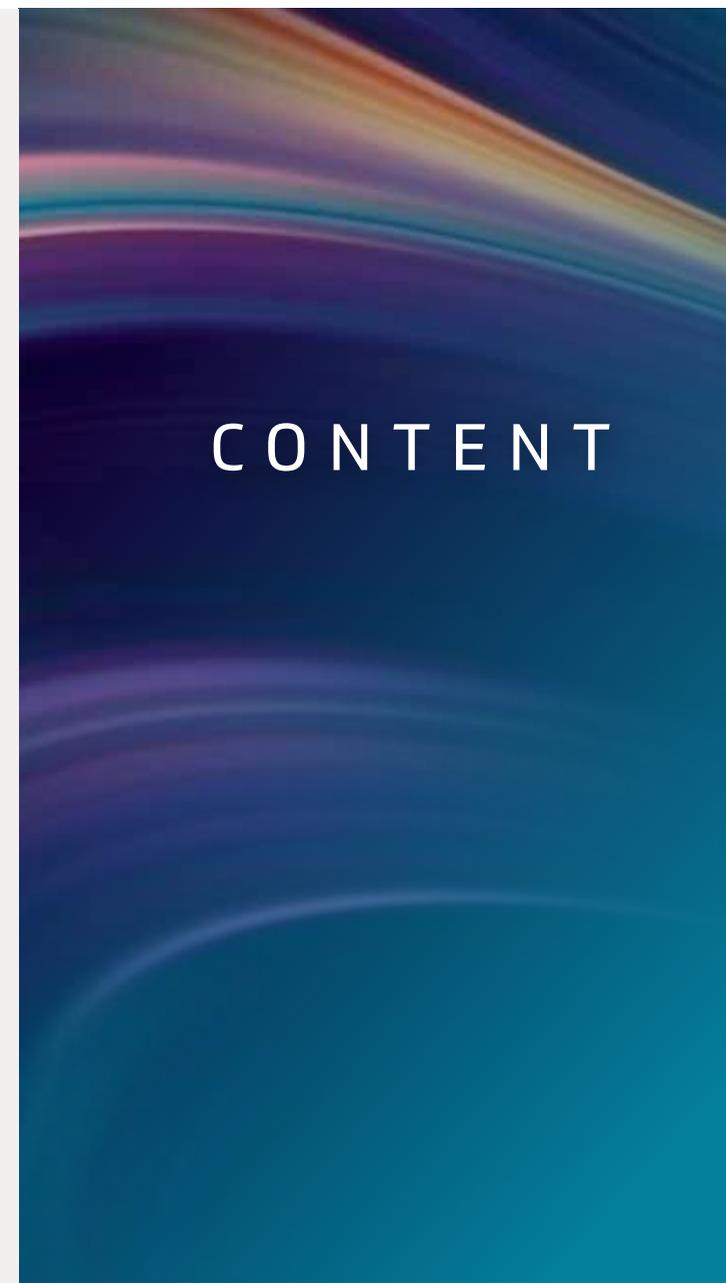




+ AGILE + UNITED + SAFE

2020 INTEGRATED ANNUAL REPORT

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CONTENT

D E A R

We work uninterruptedly, fulfilling our obligations to policyholders, hand in hand with our agents and other business partners.

March 22, 2021

(GRI 102-14, 102-15)

I would like to begin by remembering Joaquin Brockman Lozano, our beloved founder. His vision, passion and leadership led our company to be leader in the industry; his humility and dedication to service built our culture. We assume his legacy to continue making Quálitas an exemplary company.

The year left behind has been a challenging one for all of us, facing an unusual scenario that has required our best efforts. The unexpected **COVID-19** pandemic significantly impacted our lives, the economic situation of the countries in which we have a presence and the way we operate.

In the face of this situation, **Quálitas demonstrated its resilience by delivering solid results in issuance and profits.** Our agility and flexibility, aimed at strengthening our service and cost control pillars, were key to achieve this.

We work uninterruptedly, fulfilling our obligations to policyholders, hand in hand with our agents and other business partners. We appreciate the commitment of our employ-

ees, whose health has been a priority for the company. The pandemic also forced us to **accelerate the implementation of technological tools**, such as staff being able to work from home, as well as remote assistance through process applications such as express adjustment.

Our **written premium was \$36,057 million pesos**, and remains at 2019 levels, down marginally by 0.4%. In terms of insured units, there was a decrease of 1% and we closed the year with 4.2 million. This takes into account the actions we have implemented to retain our customers; discounts on renewals and payment facilities such as interest-free months.

Earned premium experienced an increase of 4.0%, an outstanding result considering the macroeconomic environment, the drop in new car sales and the performance of the insurance industry.

The subsidiaries outside of Mexico played a very relevant role and have become a growth driver for the Parent Company. In terms of written premium, they had **an increase of**

5,339
employees in all
subsidiaries and
countries.



38.7%. The strategy to consolidate its operation and to profitably enhance its growth has worked and currently **represents 7.3% of the Parent Company's total issuance**. Our non-insurance subsidiaries have been able to consolidate their operations in a profitable manner.

In terms of claims, we closed the year with a **claims ratio of 51.3%**, which is more than 8 percentage points lower than the previous year. The drop in mobility, and therefore in the number of claims attended, as well as the 20% drop in thefts and the increase in the recovery of stolen units, made this possible.

All of the above, combined with the control of our operating and acquisition costs, allowed us to close 2020 with a **combined ratio of 80.1%** for the year, more than 6 percentage points below the previous year and **the lowest in the company's history**.

The integral result of financing was affected throughout the year by the reduction in the Mexican reference rate; we achieved a return on investment of 4.8%. While the in-

vestment strategy remains conservative in its approach, we will increase our exposure to equities and instruments that will help us to enhance our performance.

Our ability to generate value for our shareholders and stakeholders was evidenced by **net income of \$6,798 million, 27% higher** than in 2019 representing the highest annual profit since the company's founding, despite the year's operational and financial challenges. We also closed with a **12-month ROE of 41.7%**.

As a result of our stock's performance and increased marketability, **Q* was added to the IPC**. Likewise, our ESG performance was recognized nationally with the inclusion of Quálitas in the first sample of the new BMV index: S&P/BMV Total Mexico ESG Index, and internationally with our return to the Dow Jones Sustainability MILA Pacific Alliance index, in which we are the only insurance company. These milestones encourage us to continue advancing in the Sustainability Strategy from the business, both in the development of in-

surance products and in our investments.

Our team reached 5,339 employees in all subsidiaries and countries; we strengthened their training and development, especially through Universidad Quálitas, which operates as a digital platform. **Health and wellness efforts** were more important than ever.

The commitment to driver education did not stop, and we continue to support our fleet customers in monitoring and training. Citizens being responsible is critical at this time; we redefined our **#NosVemosEnLaEsquina** campaign to call for accountability of all citizens to COVID-19 and avoid risky practices.

We appreciate the preference of our policyholders, the commitment of our employees, suppliers, agents and other business partners, as well as the trust of our investors. We will continue working to create value for all of them; also for society as a whole, implementing the **Ten Principles of the UN Global Compact** and from our contribution to the **Sustainable Development Goals (SDGs or ODS**

as per its acronym in Spanish).

Quálitas has managed in these 26 years to go from being an insurance company in Mexico to a holding company with international operations, as well as with non-insurance subsidiaries that help us to integrate vertically. I am confident in the capability and leadership of our organization and that, by maintaining our unique business model, we will continue on this path of shared success.

Sincerely,

José Antonio Correa Etchegaray
Chairman of the Board of Directors
Quálitas Controladora S.A.B de C.V.

IN A YEAR OF CHALLENGES: COVID-19 RESPONSE

2020 year brought significant challenges for individuals and businesses given the impacts generated by COVID-19 pandemic. Quálitas' premise was to continue complying with all its obligations, taking care of the health of our employees, policyholders, and business partners, and continue the value generation for our different stakeholders, through the operation and supplementary measures.

+ SECURE



[GRI 102-15]

The insurance business continued its operation steadily in the different countries, given that the insurance industry is categorized as an essential business, and we demonstrated our speed of action especially with measures related to the safety of our staff (labor, economic, health) and the conditions for policyholders. Likewise, we fulfilled our responsibilities with business partners, accelerating projects with special positive impact. We supplemented all this with different social supports at the most critical times of the year. The continuity and approach outlined above also includes our non-insurance subsidiaries.

Two of our key differentiators were particularly evident this year:

Cost control

assuming additional measures of efficiency in the use of resources to continue operating within the best conditions despite the fall in income.

Excellence in service

given technology and innovation we can provide remote attention to claims. Likewise, due to our agility and flexibility to understand the particular needs of each of our clients during this complicated time.

To coordinate decision-making, we established special committees in each subsidiary with the participation of our main directors.



**Express Adjustment:
the new claims handling model**



Our main measures are outlined below:

Employees

- We expressed our commitment to employment despite the fall in the economy; we maintained 100% of fixed salaries and established a minimum salary for positions for claims attention with variable salary.
- We migrated to remote work, with special support to the most vulnerable employees due to their health condition. In Mexico, it stands out the fast generation of an alternate call center with personnel at risk from their homes stands out, as well as the assignment of the most vulnerable agents and claims officers to attend express adjustment cases, which can attend remotely policyholders and claims.
- For those employed in facilities and the field claim officers, we delivered personal protective equipment, and we conducted a thorough follow up with regular tests.
- We sought employees to feel accompanied in such complex moments, reinforcing our internal communication. In addition, the implementation of our “Adjust Your Emotions” care program was a great help.

Policyholders

- Aware of the impact on the purchasing power of our policyholders and possible liquidity setbacks, we worked on two aspects:

Interest-free payment

installments such as 3, 6 and up to 12 months, up to December.

Adjustments in the rates

considering the decrease in accident rates, for example a 10% discount on renewals. For those of our clients in particularly hard-hit businesses, we developed specific plans.



- Thanks to our express adjustment option, which is managed by the policy holder himself with the **claim officer remotely, we have reduced the risks of infection.** We offer virtual assistants and online management for much of our processes, a previous effort with particular positive impact during the pandemic.
- We continue generating value through safety support for the fleets we insure by migrating training and advising to online formats, which allowed us to increase its scope.

Agents, other business allies and suppliers

- At all times, we maintained the payment in time established and form to our suppliers and commissions to our business partners, aware of the importance of them having the resources at their disposal.
- Our agents already had *QEmisión*, a platform to issue policies online at their disposal; its operation was fundamental for them to be able to continue their activity. This year we also provided them with a customizable website so that they could strengthen the attraction of customers.

- The service office teams were able to continue to use the “Adjust Your Emotions” helpline, which was particularly demanded in this context.

Community

- We transformed our road safety and co-existence road program, *#NosVemosEnLaEsquina*, inviting to act with responsibility in the face of COVID-19 and to prevent risk practices.
- At the time of the first wave of infections in Mexico, we financially supported organizations that provided food for medical personnel. We conducted an internal campaign in which our employees donated food to populations affected by the pandemic.
- Despite the economic uncertainty, at Quálitas Compañía de Seguros we maintained the budget designated for the year to support social organizations, adding to our contribution several productive projects that will help communities generate their own livelihood.
- We joined efforts made in our subsidiaries in other countries, where the donation of masks to traffic agents in Costa Rica stands out.

Main Figures

GRI 102-7

Quálitas Controladora Infraestructura

Quálitas Controladora Performance

207 service offices
284 ODQs (Mexico)

Operations in **5** countries: Mexico, Costa Rica, El Salvador, the United States of America, and Peru.

