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1. <b>PURPOSE</b>	1	Corporate Practices Committee:	January 16 <sup>th</sup> , 2015 session.
2. <b>SCOPE</b>	1	Legal Corporate Deputy Director:	
3. <b>CONCEPTS</b>	1	2 <sup>nd</sup> version: Audit Committee:	October 19 <sup>th</sup> , 2016 session.
4. <b>CONCEPTS</b>	1		
5. <b>PROCEDURE</b>	7	<b>Autorized by:</b>	
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### 1. PURPOSE

Set forth the regulatory requirements, restrictions and hindrances that must be observed in the appointment of the Institution's internal and independent Directors, as well as the guidelines to permanently verify their compliance.

### 2. SCOPE

This policy must be applied in selecting and appointing the Institution's Directors, either internal or independent, elected as owners or alternate.

### 3. CONCEPTS

See "Glossary of Corporate Governance Concepts"

### 4. POLICIES

#### 4.1. WHO MAY BE MEMBER OF THE BOARD OF DIRECTORS

- 4.1.1. Institution's Shareholders or persons independent to the Institution that comply with the requirements set forth in this policy may be appointed as Institution's Directors. In any case, the Directors will be appointed by the Institution's Shareholders.
- 4.1.2. The General Director or Officers may also be appointed as Directors provided they do not exceed a third part of the total number of members of the Board of Directors.

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4.1.3. The majority of Directors may have a link to the person or Group of Persons that have the Consortium or Corporate Group's Control that maintains Business Links or Asset-based Links with the Institution. Such majority will be established with the following persons:

I. Those persons that have any link with the Consortium or Corporate Group controlled by the referred person or Group of Persons, that is:

- a) Individuals that have any job, position or commission by virtue of which they may make decisions that transcend in a significant manner in the administrative, financial, operational or legal situation of the company, the Consortium or Corporate Group to which it belongs. The foregoing will be applicable also to the persons that have had those jobs, positions or commissions during the twelve months prior to the appointment or the relevant meeting
- b) Individuals that have Significant Influence or Executive Authority in the Consortium or Corporate Group to which the Institution belongs.
- c) Clients, service providers, providers, debtors, creditors, partners, directors or employees of a company that carries out business activities, that is an important client, service provider, provider, Debtor or creditor of the company. A client, service provider or provider is deemed important when the company's sales represent more than 10% of client, service provider or provider's total sales during twelve months prior to the appointment date or the relevant meeting.
- d) Persons that have relationship by blood, marriage or civil up to second grade, as well as spouses or domestic partners of any individual referred to in paragraphs a) to c) of this section, and

II. Institution's Employees

The majority may only be constituted by a combination of the individuals described in sections I and II above, therefore the persons referred to in section I would not be majority.

## 4.2. REQUIREMENTS TO BE A DIRECTOR

4.2.1. He or she must have:

- a) Technical quality;
- b) Honorability;
- c) Satisfactory credit record;
- d) Broad knowledge and financial, legal or administrative experience.

4.2.2. Must be in its majority Mexicans or foreigners residing in national territory.

4.2.3. In addition, Independent Directors must prove they have provided services for at least five years in high decision positions which performance require financial, legal or administrative knowledge and experience, or related to insurance activity.

## 4.3. HINDRANCES AND RESTRICTIONS

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### The following persons may not be Directors of the Institution:

- 4.3.1. Institution's Officers and employees, except for the General Director or its equivalent and Institution's Officers that hold office in the two immediately lower administrative hierarchy of said individual, without these ones constituting more than the third part of the Board of Directors.
- 4.3.2. Spouses or domestic partners of any of the persons referred to in the above paragraph, or the persons that have blood or marriage relationship to the second grade, or civil with more than two Directors.
- 4.3.3. Persons that have pending litigation with the Institution.
- 4.3.4. Persons condemned for patrimonial crimes, the ones disabled to engage in commercial transactions or to perform a job, position or commission in public service or in the Mexican financial system.
- 4.3.5. Persons in insolvency proceedings that have not been reinstated.
- 4.3.6. Public servants from authorities in charge of the Institution's inspection and surveillance. For example, CNSF.
- 4.3.7. Whoever carries out Institution's regulation and supervision functions. For example, SHCP and CNSF.
- 4.3.8. Public servants of Mexican Central Bank (*Banco de México*), Bank Savings Protection Institute (*Instituto para la Protección al Ahorro Bancario*), National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*), National Commission for Retirement Savings System (*Comisión Nacional del Sistema de Ahorro para el Retiro*) and National Commission for Financial Service Consumer Protection (*Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros*).
- 4.3.9. Whoever participates in the Board of Directors of another insurance company or a controlling company of a financial group to which an insurance company that carries out the same operation or business line belongs to, or the same field or sub-field, as the case may be, whenever Patrimonial Control Links with such other insurance institution are not maintained.

It is excluded from the above provisions, whoever is owner, directly or indirectly, of at least 2% of shares representing the capital stock of each of the insurance institutions or companies.

