



# In the right direction

Consolidated Annual Report 2017

01

# Strategy:

moving in the right direction.



# Strategy:

moving in the right direction.



## Business strategy

We are the result of a business model which exceeds expectations from its policyholders, strengthening long-term relationships that create value for the company, its investors, and stakeholders.

In Quálitas, we refer to “business fundamentals” to those principles that ensure the success of our model and our presence over time.

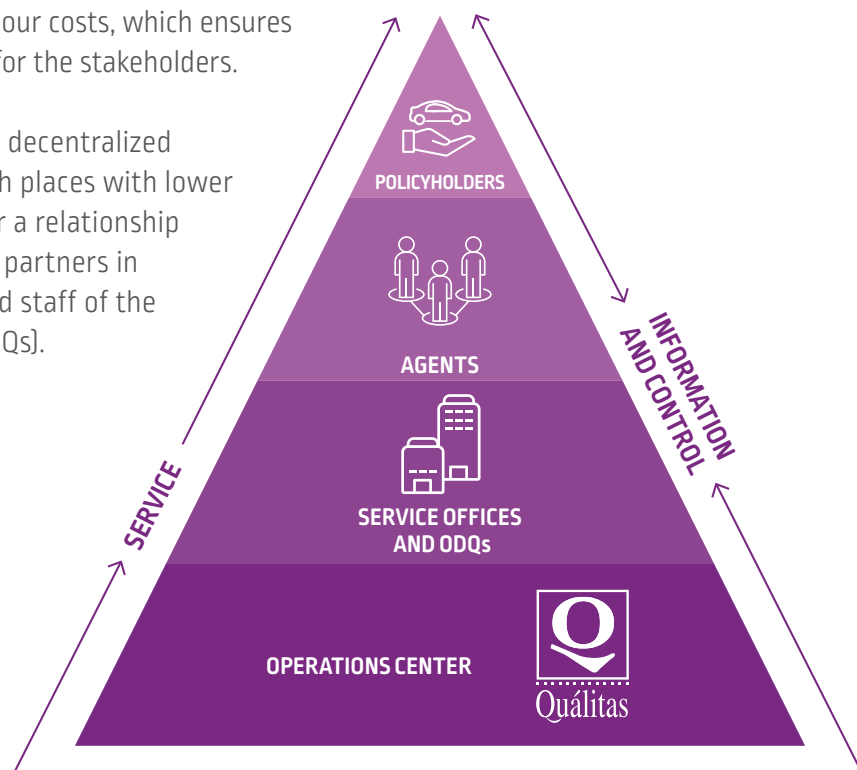
GRI 103-2, 103-3, FS13, FS14

## BUSINESS MODEL

At Quálitas we tackle our satisfaction commitment with the policyholders through excellence in service. As a result, in 2017 the company remained the leader in the auto insurance sector in Mexico, having a 31.3% market share.

We have also established an indicator program allowing us to assertively monitor and control our costs, which ensures profitability and value generation for the stakeholders.

On the other hand, we maintain a decentralized operation which allows us to reach places with lower auto insurance penetration, under a relationship of mutual trust with our business partners in the service offices, the agents, and staff of the Quálitas Development Offices (ODQs).



GRI 417-1



We are a company that has a focused and continuous improvement of service guidelines. The recognition of the company is shared by satisfied customers through word of mouth.

Our objective is to attend the needs of the customer, adapting our products to their needs, to the requirements of their companies (with respect to fleets) and to the applicable regulation in each place where we operate.

The creation of new products, the investment in technology development to improve our services and the attention model provided through various points of contact with the policyholders, are part of the excellence strategy.

It is noteworthy that the metrics defined to measure the success of this strategy and the implemented initiatives are monitored on a monthly basis by the CEO and the Strategic Planning Director.



It is worth remembering that the business model also impacts on the creation of employment sources and our service offices and ODQs promote the willingness of Mexicans to generate value in their localities. At the end of 2017 we had 173 service offices in Mexico and 219 ODQs.

Our business model promotes the insurance culture, offering our service across the country and offering products based upon customers' needs.

In 2018 we will continue working for the common good of the company and its stakeholders, contributing to the economic and social development through financial education, promotion of insurance culture and road safety education.<sup>1</sup>



<sup>1</sup> For more information, please see the chapter 03 "Challenges: turning hardships into opportunities".

## SUSTAINABILITY APPROACH

GRI 102-14

In 2014, we established a program to formally incorporate Social Responsibility and environment protection into the Quálitas culture. We were pleasantly surprised to find out that it was already a successful practice in several departments of the company.

