

Executive Report

Double Materiality Financial and impact materiality process

May, 2024



Objective and process

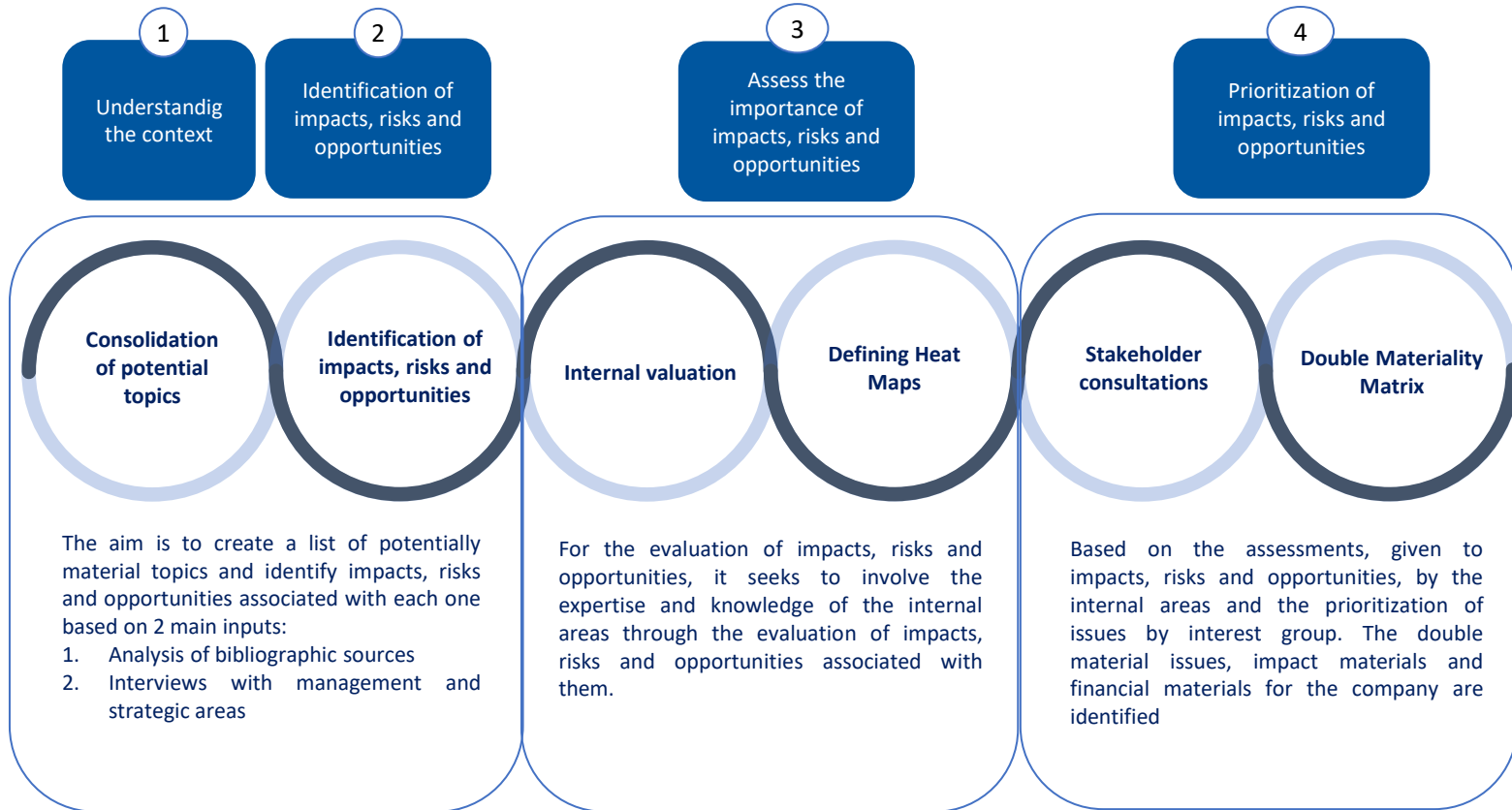


MATERIALITY GOVERNANCE

- We are committed to conducting materiality analyses **at least every three years** as part of the sustainability strategy update.
- The exercise of double materiality (impact and financial) allows us **to respond to the indicators of the Global Reporting Initiative (GRI), Standard Accountability Board (SASB) and the S1 sustainability standard of the accounting IFRS.**
- The process of determining the material topics **is verified by an external party**, both the impact (corresponding to the GRI 3-1 and GRI 3-2 content) and the financial materiality part.
- The materiality process is **coordinated by the Social Responsibility and Investor Relations departments**, given the double focus on impact and financial materiality.
- The materiality results are **presented to the Social Responsibility Committee**, in which members of the Board of Directors and by the Deputy CEO of Qualitas Controladora, Bernardo Risoul, participate.



Double materiality process



Extensive list: potentially relevant topics

To understand the context and prepare the set of potentially relevant issues related to Qualitas' operations, a documentary analysis and interviews with the management team were conducted.

Below is the list of 27 potentially relevant topics, for more information on the description of each topic see the following slides.

Dimension	No.	Potential Topic
Business model	1	Responsible supply chain
	2	Road safety culture and conduct
	3	Innovation in products and services
	4	Digital transformation and operational efficiency
	5	ESG investing
	6	Accessibility and affordability of the product/service
	7	Business ethics and legal compliance
	8	Sales practices (responsible marketing)
	9	Cybersecurity
	10	Policyholder service
	11	Policyholder data privacy
	12	Claims management

Dimension	No.	Potential Topic
Social and human capital	13	Socio-economic development of communities
	14	Diversity and equal opportunities
	15	Employee training and development
	16	Work environment
	17	Occupational health and safety
	18	Financial education and insurance culture