### The following persons may not be Independent Directors:

- 4.3.10. Institution's employees and Officers.
- 4.3.11. Related persons or those who have Executive Authority. See Policy "General Direction and Officers' Authorities"
- 4.3.12. Partners or persons that hold a job, position or commission in important Companies or Associations that provide services to the Institution or to the companies that belong to the same Corporate Group of which it forms part.
- 4.3.13. Clients, providers, services providers, debtors, creditors, partners, directors or employees of a company that is an Institution's Important client, provider, service provider, Debtor or Creditor. A client, service

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provider or provider is deemed important when the company's services provided or sales carried out represent more than 10% of the client, service provider or provider's total services or sales, respectively.

- 4.3.14. Employees of a foundation, association or civil company that receive Important Donations from the Institution. Donations are considered Important when they represent more than 15% of the total amount of donations received by the foundation, association or civil company, respectively.
- 4.3.15. General Directors or high level Executives of a company in which Board of Directors participates the Institution's General Director or a high level Executive.
- 4.3.16. Spouses or domestic partners, as well as blood, marriage or civil relationship relatives up to the first degree of any of the following persons:
- a) Persons that have pending litigation with the Institution
  - b) Persons condemned for patrimonial crimes, the ones disabled to engage in commercial transactions or to perform a job, position or commission in public service or in the Mexican financial system.
  - c) Persons in insolvency proceedings that have not been reinstated
  - d) Public servants from authorities in charge of the Institution's inspection and surveillance. For example, *CNSF*.
  - e) Whoever carries out Institution's regulation and supervision functions. For example, *SHCP* and *CNSF*.

Or to the third degree of one of the following persons:

- f) Institution's employees and Officers
- g) Spouse, concubine or domestic partner of any of the persons referred to in the previous paragraph, or persons that have blood or marriage relationship up to the second grade, or civil relationship with more than two Directors.
- h) Whoever participates in the Board of Directors of another insurance company or a controlling company of a financial group to which an insurance company that carries out the same operation or business line belongs to, or the same field or sub-field, as the case may be, whenever Patrimonial Control Links with such other insurance institution are not maintained

It is excluded from the above provisions, whoever is owner, directly or indirectly, of at least 2% of shares representing the capital stock of each of the insurance institutions or companies.

- 4.3.17. Directors or employees of companies of which the Institution's shareholders have control.
- 4.3.18. Whoever has conflict of interest or are dependent on personal, patrimonial or economic interests of any of the persons that maintain Control of the Institution or Corporate Group of which the Institution belongs to.
- 4.3.19. Insurance agents, bond agents or insurance loss adjusters, as well as shareholders, attorneys-in-fact or employees of agents legal entities, Reinsurance or insurance loss adjusters Intermediaries or the persons referred to in article 102 of the LISF.

- 4.3.20. Whoever had been in any of the above mentioned cases, during the year prior to the time in which they expect to be appointed.

#### **4.4. OBLIGATIONS IN THE DIRECTORS' ACTING.**

Directors must:

- 4.4.1. Expressly refrain from participating in the deliberation and voting of any matter that implies a conflict of interest for them.
- 4.4.2. Maintain complete confidentiality with respect to all acts, facts or occurrence related to the Institution, as well as deliberations that are carried out in the Board of Directors.

#### **4.5. CRITERIA TO ASSESS THEIR SUITABILITY.**

- 4.5.1. It is the Company's Secretary's responsibility in collaboration with the General Direction and the Legal Corporate Deputy Direction to assess the suitability of each Director/Counselor and Deputy to be proposed to the Shareholders Meeting in accordance with the procedure described in point 5.1 of this policy.
- 4.5.2. The criteria that will favor the suitability's assessment of the candidate are: experience, knowledge and professional reputation in the financial area.
- 4.5.3. The Director Candidate must disclose to the Institution's Shareholders Meeting the circumstance in which it is a Director of another financial entity.
- 4.5.4. It will be the Company's Secretary's function:
- 4.5.4.1. Inform the persons appointed as Directors, the cases in which they may incur in breach of compliance with the requirements or, if it is the case, update any restriction or incompatibility that prevent them to continue in their performance of the entrusted role.
- 4.5.4.2. Verify at least annually that each internal and independent Director, owner and alternate, comply at all times with the requirements set forth in this policy, to continue in their position, based on the provisions of the "Policy to integrate Directors, Statutory Auditors, General Director and Officers' files".

#### **4.6. REMOVAL OF DIRECTORS.**

- 4.6.1. Directors may be removed from their position in case they incur in any hindrance and restriction mentioned in paragraph 4.3, notwithstanding that the General Shareholders Meeting may resolve its separation due to any other reason.

- 4.6.2. The separation process is described in point 5.2 of this policy.
- 4.6.3. Notwithstanding the foregoing, CNSF, with agreement of its Governing Board, may at all times determine the removal of members of the Board of Directors that may bind the Institution with their signature, as well as suspend them from three months to five years, whenever it considers they do not have enough technical quality, satisfactory reputation and credit record to perform their duties, they do not comply with the requirements set forth for such purpose or seriously or repeatedly incur in infringements to LISF or general provisions derived therefrom.