Experience has shown us that Social Responsibility requires constant updates and optimization, i.e., it must be incorporated in the constant improvement process of the company.

We have taken fundamental steps in the program such as, establishing commitments with all stakeholders that are a part of the company, policyholders and clients, employees, agents, investors, suppliers, community, authorities, and competitors. We are currently in the stage of observing that these commitments are entirely fulfilled.

With this objective we have begun the process of establishing information systems, which allows us to know the degree of satisfaction our stakeholders have with respect to the company.

In this last stage, we have seen with great satisfaction that the objectives of Social Responsibility and environment protection are useful in our search of the company's operational quality.

Another achievement in 2017 was the entry of Quálitas into the list of companies integrating the **Dow Jones Sustainability MILA Pacific Alliance Index**, forming part of the sustainability indexes of Dow Jones.

To access the MILA sustainability index, we have voluntarily participated in an evaluation process of our sustainability practices conducted by RobecoSAM, whose methodology compares us with the best in the sector.

We are proud to be one of the twelve Mexican companies integrating this relevant sustainability ranking of the region<sup>2</sup>. Undoubtedly, this demonstrates to us that we are *in the right direction* to achieve our purpose of creating value.

<sup>2</sup> The Pacific Alliance is integrated by the stock markets of Mexico, Peru, Chile, and Colombia.

On the other hand, we seek to implement the 4 Principles for Sustainable Insurance because even though we are not official signatories, we integrate environmental, social, and governance aspects into our management, trying to raise awareness about these issues to all our stakeholders.

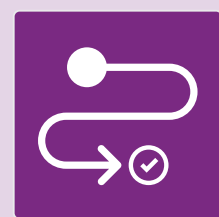
As part of our responsibility to our stakeholders, in September 2017 we helped affected communities after the earthquakes in Mexico. In a spirit of solidarity together with our agents, business partners, employees, and board members, we collected monetary and in-kind donations in order to help the victims. The company doubled what was collected in those campaigns.

In general terms, we started 2017 facing a complex socioeconomic context that left serious social and economic uncertainties for 2018; however, we are confident that the professional and ethical capacity of those integrating our company will allow us to solve such challenges and have a successful year, keeping our prestige as a reliable and innovative company.

We invite you to continue reading this second Consolidated Annual Report, which has been prepared based on the methodology of the GRI (Global Reporting Initiative) Standards. This is a communication practice that we adopt and consolidate in each financial year to present relevant, accurate, comparable, and reliable information about our financial and non-financial results.