5,339 employees

+16,900 agents

603,545 hours of employee training (including Universidad Quálitas)

8,673 people trained at Universidad Quálitas¹

\$3.3 million of social support in response to COVID²

\$36,057 million pesos of premiums written

\$36,291 million pesos of premiums earned

4,182,347 insured vehicles

47.1% growth of vehicles insured by Quálitas Peru

51.3% loss ratio (lowest value since the founding of Quálitas) ⭐

\$6,798 million pesos of net profit (highest value since the founding of Quálitas) ⭐

80.1% of combined ratio

41.7% in LTM ROE

+\$35,200 million pesos of invested assets or float

34.9% accumulated return on the share

6th best performing issuer of the Mexican Stock Exchange.



We are included in the S&P/BMV Total Mexico ESG Index



We returned to the Dow Jones Sustainability MILA Pacific Alliance Index

1 In all the countries, including employees, agents, service offices staff, suppliers and policyholders (fleets).
2 Does not consider the support given to employees and clients through health care and discounts on renewals, respectively.



ORGANIZATIONAL IDENTITY

Quálitas Controladora

Quálitas Compañía de Seguros

International presence

Non-insurance subsidiaries

+ UNITED

Quálitas Controladora

(GRI 102-2, 102-4, 102-6, 102-15, 102-16, 102-45)

We protect the vehicle assets of our policyholders, with a high degree of specialization and excellence, providing assistance to both the vehicle and its occupants in the event of an accident. At Quálitas we insure cars, we take care of people.

We integrate the provision of insurance services with the management of complementary services in the attention of claims: provision of spare parts and glass repair. We are thus moving towards an integrated model that enables efficiency.

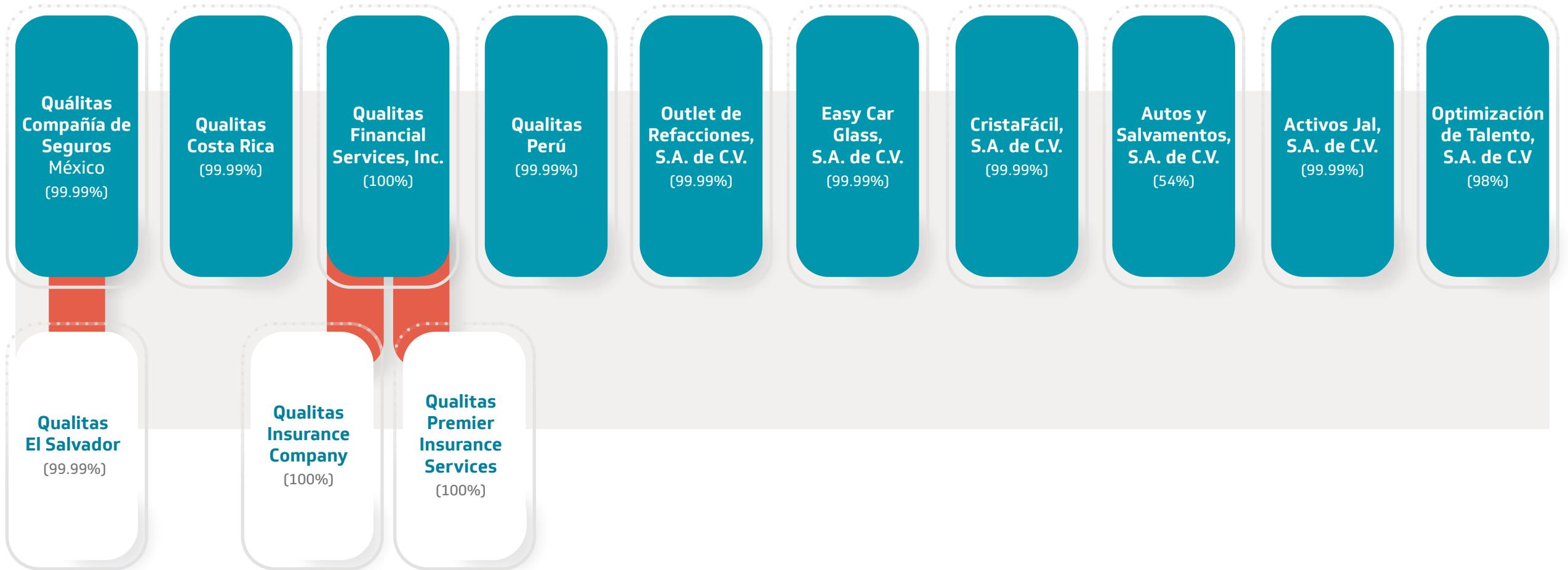
We are a company close to its people, to those who make our activity possible. In a context of difficulty due to the impact of the pandemic, we have continued to work hand in hand, developing insurance that satisfies the different needs and providing the necessary assistance.



Mission, Vision & Values

PRESENCE





Quálitas Compañía de Seguros

[GRI 102-48, FS7, FS13]

During the year we operated uninterrupted, fulfilling our obligations to our policyholders. In terms of results, we continue to be the market leader in auto insurance since 2007, with a market participation of 30.5 % at the end of 2020, according to data from the Mexican Association of Insurance Institutions (AMIS).

The effects of the pandemic on the economy had a significant impact on issuance, with a drop in fleet underwriting and through the financial institutions segment, which is related to new car sales in the country. However, due to our actions to maintain our client portfolio, premium issuance on individual policies remained stable.

Quálitas Compañía de Seguros (Q MX)				
	2020	Δ20-19	2019	2018
Insured units	4,037,181	(57,013)	4,094,194	3,793,178
Written premium (MM MXN)	33,360	(1,055)	34,415	32,880
Market participation (%)	30.5	+0.7	29.9	29.9
Employees	4,881	(17)	4,898	4,883
Service offices	191	+5	186	178
ODQs	284	+33	251	227





191

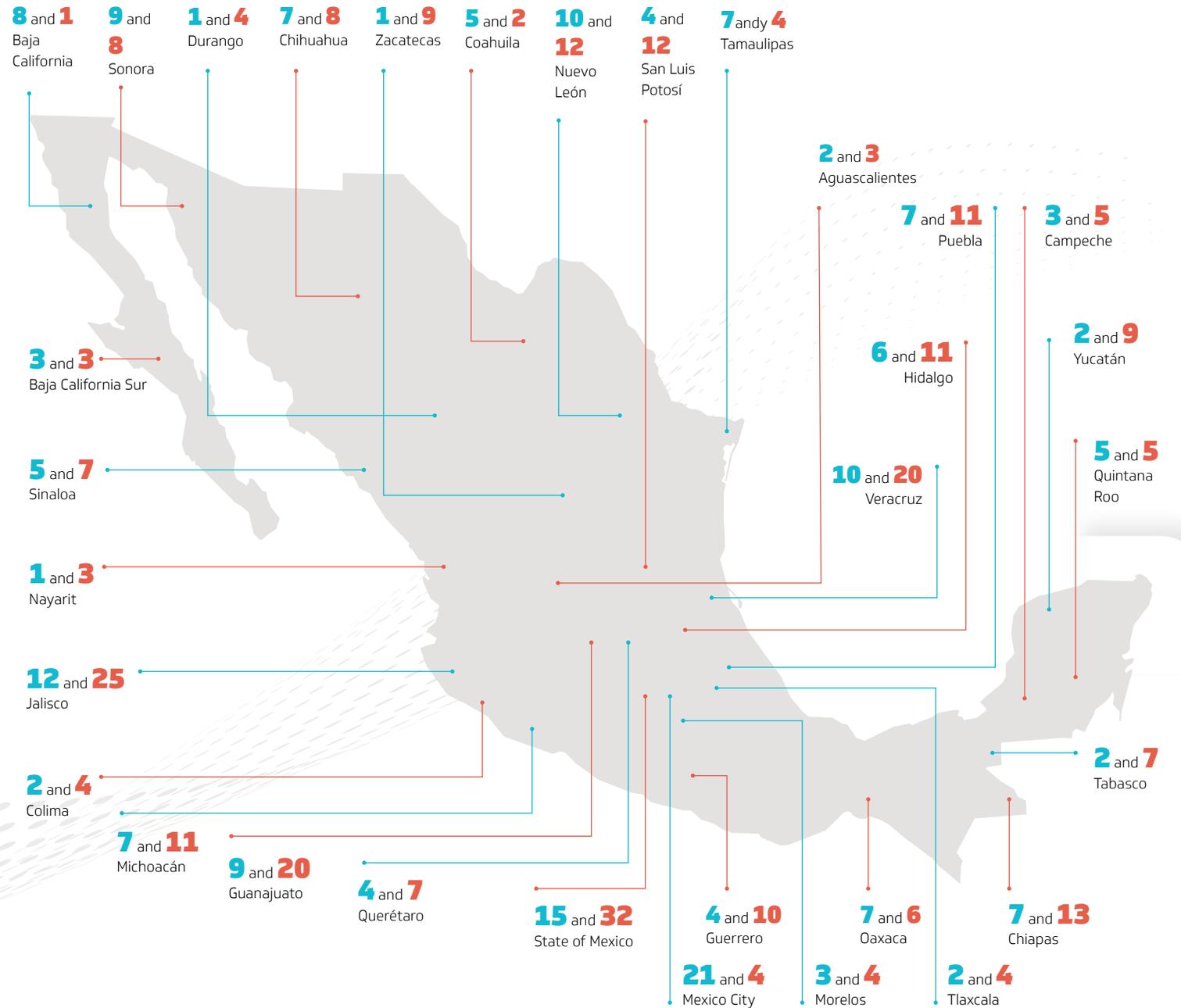
service offices



284

ODQs

In Mexico, we have the Development Office Quálitas (ODQ) model, through which we offer insurance in places with growing economic activity that did not yet have access. With a network of 284 centers throughout the country, it has 554 employees and contributed 3.3% of the written premium of Quálitas Insurance Company in 2020.



PRINCIPLES FOR SUSTAINABILITY IN INSURANCE



1.

We will integrate environmental, social and governance issues (ESG issues) relevant to our insurance business into our decision-making process.

2.

We will work with our clients and business partners to raise awareness of ESG issues, manage risk and develop solutions.

3.

We will collaborate with governments, regulators and other key stakeholders to promote broad society-wide action on ESG issues.

4.

We will be accountable and transparent, publicly and regularly disclosing our progress in implementing the Principles.

From the insurance business we seek to respond to the Environmental, Social and Governance (ESG as per its acronym in English) criteria that trigger, develop and/or expand the risks we cover, as well as to promote sustainability among our policyholders and business partners in the commercialization and assistance to claims.

For example, the development of ODQ's business model with social impact through accessibility and road safety support services for policyholders stands out. Likewise, our growing concern for environmentally friendly insurance, such as natural gas fleet coverage. We also made progress in the implementation of ESG criteria in our investments.

In 2020, Qualitas Compañía de Seguros subscribed to the **Principles for Sustainable Insurance (PSI)**, launched by the United Nations Environment Programme Finance Initiative (UNEP FI). In this way, we reaffirm our commitment, which we extend to our insurance subsidiaries in the rest of the countries. In Mexico, we are the first private insurer to underwrite them.



A list in which we present in the report the progress made regarding each of the principles of the initiative is shown in the Exhibit.

International presence

In each market, our operation and portfolio adapts to the needs of our policyholders, maintaining our differentiators of excellence in service and cost control. This management, together with the trust of customers, has turned them into engines of growth for the company.

In 2020, insurance subsidiaries outside Mexico increased their issuance by **38.7%** over the previous year, reaching \$2,647 million pesos.

