4,493</b>	<b>3,694</b>

Furthermore, we enabled e-mail communication campaigns to keep the employees of service offices informed about anti-corruption policies and procedures.

We are aware that to maintain our commitment to fight corruption, it is important to address issues such as the Money Laundering Prevention, as well as to have a Conflict of Interest Policy. At the end of the year, 4,493 employees accredited the Money Laundering Prevention course, while 4,284 employees accredited the Personal Data Protection course and 2,371 employees accredited the Conflict of Interest Policy course<sup>4</sup>.

The Corporate Practices Committee is the responsible governance body for preventing conflicts of interests. Such committee reports to the Board through a quarterly report.

Our goal is to adopt the best practices allowing us to maintain an integral performance, consolidating the level of confidence our stakeholders have in the company.



<sup>4</sup> For more information with respect to the employees' training, please refer to the chapter 04 "Commitment: moving toward sustainability", section "Certification Q".

GRI 102-1, 102-3



[www.qualitas.com.mx](http://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.