**Juan Orozco y Gómez Portugal**  
Chairman of the Social Responsibility Committee



In the right direction

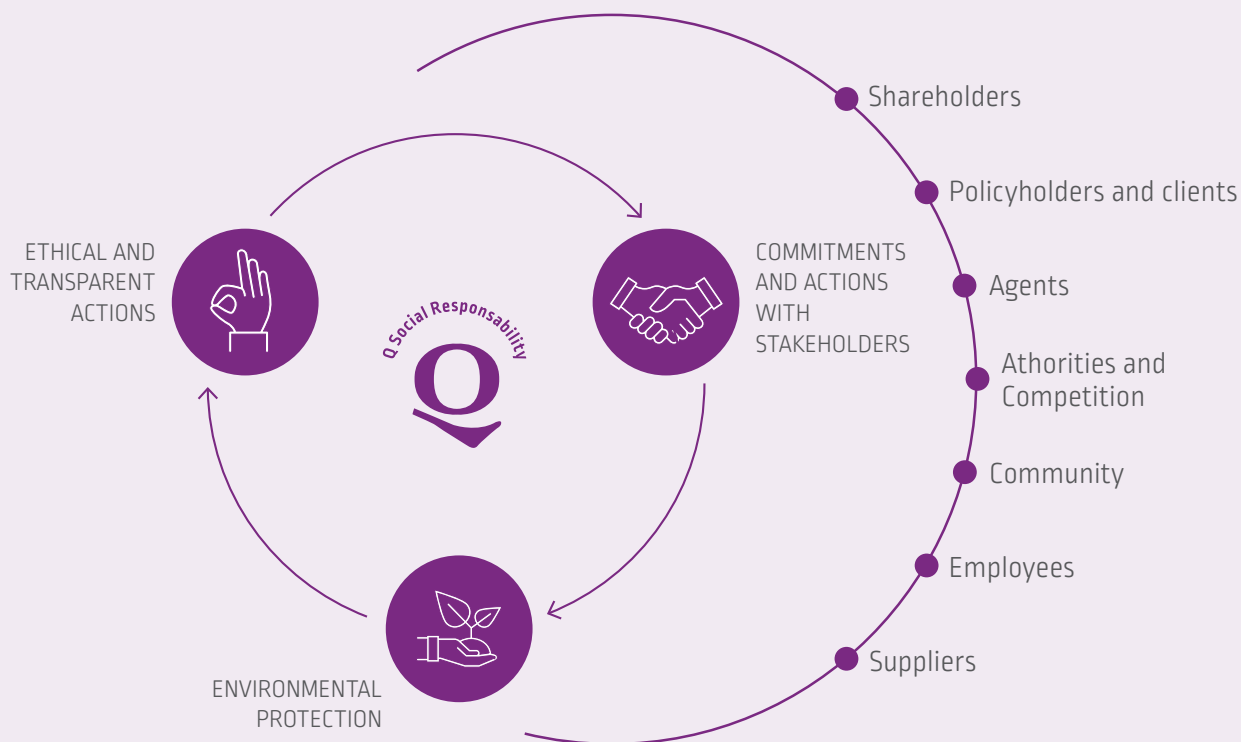


## CORPORATE SOCIAL RESPONSIBILITY MODEL

In addition to our business model, at Quálitas we have a **Corporate Social Responsibility Model** which comes from the desire to contribute to the economic and social development of our environment, assuming, in the same way, the challenge that represents the preservation of the environment for our wellbeing and that of future generations.

Our **Corporate Social Responsibility Model** is made up of 3 action pillars, for which a series of performance indicators have been established. This allows us to monitor the impact of each implemented initiative.

We have a **Social Responsibility Committee integrated by board members and directors of the company**, which validate the fulfillment of our objectives in order to maintain our presence over time and generate value for our stakeholders.



## RELATIONSHIP AND INVOLVEMENT WITH STAKEHOLDERS

GRI 102-21, 102-40, 102-42, 102-43, 102-44

At Quálitas we maintain a constant involvement with our internal and external stakeholders.

This commitment with people is managed through our **Social Responsibility Committee** which serves as intermediary between the stakeholders and our highest governance body.

It should be noted that we define our stakeholders based upon the impact the company has on them and vice versa. Through the communication channels available to them, we increase our capacity to listen to their feedback and consider their perspectives on our strategic decisions.

### Commitments, communication channels and other topics discussed with our stakeholders in 2017

Shareholders	Policyholders and clients
<p><b>Commitments</b></p> <ul style="list-style-type: none"> <li>Reliable and timely information on the development of our company.</li> <li>Efficient, consistent, ethical, and transparent management.</li> <li>Clear and honest corporate governance practices.</li> <li>Achieve the shareholders' full trust in the management of the company, through a professional operation with long-term vision.</li> </ul>	<p><b>Commitments</b></p> <ul style="list-style-type: none"> <li>Personal and assets protection as well as its responsibility in relation to third parties through an efficient service provided at a competitive price.</li> <li>Full exercise of honesty and transparency in our service relationship.</li> <li>Open communication to ease the service to our policyholders.</li> <li>Achieve their total satisfaction.</li> </ul>
<p><b>Communication Channels</b></p> <ul style="list-style-type: none"> <li>Mexican Stock Exchange Report and Consolidated Annual Report.</li> <li>Quarterly reports (earnings, industry and corporate presentations).</li> <li>Investors Relations department (face to face meetings, calls or e-mail).</li> <li>Relevant Events.</li> <li>Semiannual performance survey.</li> <li>Quálitas Investor Relations web page.</li> <li>Quarterly earnings conference calls.</li> <li>Shareholders' meetings.</li> <li>Social media and press.</li> </ul>	<p><b>Communication Channels</b></p> <ul style="list-style-type: none"> <li>Comprehensive Service Survey.</li> <li>Customer Relationship Management (CRM).</li> <li>Service offices.</li> <li>Quálitas Development Offices (ODQs as per its acronym in Spanish).</li> <li>Website.</li> <li>"Q móvil" app.</li> <li>Quálitas Contact Center (Operators and radio operators in call center).</li> <li>Claim officers and lawyers.</li> <li>Claims executives.</li> <li>E-mail.</li> <li>Q Agencies portal.</li> <li>Commercial department.</li> <li>Assistance to meetings and conventions.</li> </ul>