	UNITED STATES		COSTA RICA		EL SALVADOR		PERU	
	2020	Δ20-19	2020	Δ20-19	2020	Δ20-19	2020	Δ20-19
Insured units	17,288	(10.3%)	63,199	5.2%	19,073	(4.3%)	45,606	47.1%
Written premium (MM MXN)	1,777.6	59.3%	508.7	10.9%	149.0	(10.5%)	211.5	26.2%
Employees	41	5.1%	81	26.6%	64	0.0%	50	22.0%
Offices (all categories)	5	+1	6	+2	4	(1)	1	=

G O F O W A R D I N M A R K E T S

We have insurance subsidiaries in:

United States

Qualitas Insurance Company (QIC), our subsidiary in USA, continued to make progress in the commercialization of individual auto insurance in California and Texas, with U.S. plates and coverage in Mexico as well. In addition, insurance was launched in California for buses and vans transporting passengers between the two countries. With regard to securing trucks with U.S. or Mexican license plates that cross the border, road safety advice has begun to be provided with accident statistics and driving monitoring devices. Since the second half of the year, we have been operating from our own centralized office in San Diego.

15.0%
market
(cross-border trucks)

Costa Rica

Despite the market decline, we had good results and increased our participation. Policyholders trust our assistance model. In response to the new context, we launched an insurance for laytime vehicles, intended to cover those units that stopped circulating due to the different measures taken by the authorities and the stoppage of economic activities.

8.1%
market

El Salvador

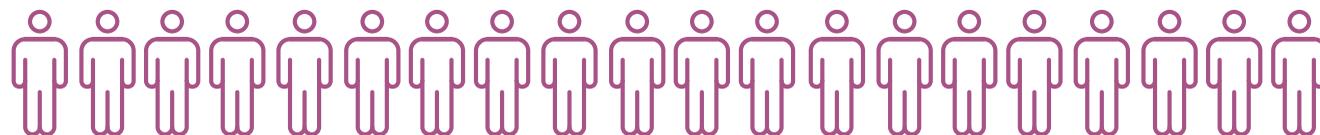
The difficulties of the context strengthened our ability to adapt, with the advantage of our proximity to the insured and specialization. In this way, in a contracted market, we were able to control the fall in written premium and units insured. Technology is helping us in efficiency and as a differential to customers.

7.0%
market

Peru

The operation continues to consolidate, with very significant business figures. Our specialization allowed us to be faster in attending the changes in the vehicle fleet resulting from the pandemic, with a drop in the sale of new cars and a shift towards used vehicles and motorcycles. In addition, the proximity to the agents allows us to have their preference and to project the issuance of policies.

2.5%
market



1,845 Agents (different business models)

Non-insurance subsidiaries

(GRI 102-48)

They have different activities but related to the provision of services in the process of assistance of claims: provision of spare parts and glass, repair or replacement of vehicle glass.

Their management allows us to improve our service to policyholders and reduce our operating costs. The efforts made have also allowed them to be profitable and open to serve third parties along with the attention to Quálitas Compañía de Seguros.

It should be noted that we have created a Social Responsibility Committee common to all three, which began meeting at the end of the year. It aims to address the main environmental and social impacts, with specific initiatives and based on the management experience we have in the insurance business.

We are also working on the unification of the three subsidiaries by 2021, to further advance efficiency.

Outlet de Refacciones

It sells used auto parts, as well as new generic and new brand-specific parts. Inventory management corresponds to used inventory, since the other two segments are managed against third-party supplies.

The procurement of generic parts is done with the support of an external importer. It is worth mentioning that our subsidiary is already the one with the largest sales of this type to insurance companies in the country.

In 2020, it started marketing brand new parts for multi-brand repair shops.

Easy Car Glass

It operates as a wholesaler of cristales automotrices, which it markets and distributes to CristaFácil and other repairers. Procurement is through bidding schemes that allow better prices to be obtained. It completes the offer of glass with other materials and products necessary for the repair and/or replacement, especially urethane.

In 2020, the service model for the shops was modified, with weekly visits to meet their needs. Additionally, we launched our own brand of urethane, more economical than other alternatives in the market.

Although the majority of sales are to CristaFácil (90%), the opening to new clients and the development of the sales force continues.

BUSINESS DIMENSIONS · NON-INSURANCE SUBSIDIARIES

	Outlet de Refacciones		2019	Easy Car Glass		2019
	2020	Var. 20-19		2020	Var. 20-19	
Inventory value (MM MXN)	81.5	39.1 %	58.6	26.5	44.2%	18.3
Parts sales (MM MXN)	186.2	81.0 %	102.8	150.7	62.1%	93.0
Revenues (MM MXN)	74.0	11,107.4	0.7	112.4	87.5%	60.0
Average delivery time (days)	6.90	(3.4 %)	7.14	3.06	(56.3%)	7
Rejection of shipments (%)	16.0%	(550 pb)	21.5%	3.2%	(2,680 pb)	30.0%
Number of collaborators	129	26.5 %	102	36	(2.7%)	37



Cristafácil

A glass repair or replacement service provider, it operates mainly under a franchise model; it is the third company in the country with the highest number of glass installations. It brings important synergies with Easy Car Glass activities.

During the year we continued to operate especially in repairs for insurance companies, with 90% of the sales for Quálitas Compañía de Seguros; it is noteworthy that we attended 75% of the claims related to our insurance subsidiary. However, it is working to be able to provide service to individuals.

Despite the context, the commercial scheme with franchisees was maintained, with some support measures.

In addition, we maintained the push for repair as the chosen alternative to replacement, and it already accounts for 3.2% of cases. This is an option that offers benefits to all parties, due to the lower cost, greater speed, and reduction of the waste generated.

BUSINESS DIMENSIONS · CRISTAFÁCIL

	2020	Var. 20-19	2019
Number of own stores	4	100	2
Number of franchised stores	125	31.6%	95
Number of franchisees	122	82.1%	67
Number of services	108,357	20.4%	90,000
Revenues (MM MXN)	407.6	49.9%	271.8
Number of collaborators	57	90.0%	30

BUSINESS KEYS

At Quálitas we provide a high quality service approach to our customers, through vehicle insurance that we complement with the provision of spare parts and glass repair.

It is an **integrated model** that provides efficiencies and allows us to offer a competitive proposal to policyholders, in collaboration with agents and through our service offices, Quálitas Development Offices (ODQs) and CristaFácil's network of owned and franchised centers.

The model is unique in the market and is based on **four principles** that allow for financial success, the delivery of value to our stakeholders and our permanence over time.



Excellence in service

We are available through our network of offices and agents, with personalized attention.

Dynamic due to the team structure, the process organization and the implementation of state-of-the-art technology.

Demanding in terms of the quality of our suppliers.

Drivers of the development of workshops and direct management of spare parts, including our own model of glass repair service.

We know our customers, so we can offer relevant products and conditions.



Cost control

Efficient use of resources.

Strict monitoring of operating and expenditure indicators.

Leading-edge with an integrated model in the provision of spare parts and glass repair.



Specialization

Experts in the automotive insurance sector.

Flexibility to adapt our model to the different countries in which we offer our services.

Innovative according to the policyholders' needs.



Decentralization

Focused on being there for the policyholder's needs.

Collaborating with agents who share our vision and commitment.

Open to new forms of collaboration.

We offer services through our **insurance subsidiaries** in three major segments:



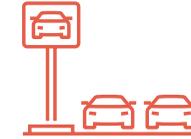
Individually

cars and motorcycles contracted per unit.



Fleets

cars and trucks, contracted collectively.



Special business

insurance provided through automotive finance companies at the time of vehicle purchase.

A wide range of channels and service points are available to policyholders:

An extensive and specialized network of **agents**, who market our insurance products face-to-face, by telephone and online.

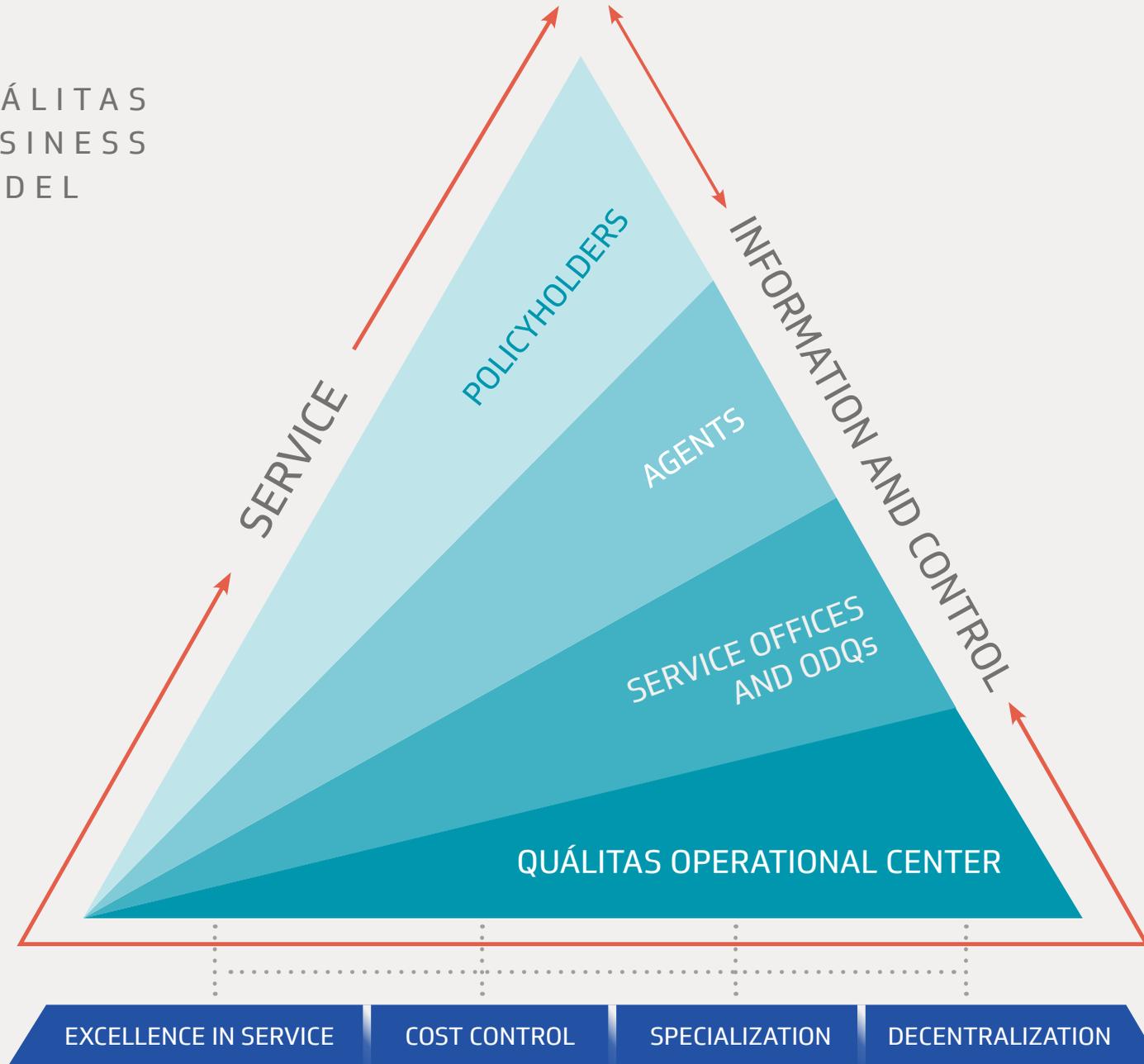
Service offices, which we set up in collaboration with local entrepreneurs specialized in the industry.