#### **4.7. REQUIREMENTS TO BE A DEPUTY**

- 4.7.1. Be resident in Mexican territory in terms of the provisions of the Fiscal Code of the Federation.
- 4.7.2. Not being performing regulation functions of the Institutions.
- 4.7.3. He or she must have:
- a) Technical quality,
  - b) Honorability;
  - c) Satisfactory credit record;
  - d) Broad knowledge and financial, legal or administrative experience.

**The following persons may not be Independent or Alternate Deputys:**

- 4.7.4. The General Director.
- 4.7.5. The members of the Board of Directors, proprietary or alternate.
- 4.7.6. Officials or employees of insurance institutions, bonding institutions, credit institutions, brokerage houses, general deposit warehouses, financial leasing companies, financial factoring companies, credit unions, financial object corporations multiple regulated or unregulated, operating companies of investment companies, cooperative savings and loan societies, popular financial corporations, community financial societies, rural financial integration agencies, exchange houses, administrators of funds for the retirement or from any other financial institution.
- 4.7.7. The members of the board of directors, proprietary or alternates, general managers, managers or external auditors of the companies that in turn control the Institution in question or the companies controlled by the majority shareholders of the same.
- 4.7.8. The external auditors who dictate the financial statements and the independent actuaries who rule on the situation and adequacy of the technical reserves of the Institution concerned.
- 4.7.9. Persons that have pending litigation with the Institution.
- 4.7.10. Public servants from authorities in charge of the Institution's inspection and surveillance.

## 5. PROCEDURE

### 5.1. PROCEDURE FOR THE SELECTION, APPOINTMENT AND ALTERNATION OF DIRECTORS AND DEPUTIES.

Activity		Responsible person	Specifications
#	Description		
1	<b>Selection</b> of candidates to the position of Directors or Deputies.	General Director or Investments Director. Corporate Legal Deputy Direction	Provides the list of candidates to the Corporate Legal Deputy Direction at least two months prior to the date scheduled for the General Shareholders Meeting.
2	<b>Application and verification</b> of compliance with requirements and absence of hindrances and restrictions.	Corporate Legal Deputy Direction	Requests the necessary information and verifies that the candidate to be proposed complies with the requirements set forth in this policy, and that it is not placed in any of the restriction or hindrance cases set forth herein.
3	<b>Proposal</b> to the Shareholders Meeting to appoint a Director or Deputy.	President of the General Shareholders Meeting	Carries out the appointment proposal to the position of Director to the General Shareholders Meeting.
4	<b>Approval or Disapproval</b> of candidate to occupy the position of Director or Deputy.	Shareholders Meeting	Deliberates about the candidate proposed to be an Institution's Director, and may deliberate in two ways: a) Approves the appointment of the proposed candidate as Institution's Director. Activity <b>No. 5</b> continues or; b) Does not approve the proposed candidate as Director. Activity <b>No. 1</b> continues.
5	<b>Gathering</b> information and documentation for the file.	Corporate Legal Deputy Direction	Gathers information and documentation of the appointed Director or Deputy, set forth in the Institution's "Policy to integrate Directors, Deputies, General Director and Officers' files" in a maximum term of 15 business days after the appointment by the Meeting as Director or Deputy.
6	<b>Inform</b> the appointed Director or Deputy regarding the obligations inherent to its position.	Corporate Legal Deputy Direction	Sends to the appointed Director or Deputy, via e-mail, a copy of this policy. The mail must contain the provisions of Exhibit A.
7	<b>Notify</b> the appointment of Director or Deputy to the CNSF.	Corporate Legal Deputy Direction	Notifies CNSF through the Regulatory Report of Corporate Information (RR-1) within 20 business days following closing of the quarter in which the appointment was made in the manner and terms set forth in provisions 3.7.10 and 38.1.2 of CUSF.
End of the procedure			

## 5.2. PROCEDURE TO RESIGNATION OR REMOVAL AND TERMINATION OF DIRECTORS AND DEPUTIES.

Activity		Responsible person	Specifications
#	Description		
1	Director's or Deputy's <b>Resignation</b>	Director or Deputy	Submits a resignation letter before the President of the Board of Directors or the Company's Secretary at least 1 month prior to the date in which he leaves office.
2	Director's or Deputy's <b>Removal</b>	General Shareholders' Meeting /Company's Secretary	Agree the removal by any of the causes set forth in number 4.3 or by any other reason they deem applicable.
3	<b>Update</b> of the Regulatory Report of Corporate Information	Legal Corporate Deputy Direction	Derived from the resignation and removal of the Director, update of the Regulatory Report of Corporate Information (RR-1) must be made within the 20 business days following closing of the quarter in which the termination was carried out, in the manner and terms set forth in provision 38.1.2 of the CUSF.
End of the procedure			