<p><b>Relevant Topics</b></p> <ul style="list-style-type: none"> <li>· Financial and non-financial results.</li> <li>· Communication and transparency.</li> <li>· Fulfillment of regulatory requirements regarding information.</li> <li>· Company promotion.</li> <li>· Share buyback program operation.</li> </ul>	<p><b>Relevant Topics</b></p> <ul style="list-style-type: none"> <li>· Information availability regarding products and services.</li> <li>· Products and services quality.</li> <li>· Personalized assistance.</li> <li>· Relationship and interaction with service suppliers (repair shops, tow trucks, doctors and lawyers).</li> <li>· Complaint and suggestions follow-up.</li> <li>· Data protection.</li> </ul>
<p><b>Agents</b></p> <p><b>Commitments</b></p> <ul style="list-style-type: none"> <li>· Efficient, equal and cordial commercial relationships.</li> <li>· Support their professional activity events.</li> <li>· Prompt and transparent commission and bonus payments.</li> <li>· Agile and rapid response communication in professional relationships.</li> <li>· Support in technical training.</li> </ul> <p><b>Communication Channels</b></p> <ul style="list-style-type: none"> <li>· Service offices.</li> <li>· Q Agents Portal.</li> <li>· Agents' service survey.</li> <li>· Exclusive chat and contact center (01-800 number) for agents' assistance.</li> <li>· Quálitas Contact Center.</li> <li>· Annual breakfasts and other reunions.</li> <li>· Qualicom dashboard.</li> <li>· NotiQuálitas.</li> <li>· Qualicuates – quarterly publication for agents' children.</li> <li>· Personalized assistance.</li> <li>· E-mail.</li> </ul>	<p><b>Authorities and Competition</b></p> <p><b>Commitments</b></p> <ul style="list-style-type: none"> <li>· Strict compliance with laws and regulations.</li> <li>· Proactive collaboration practices with authorities, businesses and professional associations.</li> <li>· Relationships with competitors based upon ethics, transparency and respect.</li> </ul> <p><b>Communication Channels</b></p> <ul style="list-style-type: none"> <li>· Industry and business associations committees.</li> <li>· Compliance and institutional relations teams.</li> </ul>
<p><b>Relevant Topics</b></p> <ul style="list-style-type: none"> <li>· Ease and automation of the administrative processes and customer management.</li> <li>· Claims assistance and relationship with service suppliers.</li> <li>· Policyholder's experience and satisfaction.</li> <li>· Continuous training.</li> </ul>	<p><b>Relevant Topics</b></p> <ul style="list-style-type: none"> <li>· Legal Compliance.</li> <li>· Ethics and anti-corruption practices.</li> <li>· Economic results.</li> <li>· Financial education and insurance culture.</li> <li>· Accessibility to insurance products.</li> <li>· Support and education in road safety.</li> </ul>

Community	Employees
<p><b>Commitments</b></p> <ul style="list-style-type: none"> <li>• Support the development of the most vulnerable communities in terms of education, health and conservation of the environment through the support of effective and efficient civil associations.</li> <li>• Prioritize our collaboration in communities where our offices are located.</li> <li>• Support duly established associations, which have features of permanence, ethics and efficiency, which will be evaluated through the measurement of the social impact achieved.</li> <li>• Encourage the participation of our agents and employees to fulfill the objectives of this stakeholder.</li> <li>• Actively participate in the conservation of the environment, particularly in the areas related to Quálitas' activities.</li> </ul>	<p><b>Commitments</b></p> <ul style="list-style-type: none"> <li>• Competitive and fair wages in accordance with the characteristics and responsibilities assumed in their positions and their performance.</li> <li>• Priority in the promotion to higher positions based on merit.</li> <li>• Possibility for comprehensive training through skills development, technical training and ethical values to contribute to personal development.</li> <li>• Promote a state of wellbeing through sports activities and activities related to health, including employees' family.</li> <li>• Cooperate in personal savings efforts.</li> <li>• Avoid any kind of discrimination, in full respect of the person's dignity.</li> <li>• Achieve permanence and loyalty of our employees.</li> <li>• Have an open communication channel between personnel and senior management.</li> </ul>
<p><b>Communication Channels</b></p> <ul style="list-style-type: none"> <li>• Corporate volunteering initiatives.</li> <li>• Meetings with community's non-profit organizations (donation recipients).</li> </ul>	<p><b>Communication Channels</b></p> <ul style="list-style-type: none"> <li>• Annual work environment survey.</li> <li>• "Qualinet" Quálitas internal page.</li> <li>• "<i>Q Transparencia</i>" transparency mailbox of internal page.</li> <li>• Training sessions.</li> <li>• Feedback on the performance assessment process.</li> <li>• Team meetings.</li> <li>• Qualicom dashboard.</li> <li>• Valores Bulletin (quarterly).</li> <li>• NotiQuálitas (Quálitas' news).</li> <li>• "<i>Ajusta tus emociones</i>" (01-800 number within the Quálitas Wellbeing Program).</li> <li>• Internal communication e-mail.</li> <li>• Internal communication campaigns.</li> </ul>
<p><b>Relevant Topics</b></p> <ul style="list-style-type: none"> <li>• Social investment initiatives.</li> <li>• Financial education and promotion of insurance and driving culture.</li> <li>• Support upon emergency events caused by natural disasters.</li> </ul>	<p><b>Relevant Topics</b></p> <ul style="list-style-type: none"> <li>• Training possibilities and career development perspectives.</li> <li>• Service commitment and excellence to the policyholder.</li> <li>• Ethics and corporate culture.</li> <li>• Employee satisfaction.</li> <li>• Social involvement.</li> <li>• Wellbeing.</li> <li>• Support upon emergency events caused by natural disasters.</li> </ul>