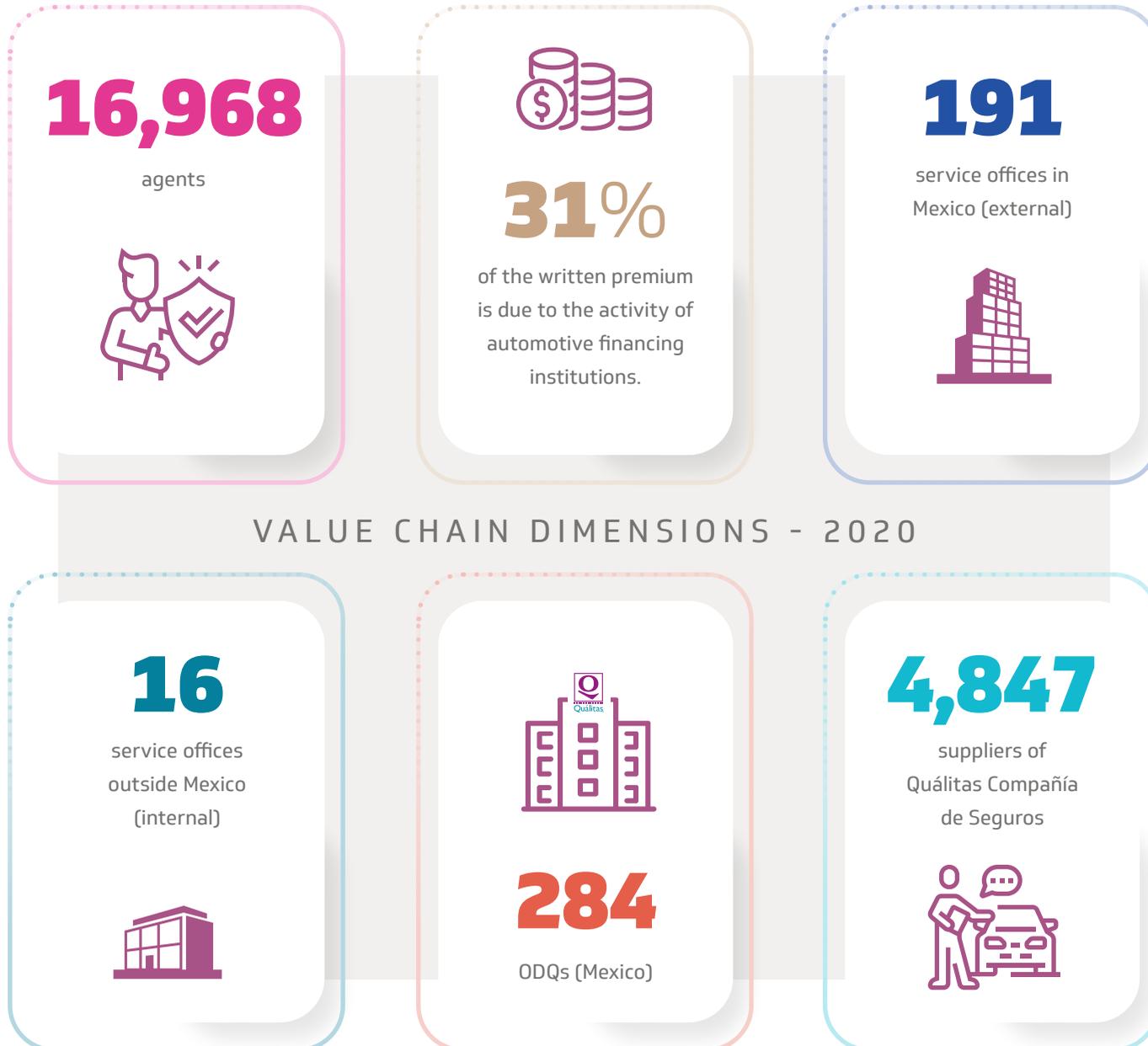
Quálitas Development Offices (ODQs), established in incipient markets that bring the company's insurance offerings closer and contribute to the extension and maturity of the insurance culture.

Automotive financing institutions, which market insurance for new vehicles, mainly in multi-annual schemes.

Our **website**, which allows wide access in any context.

QUÁLITAS
BUSINESS
MODEL





The claims handling process is one of our main differentials, due to the quality and efficiency of our service. In addition, we have made progress in the incorporation of **subsidiaries that provide services associated** with this process.

By means of Outlet de Refacciones, we supply the insurance company in Mexico with the necessary parts for the repair of damaged vehicles, guaranteeing their quality. For glass, Easy Car Glass operates as a wholesaler for CristaFácil, Quálitas' franchise network, and other repairers.

As a result of the direct management of the non-insurance subsidiaries, we generated value for the company for the services they provide to the insurance business, and we made progress in offering them to third parties, reinforcing their revenues.

From our model in context of COVID-19 it is important to note:

Flexibility, to **quickly change the operation** remotely in those processes where it was possible;

The **knowledge and closeness to our customers** to be able to offer conditions that will help in times of difficulty;

The network close to customers and multichannel, so that **they could be served at all times.**

PART 1 CONSULTING AND CONTRACTING

Policyholder service

(GRI 102-9, 102-10, 103-2, 103-3, 204-1, 416-1, 417-1, FS13, FS14, FS15) (SASB FN-IN-270a.4, FN-IN-450a.3)]

We describe the process that forms the policyholder's experience with the company and with our service partners: agents, service offices and suppliers.

The description corresponds primarily to the operation of Quálitas Compañía de Seguros, our principal insurance subsidiary¹.

1.1



CONTACT
- IN-HOUSE
TEAM; AGENTS,
SERVICE OFFICES,
AUTOMOTIVE FINANCE
INSTITUTIONS AND
ODQs

Delivery of information to potential policyholders, mainly through agents.

Our employees and service office teams work closely with agents, applying the guidelines of the Commercialization Policy, the Code of Ethics and Conduct and the Ethical Principles for Business.

Automotive finance companies sell insurance associated with the purchase of vehicles (special business segment).

The information we provide to policyholders includes policy conditions, the rights of the parties and a glossary of terms for better understanding.

MILESTONES OF THE YEAR

New platform for agents, which facilitates policy management, generates statistics and integrates voice assistant.	Support for agents to sell online, through a base microsite that can be customized by each agent.	Continued support to new agents in their professional certification and financial counseling.
7 out of 10 agents would recommend Quálitas (NPS: 67%).	Training to agents and employees of the service offices through Quálitas University.	Design of a leadership program for directors, to be launched in 2021 (Escuela de Directores - School of Managers).

1. Except for those points where a broader scope of countries is indicated.

We look to promote drivers' responsibility and offer tariffs based on risk

1.2



PRICING
- IN-HOUSE TEAM

Product design is the responsibility of the technical team, which takes into account requests from internal and external sales managers (ODQs, service offices and agents). Product design is a proactive process of constant innovation and improvement.

The work is articulated in the New Products Committee, which meets monthly, with the participation of the technical, claims and other teams.

Price setting involves many factors. In Mexico, the area and the accident context are considered, which includes aspects such as the incidence of accidents, theft and impacts resulting from the weather. We also seek to encourage driver responsibility and offer risk-based pricing, for example, through a double-deductible scheme for heavy vehicles if they drive at night at certain times and on certain high-risk routes.

MILESTONES OF THE YEAR

<p>Continued development of a complementary offer to insurance: financing of safety devices (complementary to the commodate offer).</p>	<p>Our flexibility and responsiveness made it possible to respond to policyholders' needs during the pandemic and to incorporate the evolution of the accident rate into our rates.</p>
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Vehicular inspection can be executed by the requester by sending pictures through an app.

1.3



VEHICLE INSPECTION
- IN-HOUSE TEAM;
AGENTS AND THE
POLICYHOLDER

Vehicle inspection is performed prior to contracting for the different commercialization channels. It can be done by the person submitting the photographs via a disposable app or by a claim officer's on-site analysis, depending on what is more convenient for the policyholder.

MILESTONES OF THE YEAR

Growth of remote vehicle inspection, high value for health protection in the pandemic context, also to reduce fraud

1.4



ROAD SAFETY SUPPORT
- IN-HOUSE TEAM

Road safety awareness to the general public: Conducta Vial Quálitas program and **#NosVemosEnLaEsquina** campaign.

Road safety consulting for insured fleets, including training programs, technology support and information analysis.

MILESTONES OF THE YEAR

<p>Increased reach of trained personnel to customers by going fully digital in the pandemic context.</p>	<p>Diploma in road safety for middle and top management of customers, developed by Quálitas with in-house personnel.</p>	<p>Diversification of satellite device providers, for the benefit of the policyholder.</p>
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PART 2 SERVICE IN THE EVENT OF A CLAIM

The policyholder can report the situation through the QMóvil app, allowing the immediate geolocation and the automatic assignment of the closest available claim officer.



2.1

REPORT

- IN-HOUSE TEAM:
CALL CENTER; THE
POLICYHOLDER

In the event of a **claim**, the policyholder can report it by telephone (to a call center), by using the QMóvil app or by scanning the QR code on the policy documentation. The last two channels allow immediate geolocation and automatic assignment of the nearest available claim officer; the policyholder can follow the claim officer's real-time route to the location.

MILESTONES OF THE YEAR

Remote call center service, with teleworking employees and alternates to the team in our facilities that provides services to Mexico, USA and El Salvador; the others have their own call centers. It was initially formed with our most vulnerable COVID employees; approximately 50 people.

Launch of Q Móvil in the US (already available in Mexico).

Express Adjustment's growth, represents 15.5% of the attended claims in Mexico, 1.78% in Peru, and 0.25% in El Salvador.

2.2



AJUST
- IN-HOUSE TEAM:
CLAIM OFFICERS;
CRANES AND THE
POLICYHOLDER

The process is carried out by Quálitas' own claim officers, who attend the policyholder in person, with the coordination of our call center. Claim officers are assigned with the support of geolocation tools, so that they are the closest available to the place of the claim.

We also offer the possibility for the policyholder to carry out the process directly, through a disposable app. It is **Express Adjustment**, applicable to claims that meet a series of conditions, such as the absence of a third party involved or the damage to the public road.

If necessary, the vehicle is moved by the towing services we contract with.

MILESTONES OF THE YEAR

The call center's average response time was 16 seconds.	The claim officer's assignment and arrival at the claim site was completed in an average of 24 minutes; 90% of the time our claim officers arrived at the site before the competition.	Growth in Express Adjustment, representing 15.5% of claims handled in Mexico, 1.78% in Peru and 0.25% in El Salvador.
Expansion of the scope of claims that can be addressed by Express Adjustment, in response to the pandemic.	Reinforcement of the Express Adjustment team, incorporating claim officers of the in-person modality, with a vulnerable state of health with respect to COVID.	Monitoring the management of claim officers in Qualicoches, promoting preventive behavior.
Training continues for claim officers and call centers as part of the Road Safety Management System (in accordance with the ISO 39001 standard).	Migration to 100% digital, paperless adjustment process (Mexico). 87.9% of the files at the end of the year.	Strengthening of case review processes to detect fraud in the pandemic context.

We offer an additional coverage to our policyholders that allows them to have a substitute car at their disposal during the time the vehicle is being repaired.

2.3



APPRAISAL, REPAIR AND PAYMENT - IN-HOUSE TEAM: APPRAISERS; SHOPS

The policyholder chooses the shop to which their vehicle will be taken, at their convenience.

Once it is in the shop, the **appraisal** Quálitas staff experts in the field carry out the appraisal. In cases where the repair of a claim ranges from 0 to 3 parts to be replaced, a **statistical appraisal** is performed, i.e. a remote appraisal with prices already fixed.

We offer additional coverage to our policyholders that allows them to have a substitute vehicle at their disposal during the time the vehicle is being repaired.

We also provide the necessary parts for the repair of the vehicle.

In case of declaration of total loss, we proceed with the corresponding indemnity in accordance with the policy conditions.

MILESTONES OF THE YEAR

<p>The Quality Management System (QMS or SGC as per its acronym in English) in accordance with ISO 9001 for the valuation process has already been implemented and will be certified in 2021.</p>	<p>Training for 100% of appraisers in Mexico with the support of CESVI and official validity; also private training implemented by automotive brands for greater specialization.</p>	<p>Growth of statistical valuation, representing 10.75% of the total number of cases.</p>
<p>Implementation of a system pilot that allows customers to check the status of their repair online (available in 70% of certified shops).</p>		
<p>Growth of the certified shop network. 19 at the end of 2020 (external third party certification, Quálitas does not certify).</p>	<p>Customer satisfaction survey conducted by certified shops, with the support of Quálitas. 88% of customers surveyed said that the vehicle was delivered on time.</p>	<p>The implementation of express lanes continues in 9 cities in Mexico, offering shorter repair times. The 0.18% of repairs are performed in the express lane form.</p>

We provide the policyholders a selection of medical suppliers, either for outpatient or inpatient care.