Corporate governance	19	Remuneration and incentives to collaborators
	20	Disclosure and transparency of financial and sustainable information
	21	Corporate governance
	22	Taxation
	23	Money laundering prevention
Environment	24	Relationship with business partners and stakeholders
	25	Management of climate change risks (physical and transitional) of our own and the portfolio
	26	Environmental and social impact of the portfolio
	27	Eco-operational efficiency



For each of the 27 themes in the long list, positive and negative impacts were identified.

Positive impacts are considered as those impacts that the organization generates through its activities, and contribute positively to its stakeholders, contributing to sustainable development (in environmental, social and governance terms).

On the other hand, **negative impacts** are impacts that the organization generates through its activities, and that negatively affect its stakeholders, in addition to contributing negatively to environmental, social and/or governance problems.

These impacts:

1. "**Contribute to cause**" if the activities facilitate, incentivize, or lead another entity to cause the impact.
2. Or they are "**directly linked to**" the activities or their business relationships (even if the organization has not caused or contributed to the negative impact itself).

The positive and negative impacts identified were 68 in total.



Likewise, risks and opportunities were identified, considering:

- **Risks:**

These are negative aspects or disadvantages that can affect a company in relation to ESG factors and have the potential to negatively influence financial performance or a company's ability to create sustainable value in the long term.

- **Opportunities:**

These are the positives or advantages that organizations can leverage in relation to ESG factors to create long-term sustainable value or improve their financial performance. They can vary widely depending on the context, but generally involve aspects related to economic or strategic benefits.

The proposed risks and opportunities resulted in a total of 48.



Financial materiality



INTERNAL ASSESSMENT

To carry out the risk and opportunity assessment, the support of the following areas was requested:

