



Investment Manual



Introduction

Quálitas Compañía de Seguros, S.A. de C.V. (hereinafter QUÁLITAS or the Insurance Company) has as main purpose to practice insurance operations in relation to damages in the fields of civil liability and occupational hazards, fire, automobiles, miscellaneous and earthquake and other catastrophic risks, in accordance with the authorization granted by the Ministry of the Treasury and Public Credit (*Secretaría de Hacienda y Crédito Público*) based on the provisions of the Insurance and Bonding Institutions Law (*Ley de Instituciones de Seguros y Fianzas* or LISF for its acronym in Spanish). All the guidelines based on which QUÁLITAS operates are subject to the provisions of the Insurance and Bonding Institutions Law, the Insurance Contract Law (*Ley sobre el Contrato de Seguro*), the Insurance and Bonding Agents Regulations (*Reglamento de Agentes de Seguros y Fianzas*), as well as the Insurance and Bonding Unique Circular Letter (*Circular Única de Seguros y Fianzas* or CUSF for its acronym in Spanish) and other provisions issued by the National Insurance and Bonding Commission (*Comisión Nacional de Seguros y Fianzas* or CNSF for its acronym in Spanish).

This Manual describes the norms, policies and procedures that the Insurance Company must follow to carry out the investment of its assets. The Manual was prepared by the Investment Committee to submit it to the approval of the Board of Directors.

This Manual particularly establishes the manner in which the QUÁLITAS investment policy complies with the prudence principle provided for in Chapter 8.1 of the CUSF.

The structure and sections composing it are:

Purpose and Legal Framework

Defines the purposes of QUÁLITAS in relation to this Manual and the legal framework on which the norms, policies and procedures for investment operation are established and based. This section also describes the scope of this manual and the internal control measures.

Structure for investment operation and control

This section describes the organizational structure, duties and responsibilities of the Investment Committee, as well as all the areas involved in the investment process. Particularly, the duties assigned to the Investment Area of the Insurance Companies are reviewed.

Investment Policies

The investment policy of QUÁLITAS is described, as well as the strategy, mechanisms and procedures for its instrumentation. Likewise, the risk administration mechanisms linked to the investments and their tolerance limits are established.

Norms and criteria for the operation of investments

This section defines the policy in matters of valuation criteria for investment instruments. In addition, the custody, securities administration and documentation of operations mechanisms related to the Insurance Company's investments are described.

Monthly operation

Includes the different monthly activities related to investment activities, with the respective control and corporate governance overview for its analysis, authorization, and correction in case of.

General considerations, environmental, social and of corporate governance

Description of policies and considerations that the investment department should analyze regarding ESG topics when the department should take a decision and election regarding investment vehicles.



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V.7 General Environmental, Social and Corporate Governance Considerations

Qualitas' holding group and its subsidiaries upon analyzing its investments will promote at all times:

- The incorporation of social and governance environmental criteria in the evaluation of its investments.
- Sustainable development aiming to protect the interests of present and future generations.
- Encourage the development of socially responsible investment in the countries in which it operates.

Incorporation of Criteria:

As an initial approach, it will seek to incorporate its sustainable development practices and the best environmental, social and governance (ESG) practices into the analysis methodology of the potential investment assets. Qualitas will promote sustainable portfolios, meaning that our long-term investment horizon longer investment horizon is part of sustainability due diligence, we have mechanisms striving to have a direct dialogue with the companies and suppliers of investments products with the main purpose of aligning our investment principles to tackle sustainable opportunities and to try to avoid social and/or environmental negative impacts.

We define a series of sectors and activities excluded from the investment by Qualitas and therefore from the ESG evaluation. These are those sections and activities that are not aligned with our values and/or of particular social and/or environmental impact.

List of sectors and activities excluded from investment:

- Gambling, casinos and/or similar activities.
- Manufacturing and/or sale of firearms.
- Production and/or sale of tobacco.
- Pornography.

We should identify and monitor those investments decisions that may have a negative impact in our sustainability approach.

We also have an ESG global score from zero to 100 for our portfolio, which considers:

- Environmental factors such as respect to the environment and nature, biodiversity, and greenhouse emissions.
- Social factors such as human rights respect and UNGC compliance
- Governance factors such as corporate ethics and compliance of UN agreements.

One of the biggest challenges from a participant of the investment public perspective is that in order to be able to evaluate sustainability risks and impact there is a lack and shortages of relevant information regarding ESG from certain issuers and in certain markets. Most of the information available used for ESG scores is based in historical data that may be not precise, conclusive or incomplete so they cannot fully reflect ESG future behaviors or total ESG risks.