## Suppliers

### Commitments

- Selection processes based on tenders, which allow free competition in a strictly transparent and honest environment.
- Compliance of the mutually established obligations to build a relationship of trust and loyalty.
- Regular recognition for suppliers, considering the compliance of their obligations, quality products and services enhancement.

### Communication Channels

- Q Suppliers Portal.
- Public bidding (tenders).
- Telephone support line (01-800 number).

### Relevant Topics

- Operational efficiency.
- Contractual relationship requirements.
- Quality criteria.
- Economic results.
- Training.
- Effective communication.
- Recognition.
- Feedback through presentation of service indicators.

## VALUE ACTIONS WITH OUR STAKEHOLDERS

GRI 102-13, FS16

As part of the activities that help us connect with our stakeholders, we promote initiatives for the benefit of a more informed and prepared society, immersed in a financial and insurance culture, positively impacting their life quality.

Among the diffusion actions carried out from May to December 2017, we conducted a **communication campaign** among the ODQs, that was focused on the promotion of an **Insurance Culture**. The topics of such campaign were:

- What is auto insurance?
- What are the coverages?
- What is a deductible?
- What are the premiums?

We also continued with the initiative **Qualitas Road Safety Campaign**, a campaign that promotes good driving practices to ensure the integrity of the drivers, cyclists, pedestrians, or any other person using public roads<sup>3</sup>.

<sup>3</sup> For more information please refer to the chapter 03 "Challenges: turning hardships into opportunities" and visit [www.conductavialqualitas.net](http://www.conductavialqualitas.net)

On the other hand, we made available **mobile apps and service portals** through which we innovate in terms of digitalization and get closer to new generations.

Throughout the year, we worked internally with each department to define and understand what we call “critical moments” or “moments of truth” with the stakeholders. The purpose of this exercise is to improve the quality of the interaction from an operational approach.

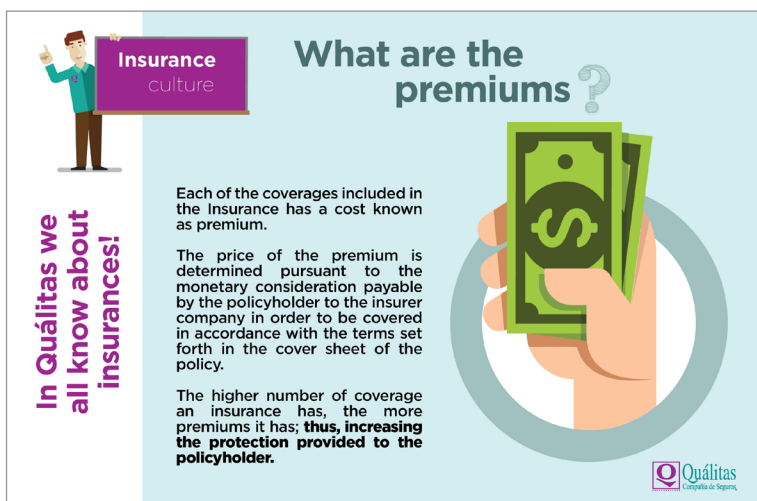
With regards to the institutional relationships, in 2017 Quálitas maintained a tight relationship with **Mexican Association of Insurance Institutions** (*Asociación Mexicana de Instituciones de Seguros A.C., AMIS*, as per its acronym in Spanish) **and the Coordinating Office of Insured Risks** (*Oficina Coordinadora de Riesgos Asegurados S.C., OCRA*, as per its acronym in Spanish) in order to work on the intellectual and cultural growth of the sector.