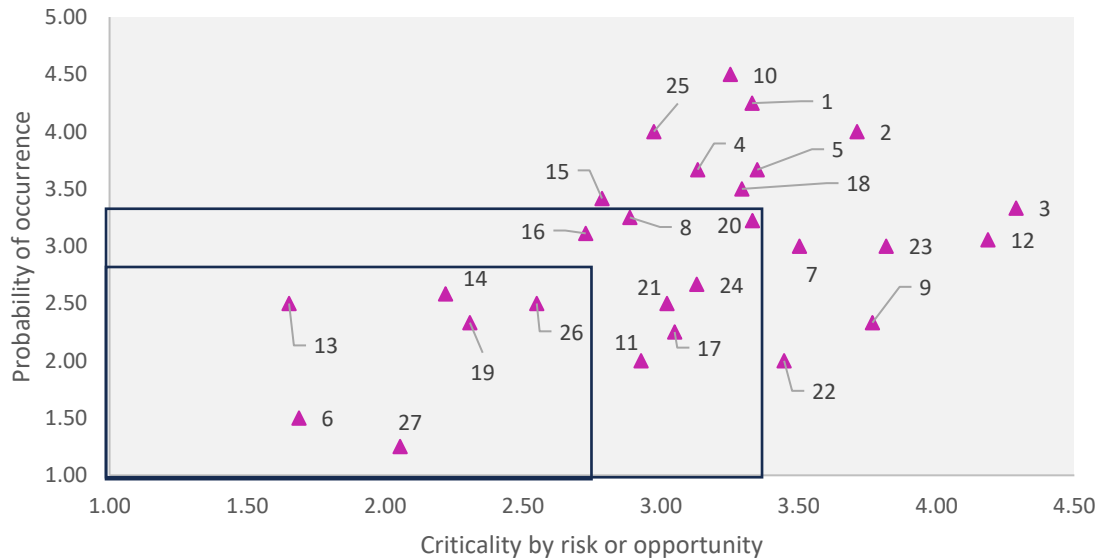
- "Integrated Risk Management Directorate " (7 participants);
- "Investments" (2 participants);
- "Sub-Directorate of Accounting" (8 participants).

Likewise, the financial materiality matrix incorporates the perspective of those stakeholders that may be more sensitive to risks or opportunities that may arise through the different ESG aspects. In this particular exercise, these stakeholders were:

Stakeholders	Approach mechanisms
Institutional investors	Survey
Counsellors	Survey
Area Directors	Interview and survey with management



Financial materiality



MATERIAL TOPICS (14)

- 10 Policyholder service
- 2 Road safety culture and conduct
- 3 Innovation in products and services
- 1 Responsible supply chain
- 12 Claims management
- 5 ESG investing
- 25 Managing climate change risks (physical and transitional) for our own and product portfolio
- 23 Money laundering prevention
- 4 Digital transformation and operational efficiency
- 18 Financial education and insurance culture
- 7 Business ethics and legal compliance
- 15 Employee training and development
- 9 Cybersecurity
- 22 Taxation

EMERGING THEMES (7)

- 20 Disclosure and transparency of financial and sustainable information
- 8 Sales practices (responsible marketing)
- 16 Work environment
- 24 Relationship with business partners and stakeholders
- 21 Corporate governance
- 17 Occupational health and safety
- 11 Policyholder data privacy

OTHER TOPICS OF REFERENCE (6)

- 26 Environmental and social impact of the portfolio
- 14 Diversity and equal opportunities
- 19 Remuneration and incentives to collaborators
- 13 Socio-economic development of communities
- 27 Eco-operational efficiency
- 6 Accessibility and affordability of the product/service



FINANCIAL MATERIALITY: TOP THREE

Material topic	Business Case	Business strategies (initiatives)
Product and service innovation	<p>We offer products and services that fit customers' needs, staying ahead of the curve, identifying trends, and investing in technologies and data analytics.</p> <p>In addition to insurance products, we integrate services that include the distribution of auto parts and glass through our non-insurance subsidiary Flekk. In addition, with the subsidiary Qsalud we serve the health sector. Through continuous innovation in products and services, we strengthen our pillars of excellence in service and cost control and ensure vehicles with a lower environmental impact.</p>	<p>We have environmentally friendly products, in premiums issued of:</p> <ul style="list-style-type: none"> • Devices provided under a commodatum agreement to monitor driving (responsible driving, capable of reducing emissions) • Natural Gas Fleet Insurance • Hybrid Vehicle Insurance • Electric Vehicle Insurance
Policyholder service	<p>Our business model is focused on customer service excellence. We are specialists in automobile insurance and have a deep knowledge of the particularities of the business and the needs of our policyholders. We offer a comprehensive customer service, from the contracting of the insurance to the attention in the event of a claim.</p>	<p>Through our extensive distribution network, which includes our service offices, ODOs and agents, we offer a personalized, flexible and efficient service. We have several initiatives in the processes of consultation, procurement and assistance in the event of a claim. Contributing to the scoring of our policyholders' satisfaction surveys (NPS).</p>
Road Safety Culture and Conduct	<p>At Quálitas, road safety is our main commitment to our customers and society. For this reason, we have developed a road culture program in order to reduce accidents and promote respectful coexistence on the roads and highways.</p> <p>The commitment we have to road safety, to society and to our agents, contributes to reducing the rate of accidents and fatalities, in addition, it allows the company to mitigate, prevent and better remedy the associated risks.</p>	<p>Our goal is to promote the prevention of car accidents through safe and responsible driving.</p> <ul style="list-style-type: none"> • For our customers with insured fleets of more than \$5 million pesos, we offer the opportunity to join our accident prevention program, which began in Mexico and is expanding to the United States, Costa Rica and Peru. • We have developed services that contribute to Road Safety, such as telemetry and tracking. • We offer companies the implementation of technologies for accident prevention based on the analysis of the accident rate. • We also recognize that agents face unique risks in their daily work. We have implemented a Road Safety Management System (SGSV) based on the ISO 39001:2012 Standard.