2.4



HEALTH CARE - HEALTH CARE PROVIDERS

In the event of physical damage due to a claim, we make available to policyholders a selection of healthcare providers, either for outpatient or inpatient care, with whom we work closely on quality through the monitoring of data from the comprehensive service survey and specific indicators.

MILESTONES OF THE YEAR

Continuous improvement of quality and efficiency, specific evaluations from Quálitas (together with the policyholder service survey).

2.5



LEGAL COUNSEL - IN-HOUSE COUNSEL; OUTSIDE COUNSEL

We support the policyholder in the legal procedures and processes that may arise from the claim with our own team of attorneys, who will represent the policyholder before Administrative and Judicial Institutions.

MILESTONES OF THE YEAR

Follow-up of files and support to policyholders, in a context of increased delays in court rulings due to the pandemic.

This year, the average satisfaction in our Comprehensive Service Survey was **87%**

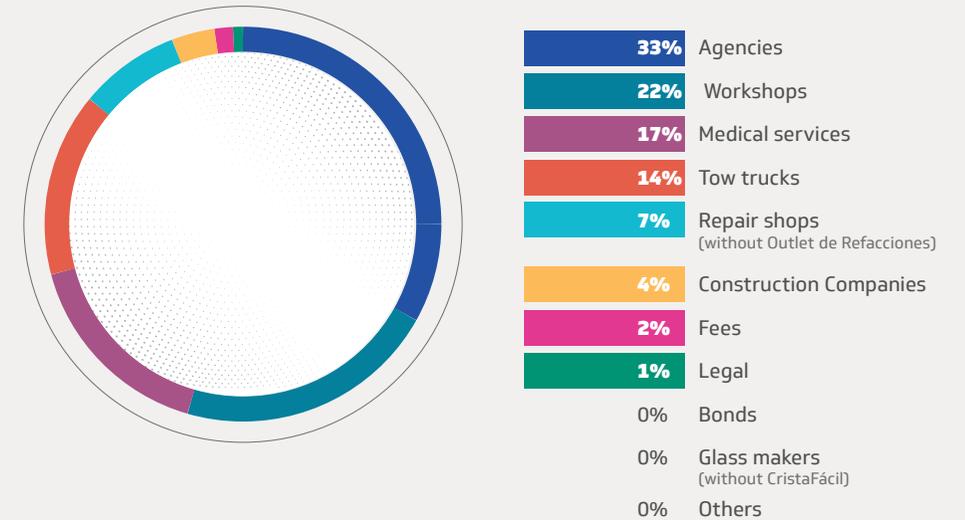
With regard to our **suppliers**, we evaluate their performance under high ethical, social and environmental criteria, including their compliance with our Code of Ethics and Conduct.

For the operation of Quálitas Compañía de Seguros, we allocated \$9,887 billion pesos to 4,847 suppliers in 2020; 99.9% of the expenditure corresponds to national suppliers. In addition, this year we released an update of the payment process, in which we issue an electronic folio once authorized and they can upload it to the website available to them.

In relation to **policyholders**, we monitor their satisfaction throughout the different stages of claim attention, through the Integral Service Survey. This year, the average satisfaction rate was 87%, with the call center and health care providers being the most satisfactory.

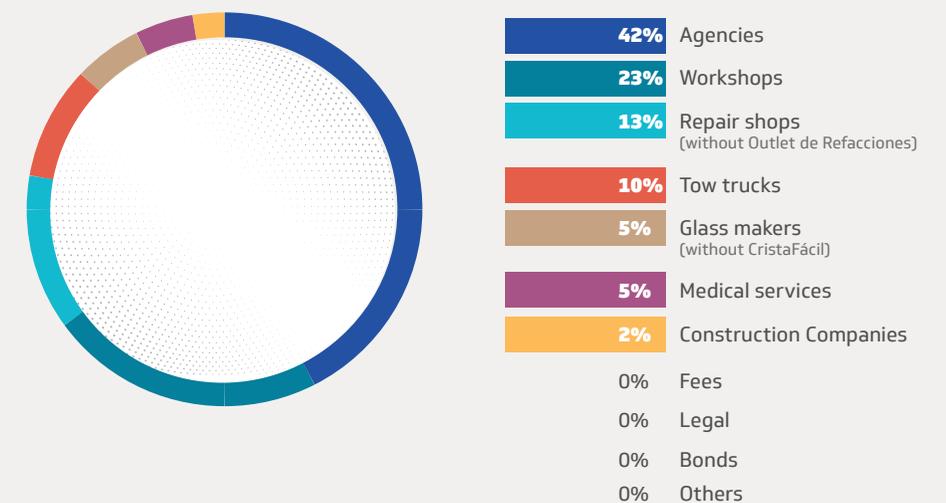
BREAKDOWN OF SUPPLIERS BY CATEGORY

Quálitas Compañía de Seguros 2020



BREAKDOWN OF SUPPLIERS' EXPENDITURE BY CATEGORY

Quálitas Compañía de Seguros 2020



Risk management

(GRI 102-11, 102-15, 102-29, 102-30, 201-2)
(TCFD GOB-B, GDR-C)

At Quálitas we have a solid risk management structure that is articulated at the level of each subsidiary, for a better understanding of business and the operating context.

Each insurance subsidiary has a specialized team that conducts risk identification, proposes prevention and response measures, and monitor their implementation. They report to the Investments Committee in the case of financial risks and to the Audit Committee in the case of technical and operating risks, who in turn report to the Board of Directors, all at the subsidiary level¹. The risk team at Quálitas Compañía de Seguros also supports the rest of the subsidiaries with its expertise and conducts the integrated management for the controlling company.

The dynamic context in which we operate, obliges us to have permanent monitoring. This year, at Quálitas Compañía de Seguros we especially delved into mapping operating risks related to our processes and we made an update according to the actual and projected impacts due to COVID.

In addition, we conducted a first exercise to identify risks linked to climate change in our insurance activity, with the aim of working on them from the operational and investment standpoints.

Our insurance subsidiaries operate in a highly regulated industry context, including solvency requirements in response to financial risks. We comply with all the provisions from the authorities, such as in the case of Quálitas Compañía de Seguros, where we annually issue the Risk and Institutional Solvency Self-assessment (*ARSI for its acronym in Spanish*) and we train our collaborators in the requirements set forth by the Mexican regulation on Solvency II.

Below, we present the most significant risks for Quálitas Controladora as a whole.

1. In the subsidiaries with such structure: Quálitas Compañía de Seguros, Quálitas Costa Rica, Quálitas Insurance Company and Quálitas Perú.



MAIN RISKS			
CATEGORY	RISK	DESCRIPTION	MANAGEMENT
Financial	Market	Requirement for more capital or debt to address growth.	Exposure limits monitoring Economic performance >
	Liquidity	Non-compliance in the payment of obligations with financing suppliers and/or renegotiation thereof.	
	Credit	Loss of insurance agents and/or significant clients for the issued premium.	
	Concentration	Significant decrease in sales of new cars. Negative results in the treasury or investments management. Volatility in stock prices.	
Technical	Technical	Subscription loss as a consequence of the claims covered and the operative processes linked to their attention; additionally, it considers the premium and reserves risks, administrative expenses, and extreme events in the insurance of damages.	Performance technical indicators
Operating	Operating	Loss of key executives. Dependency of a single insurer branch .	Team effort
	Technological	Fault in systems that may cause process discontinuity. Leakage and/or theft of information (cyber-security).	System security >
	Legal	Changes to applicable regulation. Penalties for legislation breaches. Revocation of authorizations to operate.	Ethics and compliance >
	Reputational	Non-compliance of own self-regulation in environmental, social and governance (ESG) aspects. Operating practices contrary to our ethical guidelines. Incidents in the performance of our suppliers in the attention of claims.	(Transversal)
	Strategic	Increase in the accident levels of the policyholders. Disturbances in the socio-economic and political context of the countries. Slowness and irregularity in the evolution of the incidence of COVID. Concentration of suppliers in certain services. Increased competition.	Mobilizing the policyholder COVID response > Policyholder service >
	Related to climate change	Incidence of more intense meteorological phenomena. Restrictions on vehicle mobility.	Climate change risks and opportunities >



SUSTAINABILITY APPROACH

We understand our activity as a **value generator** for all our stakeholders, especially through the provision of automobile insurance, claims assistance, prevention culture and road safety education.

+ COMMITTED

Action priorities

(GRI 102-20, 102-22) (TCFD GOB-A) (TCFD GOB-B)

The efforts are coordinated with the **Sustainability Strategy**, in which we prioritize initiatives and facilitate coordination between the activities of the different internal areas and external allies.

In 2020 we updated our **materiality analysis** to identify and consolidate changes in stakeholder expectations and company strategy resulting from the context of COVID, as well as Quálitas' developments in the four years since the previous study. It should be noted that we have expanded the considered stakeholders, incorporating employees, suppliers, media, and investors (in addition to agents, agencies, and policyholders).



More information on the materiality process and results can be found in the Exhibit.

The Sustainability Strategy maintains its pillars and lines of work, although, as a result of the previous exercise, some initiatives were included and priorities were changed; its updating is part of the needed flexibility to meet the changes in the environment and the market, as well as the company's own changes.

BASIC FOUNDATIONS OF THE SUSTAINABILITY STRATEGY

Connects our understanding of the operation with the expectations of the stakeholders, always under the maximum attention of excellence to the policyholder. Such bases materialize through work lines, with initiatives equipped with their respective action plans, including follow-up indicators.