It should be noted that the relationship with our stakeholders is not only carried out through planned procedures and formal communication channels, but their immediate needs are constantly monitored to be able to respond, to the extent of our possibilities, to the situations that arise.

In September 2017, Mexican society experienced a couple of earthquakes of significant magnitude. Faced with this situation, Quálitas carried out a series of actions to support the people affected by the earthquakes, including our employees.

As a response to this situation, Quálitas implemented an internal campaign to help the affected communities, where the company matched the contributions from its employees, agents, office directors, and board members. This amount was thereafter sent to a nonprofit organization which, in turn, also matched the amount.

The contribution raised with this campaign was 4.5 million pesos which were used for housing reconstruction projects in affected communities.



**Insurance culture**


**What are the premiums?**


**In Quálitas we all know about insurances!**

Each of the coverages included in the Insurance has a cost known as premium.

The price of the premium is determined pursuant to the monetary consideration payable by the policyholder to the insurer company in order to be covered in accordance with the terms set forth in the cover sheet of the policy.

The higher number of coverage an insurance has, the more premiums it has; **thus, increasing the protection provided to the policyholder.**





Quálitás supports the development of the most vulnerable communities in terms of education, health, environment, through assistance to efficient nonprofit organizations which have demonstrated their concern for the wellbeing of others.

The process for granting donations requires complying with certain requirements and presenting documentation that is analyzed by personnel specialized in the topic and to be presented to the Social Responsibility Committee.

Within the year, we supported nonprofit organizations having an impact in Mexico City, the State of Mexico, Jalisco, Veracruz, Oaxaca, Chihuahua, Puebla, Baja California, Guanajuato, Yucatán and Guerrero.

## BENEFITED ORGANIZATIONS IN 2017

- Cadena de Ayuda contra la Fibromialgia, A.C.
- Casa Hogar Kamami, A.C.
- Casa Santa Clara, A.C.
- Comedor Santa María, A.C.
- Comunidad de Desarrollo Integral Copilco, A.C.
- Fondo para la Paz, I.A.P.
- Fundación Casa Alianza México, I.A.P.
- Fundación Hermanitas de los Ancianos Desamparados, I.A.P.
- Fundación Leon XIII, I.A.P.
- Fundación Owen, I.A.P.
- Fundación Robid, A.C.
- Fundación San Ignacio de Loyola, A.C.
- Hogar Gonzalo Cosío Ducoing, I.A.P.
- Infogen, A.C.
- Internado Infantil Guadalupano, A.C.
- Metamorfosis Global, A.C.
- Nocaltzin, A.C.
- Proeducación, I.A.P.
- Renovación, Unión de Fuerzas, Unión de Esfuerzos, A.C.
- Unidos... Pro Trasplante de Médula Ósea Francisco Casares Cortina, A.C.



## BENEFICIARIES OF THE DONATIONS MADE DURING 2017

Beneficiaries		
Total	Women	Men
11,947	9,393	2,554

Age range of beneficiaries



**52%** women from 18 to 60 years  
**20%** women from 0 to 17 years  
**12%** men from 18 to 60 years  
**7%** men from 0 to 17 years  
**7%** women older than 60 years  
**2%** men older than 60 years

## ETHICS AND TRANSPARENT ACTIONS

GRI 102-16, 102-17, 102-25

In 2017 the new **Code of Ethics and Conduct of Quálitas** was approved, which led to the implementation of a communication campaign for its reading, comprehension, and signature evidencing its knowledge.

For this, the **Quálitas DNA** campaign was designed with the purpose of having the company's values embraced by all members of this organization and making them their own.

This campaign, which began in August 2017 and will conclude in June 2018, has been spread to all the offices of Quálitas in Mexico, El Salvador and Costa Rica, and it targets the employees and service offices' employees. We have relied on printed and electronic media for its diffusion.

At the end of 2017, we launched the new complaint channel to report anomalies or illegal acts observed in the company. The channel is called **Q Transparencia**. One of the features of this new mechanism relies on the fact that its operation is managed by an external service provider with experience in the matter.

Through a communication campaign, we emphasized that the confidentiality of the tool is guaranteed due to it being operated by a third party; as well as



the possibility of maintaining the anonymity during the complaint process, if so desired by the user.

Through this complaint channel, the user may directly review the status of its case on the website and will receive advice from a professional on corporate complaints.

The topics which may be reported through **Q Transparencia** are fraud, adulteration or robbery of information, harassment, discrimination or mistreatment, improper use of goods, services or information and acts of corruption or non-transparent agreements with suppliers/customers.