FINANCIAL MATERIALITY: TOP THREE

Material topic	Indicator	Progress 2023
Product and service innovation	Insurance products that contribute to reducing our clients' greenhouse gas (GHG) emissions. Premium subscribed from: <ul style="list-style-type: none"> Natural Gas Fleet Insurance Hybrid Vehicle Insurance Electric Vehicle Insurance 	Premium (M MXN), data for QCS. <ul style="list-style-type: none"> Natural Gas Fleet Insurance: \$34.8 Hybrid Vehicle Insurance: \$379.1 Electric Vehicle Insurance: \$396.2
Policyholder service	<ul style="list-style-type: none"> % customer service satisfaction in the comprehensive service survey. Claims Officer Arrival Time 	<ul style="list-style-type: none"> By the end of 2023, we achieved an average satisfaction rate of 88.6% The average time of assignment of the claims officer and arrival at the claims site was 22.21 minutes.
Road Safety Culture and Conduct	<ul style="list-style-type: none"> Number of telemetry and tracking devices in the insured units Number of accident agents trained in relation to road safety 	<ul style="list-style-type: none"> 63 fleets with technology, which represents +300 million pesos in insured premiums. During 2023, we trained 239 claims officers in relation to road safety



Impact materiality



INTERNAL IMPACT ASSESSMENT

An approach is made with all those areas related to potentially material issues.

- **14 participating areas**

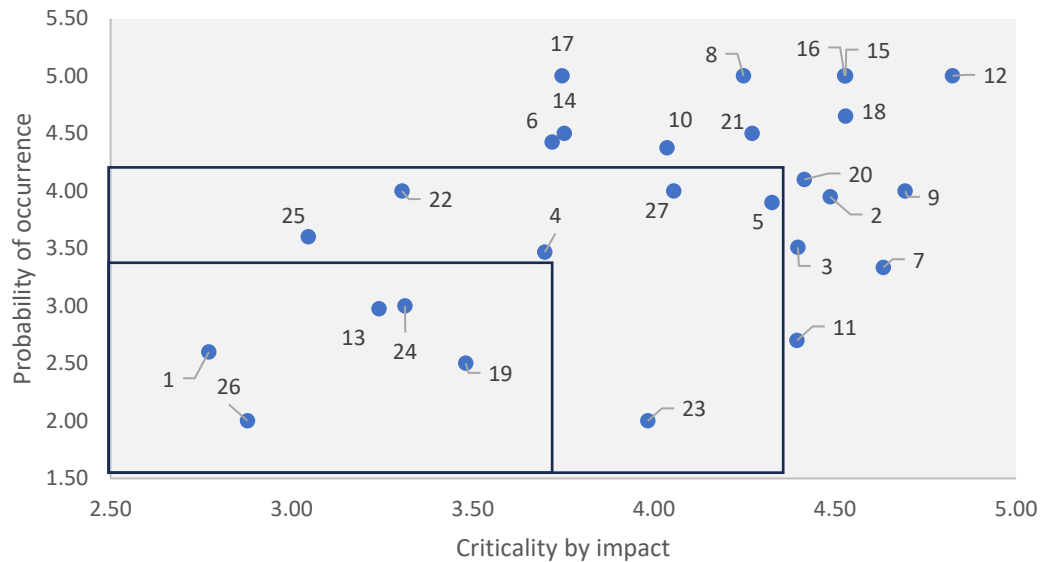
CONSULTATIONS WITH STAKEHOLDERS

To incorporate the perspective of the stakeholders related to Quálitas in the analysis, various approaches and types of consultation were carried out.