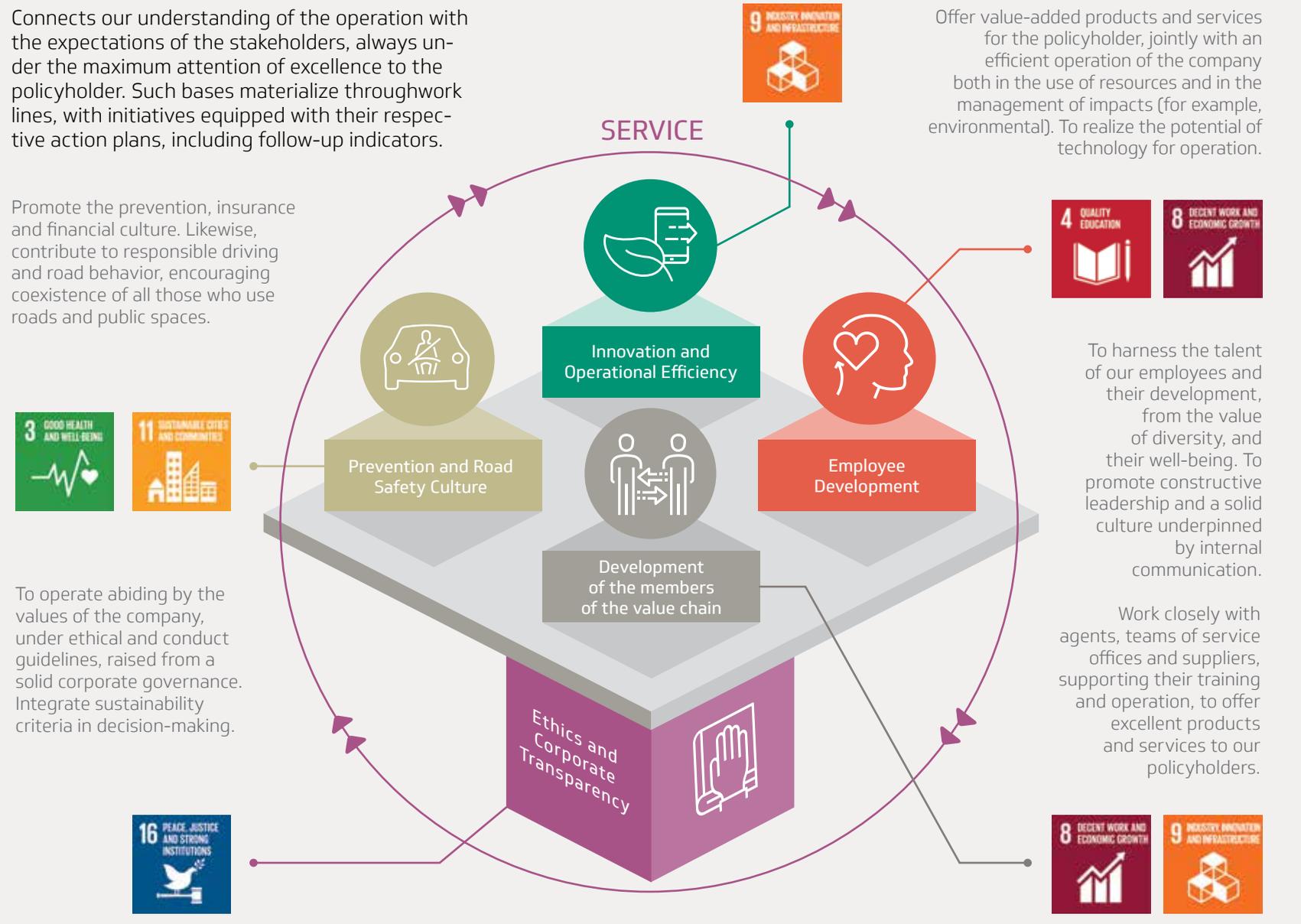
Promote the prevention, insurance and financial culture. Likewise, contribute to responsible driving and road behavior, encouraging coexistence of all those who use roads and public spaces.

To operate abiding by the values of the company, under ethical and conduct guidelines, raised from a solid corporate governance. Integrate sustainability criteria in decision-making.

Offer value-added products and services for the policyholder, jointly with an efficient operation of the company both in the use of resources and in the management of impacts (for example, environmental). To realize the potential of technology for operation.

To harness the talent of our employees and their development, from the value of diversity, and their well-being. To promote constructive leadership and a solid culture underpinned by internal communication.

Work closely with agents, teams of service offices and suppliers, supporting their training and operation, to offer excellent products and services to our policyholders.



More information on the Sustainability Strategy.

During the year, Quálitas Compañía de Seguros allocated **\$17.7 million** to donations, supporting **51 institutions** in Mexico.

We support different international initiatives, being part of the United Nations Global Compact, and also of our own country initiatives, such as the participation of Quálitas Costa Rica in the Sustainability Committee of the Association of Private Insurance Companies¹. Our subsidiary Quálitas Compañía de Seguros has subscribed to the Principles for Sustainable Insurance (PSI), developed by the United Nations Environment Program Finance Initiative (UNEP FI).

Progress in the implementation of the Strategy is monitored on a quarterly basis by the **Social Responsibility Committee**, in which representatives of the different areas that have initiatives included in the Strategy participate². Likewise, changes in the expectations of the stakeholders are analyzed in the sessions. Conclusions of the sessions are presented by the chair of the Social Responsibility

Committee to the Board of Directors on a quarterly basis; this promotes Board involvement, including monitoring the initiatives with which we address our climate change risks and opportunities.

Our sustainability efforts were focused on the **insurance business**, which contributes the largest fraction of the company's revenues. However, this year we took the first steps to include our **non-insurance subsidiaries**: Spare Parts Outlet, Easy Car Glas and CristaFácil; we analyzed the main ESG (environmental, social and governance) issues for their businesses, establishing work priorities, which will be monitored by a specific sustainability committee at the level of the three subsidiaries.



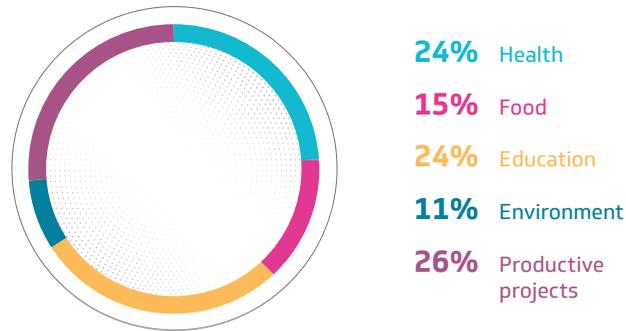
Social investment

In the company we seek to contribute to the development of our environment, through our own business activity and the related sustainability strategy. We also seek to improve the living conditions of the people who live in the communities in which we operate, and to address the main social and/or environmental problems in each place, hand in hand with organizations that specialize in the different issues and areas.



1. More information in the Alliances and memberships exhibit.
 2. Finance Department, Commercial Department, Risk Comprehensive Management Department, Corporate Legal, Treasury, Relationship with Investors, Claims Service, Issuance and Operating Assistance, Claims Operations, Domestic Medical Manager, Sales Customer Service Manager.

BELOW IS A BREAKDOWN OF THE CONTRIBUTION AND DETAILS OF THE BENEFICIARIES:



NUMBER OF BENEFICIARIES - 2020 SOCIAL INVESTMENT QUÁLITAS COMPAÑÍA DE SEGUROS				
	<18	18-60	>60	Total
Men	5,804	2,294	296	8,394
Women	6,056	7,619	1,031	14,706
Total	11,860	9,913	1,327	23,100

NUMBER OF BENEFICIARIES - 2020 SOCIAL INVESTMENT QUÁLITAS COMPAÑÍA DE SEGUROS				
	<18	18-60	>60	Total
Men	25%	10%	1%	36%
Women	26%	33%	4%	64%
Total	51%	43%	6%	100%

We always work together with specialized organizations, to which we provide the financial resources. To do this, we follow the guidelines of the Donations Policy, which we developed to ensure the proper use of resources and accountability of organizations.

Despite the economic uncertainty of the year, we did not only maintain the budget for social investment, but also increased it as part of our solidarity in difficult times.

To attend the emergency generated by COVID-19, we allocated support for the feeding of medical personnel and the delivery of

food to low-income families. We allocated \$3.3 million pesos for this purpose, in addition to \$300,000 pesos contributed by employees through a fundraising campaign, a great example of commitment.

In addition, the impact of the pandemic accelerated the incorporation of support to productive projects in the priority lines of social investment of Quálitas Compañía de Seguros. We seek to address economic difficulties with programs that build capacities and, impact of which lasts over time.



Donations Policy

Among the productive projects, it is worth mentioning the support to “Fondo para la Paz”, which has as main objective to **assist families living in poverty and to develop the local economy** in Campeche, Chiapas, Oaxaca, and San Luis Potosí. The resources are allocated to the production of vegetables, meat, and fruit (delivery of seeds and poultry); the obtained products are for the consumption of the community families.



The collaboration began at the end of 2020, having already benefited **1,033 people**, of which 51% were women.

ONE STEP
FORWARD IN SERVICE



+ INNOVATORS

System security

(GRI 103-2, 103-3, 418-1)

At Quálitas we are progressing in the digitization of processes and the development of remote operations, with the potential of technology. In this way, we have an ever-increasing scope of policyholder data in our systems, always in compliance with the law. We have the necessary measures to ensure that data is well protected in the event of possible attacks to systems. Likewise, we use such data responsibly, to personalize the value proposal delivered to each policyholder and the care of their needs.

**DON'T GET CAUGHT!
WHAT IS
PHISHING?**

SEGURITIPS

The term *Phishing* is used to refer to one of the methods used by cybercriminals to scam and fraudulently obtain confidential information, such as passwords, credit card details, or other banking information.

The scammer, known as a *phisher*, uses social engineering techniques, pretending to be a trustworthy person or company, through an apparent official electronic communication to deceive you and obtain your data.

PROTECT YOUR INFORMATION!

IT SYSTEMS DEPARTMENT

Quálitas

This year we added an Information Technology (IT) Director to the first management level, in order to design a comprehensive work plan to accelerate the updating of our information systems, to continue advancing in digital interaction with the client and to maximize the potential of the information we have at our disposal.

We invested
\$13,795,790
 pesos (sic)
 in information security.

The main developments are presented below:

LINE OF ACTION	PERFORMANCE
<p>Self-regulation</p>	<p>We have different policies that govern the performance of our collaborators to avoid possible risks from misuse of systems and/or information. They are established at the level of each subsidiary; such as the Information Security Policy of Quálitas Compañía de Seguros.</p> <p>We have a Business Continuity Plan (BCP) enforcement of which must be led by the IT department in response to an order from the CEO, and which requires the participation from the different areas and collaborators.</p>
<p>Monitoring and control</p>	<p style="text-align: center;">Certification on information security</p> <p>Online payment of the policyholders in our systems is certified pursuant to the standard PCI DSS (Payment Card Industry, Data Security Standard) for the operations of Quálitas Compañía de Seguros, by complying with the requirements of the standards of the PCI Council on security in handling sensitive data. In 2020, we obtained the recertification after two years and we rose in the compliance level (from level 4 to level 2). This means that we also passed an external audit. We also incorporated a compliance officer, specifically dedicated to ensuring that guidelines of the standard are implemented.</p> <p>Thanks to the certification we have progressed on encrypting card data and development of applications in a secure code, among other examples.</p> <p style="text-align: center;">System assessment</p> <p>The set of system infrastructure of Quálitas Compañía de Seguros was assessed by an external specialist, and we are working on the detected improvement opportunities.</p> <p>We also conducted an annual test of the processes operability in an alternate site, to ensure that it is feasible to operate the main applications; the result was successful.</p> <p>Another example of our controls at Quálitas Compañía de Seguros was the external hack test performed to the <i>QMóvil</i> application, without identifying critical or high risks.</p>
<p>Culture</p>	<p>All employees were trained in PCI requirements, a course that was also integrated into the Q Integrity Certification that is required annually.</p> <p>In addition, we developed the Compliance Month, in which we reinforce the messages we deliver to our collaborators so that they comply with internal and external regulations; the “Security tips” stand out.</p>

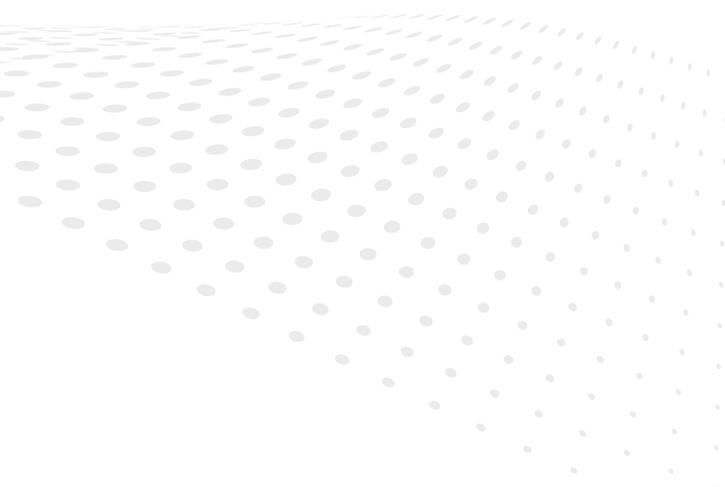
Thus, we safeguard the information of policyholders, according to the indicated systems, processes, and supplementary measures. We also have a USD \$1,000,000 policy against cybersecurity attacks. It should be highlighted that we did not have information theft and/or leakage incidents this year, neither did we have complaints of misuse on our part.