We trust that outsourcing the follow-up process of the complaints helps us prevent fraud, information leaks, improve internal processes, and strengthen the organizational environment, among other benefits.



**Q-TRANSPARENCY**  
WHISTLEBLOWER CHANNEL

**Q-TRANSPARENCIA** is the Whistleblower Channel through which you can report anomalies or illegal acts observed in the company.

**What changes does it have?**

**THIRD-PARTY PROVIDER**

» Now, the complaints will be made directly at the website of Resguarda, a third-party expert in management of corporate complaints.

**100% CONFIDENTIAL**

By doing it through a third-party, your complaint will be seen directly by the provider, guaranteeing total confidentiality.

**ANONYMOUS**

» If so desired, the complaint may be anonymous, granting you freedom and trust to submit your complaint.

**MONITORING**

Once the complaint has been submitted, the complaint will be monitored and you will be able to consult its status online.

**ADVISORY AND ASSISTANCE**

» You will receive advice from professionals in the corporate complaint field when submitting your complaint and during the monitoring stage of the report.




Keep posted for the following communications, since we will inform you know the process for using the New Complaint Channel.



## CARE OF THE ENVIRONMENT

GRI 103-2, 103-3, 302-1

At Quálitas we are aware of what the risks of climate change and pollution of our environment represent; therefore, it is necessary to adopt good efficiency practices in the consumption of energy, water and waste management.

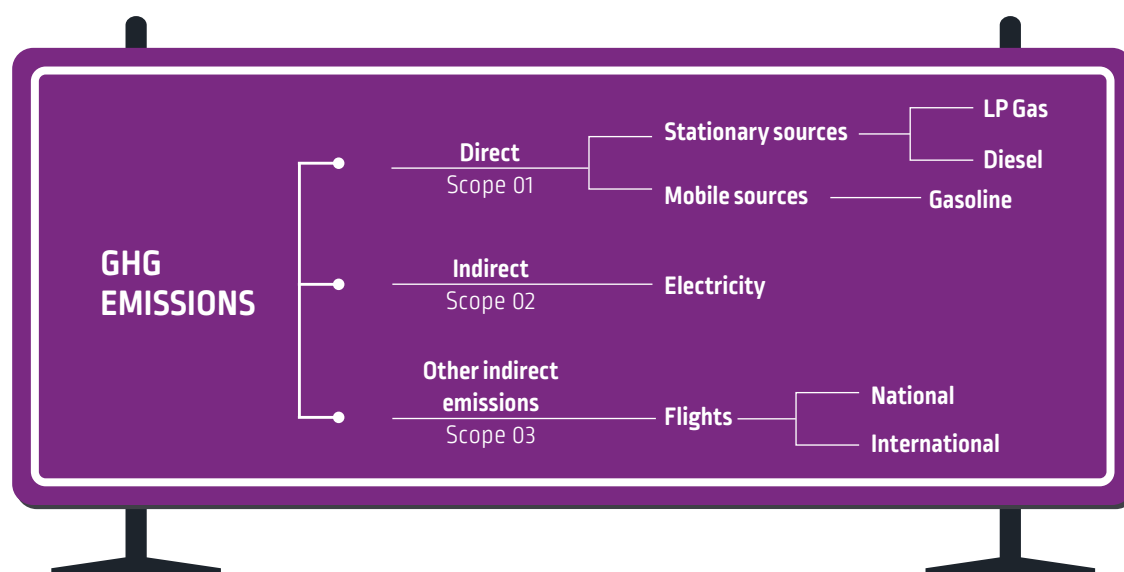
### Environmental initiatives implemented in 2017

Commitment	2017 Actions
Reduce electricity consumption in our offices	With respect to energy, we continued to carry out our solar panel installation project and gradually substitute luminaires with LED.
Encourage the responsible use of water	We have residual water treatment plants, one located at the Maguey office and another one at San Jerónimo. The total residual water treated was 4,475 m <sup>3</sup> .
Prioritize the acquisition of recycled or reprocessed goods or environmental friendly supplies	We use biodegradable material and print our policies on FSC (Forest Stewardship Council) certified paper from sustainable forests.
Dispose, recycle or reprocess material that is not useful	In June 2017, we received the participation certificate in the HP Planet Partners Program, an initiative for recycling ink cartridges, contributing in this manner to the correct disposal of special handling waste. We also collect sanitary pads through a supplier specialized in these kind of wastes. The company also collects paper, aluminum and PET.
Contribute to the protection of ecosystems	In 2017, our employees and their families participated in reforestation activities in Mexico City, Guadalajara, and Monterrey. In addition, our agents participated in 4 sessions in León, Guadalajara, Oaxaca, and Puebla, two more than the last year.