STAKEHOLDERS
Insured
Collaborators
Office Managers
Agents
Financial
Suppliers



Impact materiality



MATERIAL TOPICS (16)	
12	Claims Management
15	Employee training and development
18	Financial education and insurance culture
16	Work environment
8	Sales practices
21	Corporate governance
17	Occupational health and safety
9	Cybersecurity
20	Disclosure and transparency of financial and sustainable information
2	Road Safety Culture and Conduct
10	Member Service
14	Diversity and Equal Opportunities
6	Accessibility and affordability of the product/service
7	Business Ethics and Legal Compliance
3	Innovation in products and services
11	Policyholder Data Privacy
EMERGING TOPICS (6)	
5	ESG Investing
27	Eco-operational efficiency
22	Tax strategy
4	Digital Transformation and Operational Efficiency
25	Management of climate change risks (physical and transitional) of our own and the portfolio
23	Money laundering prevention
OTHER TOPICS OF REFERENCE (5)	
24	Relationship with business partners and stakeholders
13	Socio-economic development of communities
19	Remuneration and incentives to collaborators
1	Responsible supply chain
26	Environmental and social impact of the portfolio



IMPACT MATERIALITY: TOP THREE

Material topic	Cause of impact	Stakeholder impacted	Associated impacts	KPIs Directos	KPIs de impacto
Claims Management	<ul style="list-style-type: none"> • Operations • Supply chain 	<ul style="list-style-type: none"> • Clients • External employees (agents, employees of Service Bureaus) 	Increased customer satisfaction and retention due to the good claims management system and efficient operation.	Average response time in the national call center, guaranteeing agile and efficient service to our policyholders.	Average satisfaction rate of customer comprehensive service survey, highlighting the service of our claims officer.
Employee training and development	<ul style="list-style-type: none"> • Operations 	<ul style="list-style-type: none"> • Collaborators 	Increase in the well-being and productivity of employees by promoting good work practices (work environment, talent development, etc.)	Number of hours of training. Number of participants in leadership courses/workshops.	Number of employees trained. Number of promotions derived from leadership workshops.
Financial education and insurance culture	<ul style="list-style-type: none"> • Operations • Products and services 	<ul style="list-style-type: none"> • Clients • Society in general 	Development of financial knowledge Solid building of customer relationships through financial education and the promotion of insurance culture.	Number of campaigns sent.	Unique opens and clicks on the website and mailing. It gives the level of reach of financial education campaigns.

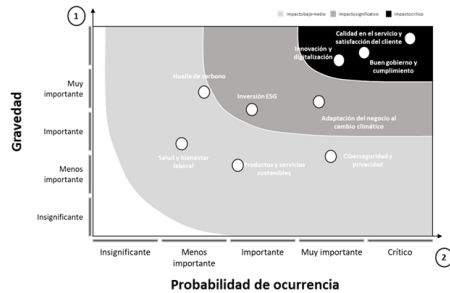
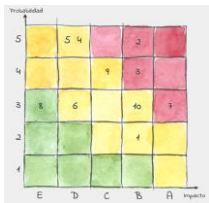


DOUBLE MATRIX

(Impact + Financial)



Heat map of impacts



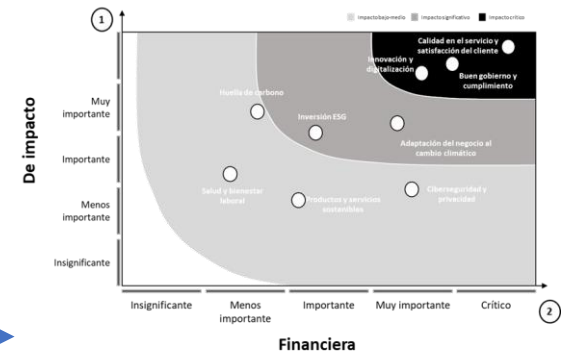
Mat matrix. impact

Represent the themes

Scores based on the impacts they harbor

Gravity integrating its subvariables

Matriz doble materialidad (ilustrativo)