Technology for clients

(GRI 103-2, 103-3, FS7, FS8)
(SASB FN-IN-410b.2)

We seek to provide policyholders with the best service, in terms of quality and time, and to this end, efficiency and support for clients in the use of mobile devices and remote assistance are essential.

Disposable applications constitute an important solution we are using in different processes. We are also working to further improve the user experience with such applications. We have already extended the use of some of them to our subsidiaries in El Salvador and Peru.



MAIN DISPOSABLE APPLICATIONS DEVELOPED BY QUÁLITAS COMPAÑÍA DE SEGUROS		
 <p>Vehicle inspection (for policyholders, offices, and agents) - to send pictures and complete the necessary information on the vehicle condition (prior to purchasing the insurance).</p>	 <p>Claim report (including activation of the process from the QR code of the policyholder) Handling of Claims (for the claim officer) - which allows process administrative management activities to be carried out and the location to be sent out.</p>	 <p>Express adjustment allows the policyholder to report those incidents that meet the criteria (e.g., absence of third-party involvement), including the sending of supporting pictures out.</p>
 <p>Express windshield similar to the previous program, but for cases with windshield damages.</p>	 <p>Follow your tow truck in order for the user to be able to know the location of the assistance service assigned to him/her in real time.</p>	 <p>Express total theft for the company, in order for the policyholder to report the cases in the first instance and the internal process to be triggered.</p>

In addition, in Mexico we already offer the possibility for policyholders to report a claim, request roadside assistance, as well as make various queries via WhatsApp.

At Quálitas, we continue progressing in process digitization. For Quálitas Compañía de Seguros, the adjustment process is already 100% digital, having completed the transition of the last missing aspects; in December 2020, 87% of the files were fully digitally made. This allows us to be more efficient in the handling of cases, in addition to the environmental benefit from not using paper in this processes.

To safeguard the safety of our policyholders, especially in the case of fleets, we offer them devices that provide information on

the drivers' driving, facilitating preventive measures to avoid accidents. We also offer devices that allow vehicles to be tracked in the event of theft.

At the end of the year, there were 5,500 devices installed in vehicles insured by Quálitas Compañía de Seguros.

At the end of 2020, of the total number of our insured vehicles in Mexico that were stolen, we recovered 75% of those with tracking devices and 54% of the total stolen vehicles. Both figures are higher than the total recuperation rate of the sector which was 46%, according to data from the Insured Risk Coordinating Office (*OCRA for its acronym in Spanish*).

FLEET DEVICES – QCS - 2020

	Written premium	% Premium Quálitas Controladora
Tracking (recovery of the unit in case of theft)	\$2,090 MM	5.8%
Telemetry (for driving monitoring)	\$41 MM	0.1%
Integrated (both uses)	\$61 MM	0.2%

Note: It only includes Quálitas Compañía de Seguros, since it is currently in development for the rest of the subsidiaries.



CONTRIBUTION TO ROAD SAFETY

At Quálitas, we seek to protect the assets of our policyholders and protect their safety and that of those who share the road.

+ INFORMED

Mobilizing the policyholder

(GRI 103-2, 103-3)

We promote responsible business management, focusing efforts on accident prevention with our clients' fleets, based on the following activities:

ACCIDENT PREVENTION OF INSURED FLEETS		
 <p>Advisory</p>	<p>We analyze the public accident data and those generated by the monitoring and alert devices we offer on loan. We then carry out joint causality analysis sessions, designing action plans to reduce accidents.</p> <p>We also prepare newsletters considering the main risks that we identify in working with all clients.</p>	<p>9 Road Safety Bulletins</p>
 <p>Training</p>	<p>We implemented a defensive driving training program for drivers recognized by the Ministry of Labor and Social Welfare (Secretaría de Trabajo y Previsión Social, STPS in Spanish). In the context of a pandemic, we went from face-to-face to virtual format, which allowed us to increase the scope in the number of participants. With both alternatives, we offer more significant possibilities to the insured.</p> <p>We have developed our online diploma with specialist teachers from the company for middle management and managerial staff, which we launched in 2020.</p> <p>In addition, we have a prevention course for smaller fleets online through the Quálitas University.</p>	<p>+400 participants obtained the diploma</p>
 <p>Management support</p>	<p>We facilitate the creation of Road Safety Committees, with recommendations on the functions and members (including delivering a guide for it). Additionally, we participated in the sessions, presenting collected data and critical information to develop road safety culture initiatives jointly.</p> <p>In addition, we train road safety instructors in teams who can amplify the work internally.</p>	<p>Available Manual for the Incorporation and Operation of Road Safety Committees</p>
 <p>Technology</p>	<p>We offer in commodatum devices to prevent accidents and facilitate the recovery of the units in theft cases</p>	<p>+5,500 devices installed</p>
 <p>Certification</p>	<p>We promote the development of policies and procedures that facilitate road safety management. We also help them financially to certify their management systems in accordance with the ISO 39001 standard.</p>	<p>In development to obtain certifications in 2021</p>

Setting an example from our teams

(GRI 103-2, 103-3, 403-1, 403-2, 403-5)

At Quálitas, we also promote road safety for our employees, which we complete with additional measures, especially for claim officers due to their exposure while traveling. Specifically, at Quálitas Compañía de Seguros, we have a Road Safety Management System (SGSV, in Spanish), based on the ISO 3100 Standard, with guidelines that we also extend to cabin personnel for their participation in the assistance process.

As part of the Road Safety Management System, we have developed new guidelines and reinforced the existing ones; in addition, we

implement training annually. Its scope includes the personnel of Mexico City and the metropolitan area. Likewise, we are working to extend it to the rest of the of the country.

Additionally, we are incorporating driving monitoring devices into our Qualicoches fleet, which trigger alerts in the event of poor driving practices (e.g., speeding, harsh braking).

These efforts have **reduced the percentage of claims** for claim officers from 61.30% to 44.52%.

HIGHLIGHTS OF THE ROAD SAFETY MANAGEMENT SYSTEM IN 2020 QUÁLITAS COMPAÑÍA DE SEGUROS

Training program through courses on risk factors, defensive driving, risk minimization in adjustment. Two hundred forty-three trained claim officers, 100% of the recipients

243

trained claim officers, 100% of the target group.

Road safety conference

Buen Conductor Q (Good Driver) certification scheme, which measures the degree of compliance by claim officers with the SGSV rules and regulations and the training program. It operates like a bag of points that the claim officers can lose. It will go into operation in 2021

Contribution to Society

(GRI 102-13, 103-2, 103-3)

Road safety is a worldwide problem, and especially in Latin America, due to the driving and the state of the infrastructures. From Quálitas we want to contribute to awareness-creation in the people. To do this, we develop different initiatives based on our knowledge of the risks and consequences.

We have the **Conducta Vial Quálitas (CVQ)**, program, which includes the distribution of messages on responsible driving behind the wheel through our website <http://conducta-vialqualitas.com.mx> It is on the company's social networks and service officers. These messages are addressed to a large audience, adding specific campaigns for our employees and agents.

The CVQ website had more than
95,000
users in the year.



In Mexico, more than 1,700 people are admitted to the hospital every day with injuries caused by traffic accidents.
100 of them will face a significant disability.

Respect speed limits and save your life.

Behind the wheel, your life and the lives of others are at stake.
conductavialqualitas.com.mx





We wanted to extend prevention efforts beyond drivers, to all road users, as well as to promote a message of coexistence and respect in public spaces. In 2019 we launched the **#NosVemosEnLaEsquina campaign**, which we continued this year. As 87% of accidents occur in corners, we articulate messages around them, so that they become meeting points in harmony. The campaign continued nationwide through digital channels and other media such as radio, billboards, bus stops, and television.

The pandemic outbreak made us rethink the program, transforming it into a call to the responsibility that we all have as citizens to prevent risk practices of contagion by COVID-19, through a similarity between best practices on the road and at home, prevention, and care.

#NosVemosEnLaEsquina

+\$38.2 billion
pesos invested

+336 million
impressions on billboards,
digital screens, bus stops,
and billboards

+149 million
of impacts on TV

+98 million
radio impressions

Digital campaign, with
+46 million
impressions on Facebook

Additionally, in the different countries, we are part of **associations and/or alliances that promote road safety**. We support the Decade of Action for Road Safety, declared by the United Nations in 2011, for collaboration between governments, companies, and civil society organizations. Our subsidiary *Quálitas Insurance Company (QIC)* is a member of the *Insurance Institute for Highway Safety (IIHS) (USA)*.



TEAM EFFORT

+ COMMITTED

Workforce Description

(GRI 102-8, 102-41, 103-2, 103-3, 201-3, 401-1, 405-1)

Our team of collaborators is a determining factor in the customer service approach and efficiency that characterizes us. We are committed with every employee and, in a context as difficult as the one experienced during 2020, we maintained employment and implemented the necessary measures to ensure their health and financial stability.

At the end of 2020, we have 5,339 employees in all subsidiaries and countries, with a slight growth in comparison with the previous year. The workforce of Quálitas Compañía de Seguros represents 91% of the total number of employees of Quálitas Controladora as a whole.

NUMBER OF EMPLOYEES – QUÁLITAS CONTROLADORA				
	2020	VAR 20-19 (%)	2019	2018
Mexico	5,103	1.4%	5,032	4,883
Quálitas Compañía de Seguros	4,881	(0.3%)	4,898	4,883
Non-insurance subsidiaries	222	31.4%	169	NA
Outlet de Refacciones	129	26.5%	102	NA
Easy Car Glass	36	(2.7%)	37	NA
CristaFácil¹	57	90.0%	30	NA
Costa Rica	81	26.6%	64	62
El Salvador	64	0.0%	64	49
USA²	41	5.1%	39	34
Peru	50	22.0%	41	NA ³
Quálitas Controladora	5,339	1.2%	5,275	5,028

1. Only includes direct employees of the subsidiary, not those of the franchised autoshops.
2. The employees of the Tijuana office (Mexico) employed by QIC (USA) are included in the workforce of Quálitas Compañía de Seguros since it is the subsidiary that assumes its payroll in the first place and establishes the conditions.
3. NA: Not applicable. Qualitas began operations in Perú in 2019.
4. Workforce in Mexico in 2018 did not include the teams of Outlet de Refacciones, Easy Car Glas and CristaFácil, because Quálitas was not in charge of its management, it began in 2019.

BREAKDOWN OF THE WORKFORCE PER COUNTRY

Quálitas Controladora



43% of our employees are women.

Directors and Assistant

Directors:

39% women.

Directors and Assistant

Directors and Managers:

41% women.

Managers:

42% women.

2020 WORKFORCE (N° OF EMPLOYEES)								
	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL	
	Women	Men	Women	Men	Women	Men	Women	Men
Director	0	0	7	5	9	12	16	17
Assistant Director	0	2	16	23	2	12	18	37
Manager	7	1	75	103	7	21	89	125
Coordinator/Supervisor	27	54	251	392	11	40	289	486
Analyst	456	494	908	1,607	41	119	1,405	2,220
Assistant/Auxiliary	257	82	172	105	6	15	435	202
TOTAL	747	633	1,429	2,235	76	219	2,252	3,087

We are strongly committed to **diversity**, as set forth in our Code of Ethics and Conduct, as well as the Human Rights Policy In Quálitas Compañía de Seguros we also have a Policy for Respect for the Person and its Diversity, relevant due to the size of the workforce.

We also respect the freedom of association and union representation. We are committed

to our employees providing adequate conditions for the performance of their duties and promoting their professional development.

We have a track record of supporting employment stability, being a place of opportunities for development, even in such a complex year. 96% of our employees have a permanent contract¹.