As part of our environmental commitment, we made a Greenhouse Gas Emission Inventory (GHG) for the first time to establish our baseline.

We considered the information of our operations in Mexico, Costa Rica, El Salvador and the United States. For the Greenhouse Gas Emission Inventory we followed the NMX-SSA-14064-1-IMNC-2007 guideline that is equivalent to the ISO-14064-1: 2006 and the National Emissions Registry (Registro Nacional de Emisiones, RENE as per its acronym in Spanish).

## Operational limits of Quálitas' Greenhouse Gas Emission (GHG):



Considering Qualitas' operating control and the emissions for each one of the aforementioned scopes, GHG total emissions represent 18,863.28 t CO<sub>2</sub>e in 2017, out of which 18,825.82 t CO<sub>2</sub>e correspond to operations in Mexico.

## General chart of GHG Emissions

Subsidiary	Type of emissions	t CO <sub>2</sub> e
Mexico	Scope 1	14,302.15
	Scope 2	3,831.48
	Scope 3	692.19
USA, Costa Rica and El Salvador	Scope 2	3745
<b>Total</b>		<b>18,863.28</b>

## Electric consumption

Country	kWh	Joules
Mexico	6,583,297	23,699,870,000,000
USA	56,249	202,496,400,000
Costa Rica	103,012	370,843,200,000
El Salvador	140,981	507,531,600,000



These results will help us establish strategies to reduce the impact that the company has on the environment, such as the gradual incorporation of hybrid cars into the fleet of claims officers.

	Participants (employees and their families)	Trees planted
<b>Reforestations made by employees and their families</b>		
Mexico City	1,200	10,000
Guadalajara	100	1,000
Monterrey	85	150
<b>Reforestations made by agents and their families</b>		
Guadalajara, Puebla, Oaxaca and León	550	2,940
<b>Total</b>	<b>1,935</b>	<b>14,090</b>

#### Recycled material in Quálitas (Ajusco, San Ángel, San Jerónimo)

Type of material	2017 (Kg)	2016 (Kg)	2015 (Kg)
Cardboard	722	1,315	5,411
Paper	475	844	1,591
Newspaper	217	127	118
PET	187	206	243
Magazine and color paper	185	313	56
Others	157	11	73
Iron	80	468	20
Aluminum (Cans)	41	21	31
<b>Total</b>	<b>2,064</b>	<b>3,305</b>	<b>7,543</b>

## RISK MANAGEMENT

GRI 102-11, 102-15, 102-29, 102-30, 103-2, 103-3, 206-1, 307-1

Identifying, preventing, and mitigating risks are key factors for a sustainable company. At Quálitas, the Comprehensive Risk Management department is responsible for managing operational risks. The Board of Directors is responsible for designing the conformation of such department based on the provisions of our Corporate Governance System Policies Handbook.

Said handbook establishes that the Comprehensive Risk Management department must report its performance to the Top Management, corporate governance committees and the Board of Directors. The reports are presented periodically through the quarterly risk report, and annually with the Risk and Institutional Solvency Self-Assessment (ARSI as per its acronym in Spanish).

The company's risks are identified through the risks matrix, which are classified as technical, financial, operational, and other counterparty risks, with the first two being the most relevant.

The Investment Committee reviews the financial risk on a monthly basis, since it is one of the most relevant for the company.

It is essential to ensure that the operations of Quálitas comply with the limits, objectives, policies, and procedures for the comprehensive management of risks approved by the Board of Directors.

It should be noted that, as a minimum standard, Quálitas manages the risks established for the Solvency Capital Requirement; having as risk prevention mechanisms, monthly monitoring meetings, implementation of methodologies, calculations and monitoring reports described within the Comprehensive Risk Management Guidelines and metric calculations as risk prevention mechanisms, pursuant to the frequency of each risk, among others.

**Classification for risk management**

Classification/Type of risk	Risks
Financial Risks	<ul style="list-style-type: none"> <li>· Market Risk</li> <li>· Liquidity Risk</li> <li>· Credit Risk</li> <li>· Concentration Risk</li> </ul>
Technical Risks	<ul style="list-style-type: none"> <li>· Technical Risk</li> </ul>
Operational Risks	<ul style="list-style-type: none"> <li>· Operational Risk</li> <li>· Technological Risk</li> <li>· Legal Risk</li> <li>· Reputational Risk</li> <li>· Strategic Risk</li> </ul>
Other counterparty risks	<ul style="list-style-type: none"> <li>· Credit Risk</li> </ul>



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.