Impact materiality

Financial materiality

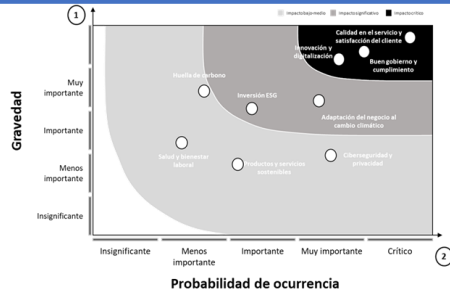
An axis for each materiality

Each axis integrates the two variables of that materiality

Impact only

Doubly material topics

Only financially



Mat matrix. financial

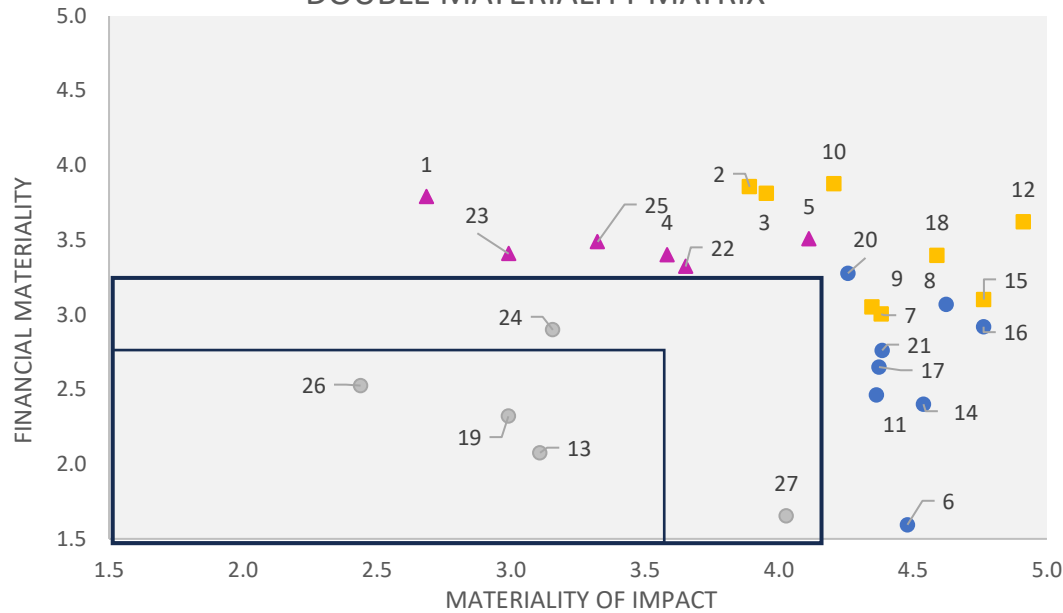
Represent the themes

Scores based on risks and opportunities

Gravity integrating its subvariables



DOUBLE MATERIALITY MATRIX



DOUBLE MATERIAL TOPICS (9)

- 12 Claims Management
- 10 Policyholder Service
- 18 Financial education and insurance culture
- 15 Employee training and development
- 3 Innovation in products and services
- 2 Road Safety Culture and Conduct
- 9 Cybersecurity
- 7 Business Ethics and Legal Compliance

FINANCIAL MATERIAL TOPICS (6)

- 5 ESG Investing
- Digital Transformation and Operational
- 4 Efficiency
- 22 Taxation
- Managing climate change risks (physical and transitional) for our own and product portfolio
- 1 Responsible supply chain
- 23 Money laundering prevention

IMPACT MATERIAL TOPICS (8)

- 8 Sales practices (responsible marketing)
- 16 Work environment
- Disclosure and transparency of financial and sustainable information
- 20 sustainable information
- 21 Corporate governance
- 17 Occupational health and safety
- 14 Diversity and Equal Opportunities
- Accessibility and affordability of the product/service
- 6 product/service
- 11 Policyholder Data Privacy