The good performance of the company, due to our business model, the trust of our policyholders and the commitment of our employees, allows us to continue growing. We offer employment opportunities, with special impact this year. We hired 812 people in all of our subsidiaries; in Mexico, where most of the workforce is found, we first do a three-month temporary hiring as probationary period.

1. The difference corresponds to Mexico, where at year-end we had employees with probationary period contract (temporary).



Human Rights Policy



Respect for the Person and its Diversity Policy

NEW RECRUITS AND DISCHARGES – QUÁLITAS CONTROLADORA

Age	< 30 years old		Between 30 and 50 years old		> 50 years old		Total	
	Women	Men	Women	Men	Women	Men	Women	Men
Recruits	236	205	152	198	4	17	392	420
Dismissals with permanent contract	90	100	140	260	9	30	239	390
Dismissals with temporary contract	45	44	23	52	1	5	69	101

Jointly with the work opportunities, we support employees through training, career development and well-being measures, as well as the promotion of organizational culture based on internal communication and collaboration. For the first time, we calculated turnover at the level of the subsidiaries as a whole, which was 12.3%, based on the employees that we already have in the workforce with permanent works. Measures to reduce turnover rate translate into cost savings; the average cost of hiring a collaborator was \$5,628 pesos, at Quálitas Insurance Company.

TURNOVER PER SUBSIDIARY (%)

Quálitas Compañía de Seguros	11.2
Outlet de Refacciones	38.5
Easy Car Glass	27.8
CristaFácil	24.6
USA	17.1
Costa Rica	6.2
El Salvador	32.8
Peru	20.0
TOTAL	12.3

Note: The turnover was calculated as Dismissals with permanent contract / Active employees as of Dec 31st for those with permanent contract.

Our employees can grow within the company and we provide them with training; in Quálitas Compañía de Seguros, 55% of the vacancies were filled with internal personnel. In addition, we support them when they leave the company after their years of dedication, offering them a retirement contribution; employees must be older than 60 years old and have a 10-year seniority in the company¹.

1. In 2020 we allocated 6,176,569 pesos to this benefit in Quálitas Compañía de Seguros; 9 employees retired from the subsidiary.

Training and career development

(GRI 102-35, 102-36, 102-37, 103-2, 103-3, 401-2, 404-1, 404-2, 404-3, 405-2)

We continue supporting the training of our employees, especially through Universidad Quálitas, to which we destined 23.1 million in 2020¹; additional programs are added depending on the main training needs of the organization.

In Quálitas Compañía de Seguros, a survey is conducted annually to detect the training needs per position and duty.

TRAINING HOURS PER SUBSIDIARY - 2020	
Quálitas Compañía de Seguros	595,053
Oulet de refacciones	215
Easy Car Glass	240
Cristafácil	205
USA	282
Costa Rica	5,533
El Salvador	1,223
Peru	794
Total	603,545

We provided our employees **603,545 training hours** throughout the year, which entails an average **113 hours per person**.
83% of the hours were provided through Universidad Quálitas.

1. It assumes an average investment of \$ 4,327 pesos per employee at Quálitas Controladora group level.

DIMENSIONS OF UNIVERSIDAD QUÁLITAS – ALL SUBSIDIARIES						
Group	2020		2019		2018	
	Number of trained people	Number of training hours	Number of trained people	Number of training hours	Number of trained people	Number of training hours
Quálitas Employees²	5,416	500,816	5,598	230,387	5,557	150,514
Agents	1,207	23,462	512	5,792	182	1,906
Service offices employees	1,209	74,980	1,135	62,039	1,095	25,296
Suppliers	678	909	2,246	2,701	398	599
Policyholders	36	282	19	109	N.A. ³	N.A. ³

2. Includes all subsidiaries. Training of the rest of the rest of the stakeholders only has results in Mexico, given that it has not been implemented in the rest of the countries yet.
3. N.A. Not applicable.

In 2020, we trained

8,673
people

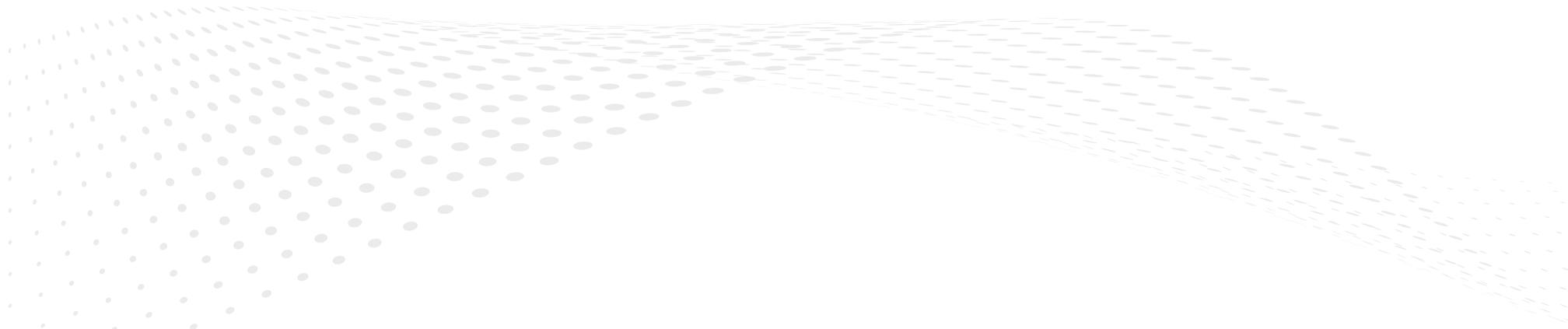
through **Universidad**
Quálitás, including
employees, service office
staff, agents, suppliers
and policyholders.

Universidad Quálitas continues to grow, and its online format has been key during this time of restrictions due to the pandemic. We trained our employees of the insurance subsidiaries, and we expect to extend this training as soon as possible to non-insurance subsidiaries. In addition, we currently offer courses for agents, staff of the service offices, suppliers, and policyholders only for Quálitas Compañía de Seguros (México).

For policyholders and through Universidad Quálitas, we offer working groups a road safety prevention course. At the end of the year, staff from 24 companies had participated. On the other hand, for service office directors, we are developing a program that will be launched in 2021.

In addition, we develop **other training programs**, among which the following are worth mentioning:

- Skills for work and life context resulting from COVID-19. We provide training in new protocols and biosafety measures, in digital tools for telework and techniques for managing emotions and stress in the new scenario.
- Leadership development, to strengthen team management. It highlights a session of 6 workshops addressing skills such as active listening, communication, and time management, among others. An average of 40 managers participated in the different sessions.





- Comprehensive development program of the collaborator, in collaboration with the It focuses on humanist development of the person and its integration in the professional practice. 3,252 employees participated in the 5 modules that form it.
- **Talent incubators**, to accelerate technical training of new employees in the most-demanded profiles. Those with a better performance shall join the company indefinitely. In 2020, the number of calls was reduced due to lower requests for claims and related processes, given the restrictions on the economic and labor activity of our clients. We developed 4 incubators, for claim officers, call center

executives. Booth telephone operators and ODQ, totaling 47,431 hours; the average incorporation rate of programs was 72% and we will work to increase it.

- Training to employees that form part of the **brigades**, to ensure the best knowledge to operate in case of emergency (details in the following section).
- Specific training at the subsidiary level, including specific legislation. For example, in Quálitas Costa Rica, training to policyholders to prevent claims and to agents for their commercial skills stand out. In the case of QIC (U.S.), training in the complex normative context.

- As part of our commitment with the development of teams, in Quálitas Compañía de Seguros we launched a **leadership program**, managed by the Universidad Anáhuac. It is aimed at middle management and it has 793 participants. This is in addition to the other external program for senior managers that we have been conducting with such university.

Performance assessment is key for the development. In our Mexican, Peruvian and U.S. (QIC) insurance companies, we have formalized processes, we are working in the development of the rest of the subsidiaries.

- At Quálitas Compañía de Seguros (Mexico) and Quálitas Perú, employees are evaluated against objectives set at the beginning of the year between each employee and his or her supervisor; 100% of the insurance company's employees in Mexico and 44% in Peru were evaluated¹.
- At QIC (USA), the supervisor evaluates against established criteria and provided feedback in an annual process; 100% of employees were evaluated.

We establish **compensation** by applying our Salaries Management Policy. For equivalent positions and same seniority, we guarantee equal pay².

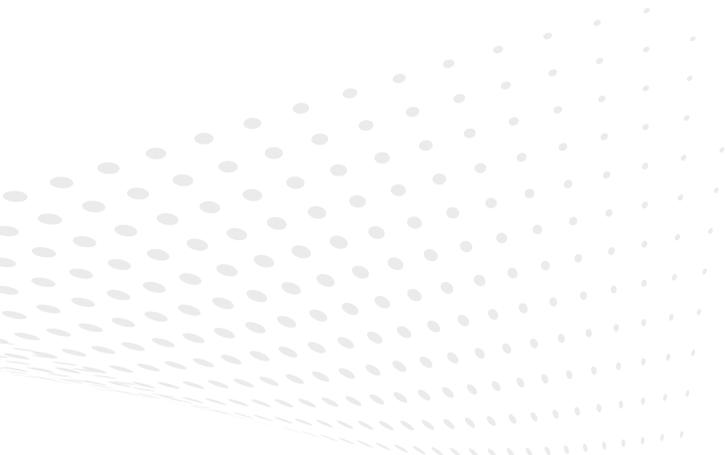
1. The difference with respect to 100% corresponds to those that do not have the seniority required for the process.
2. In the ESG Information Exhibit of Quálitas Compañía de Seguros, we present the compensation ratios per gender and professional category.



Well-being, health, and safety

(GRI 103-2, 103-3, 401-2, 401-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10, 404-2)

At Quálitas we safeguard the health and safety of our employees, especially in such a risky year due to the incidence of COVID. We are also committed to their well-being, understood in a comprehensive manner, which we address with different measures and adapt the new work models emerged in response to the pandemic.



WELL-BEING PROGRAMS AND INITIATIVES · QUÁLITAS CONTROLADORA			
FOCUS	PROGRAM / OUTSTANDING INITIATIVES		LEADING INDICATORS
Physical	Health sessions: medical evaluations and raising awareness First-class medical service and preventive care Health and life insurance ¹ Physical activities and other sports activities Testing and attention to consultations, in response to the pandemic.	Adjust your emotions – Transversal program (attention line)	3,091 medical appointments (Quálitas Compañía de Seguros) 1,791 appointments in connection with COVID-19 (Quálitas Compañía de Seguros) More than 3,000 COVID tests made to employees (Quálitas Compañía de Seguros)
Financial	Financial education: training sessions Credit union Family aid (Perú) Financing facilities (housing and automobile) and other aids		3,163 participants in credit Union (Quálitas Compañía de Seguros)
Social-occupational	Activities for families Volunteering Scholarships for employees' studies Agreements with universities for family members Mobility to the work center (Peru)		33 scholarships to employees 286 children of employees are participating in the scholarships programs and summer programs (online this year) (Quálitas Compañía de Seguros)
Mental-emotional	Advise line		628 cases dealt (Mexico, Costa Rica and El Salvador)

1. The health insurance, the awareness and training activities and the advice line are applicable to all the employees, not only to those having a permanent contract.



We support reconciliation of labor and personal life, including the time of paternity or maternity. At Quálitas Compañía de Seguros we already extend days beyond the established legal minimum; in 2020, 147 employees enjoyed the leave, 62% women; all of them returned to work at our insurance subsidiary in Mexico¹; only 16% of the employees that during 2020 would complete one year of their reinstatement had left the company.

In connection with **safety and health** of employees, we guarantee an adequate infrastructure, and we promote prevention².

At Quálitas Compañía de Seguros, we have brigades, voluntarily formed by 243 employees for responding to emergencies; we provided 3,402 training hours during the year.

Also in Mexico, we have been making important prevention efforts pursuant to the Mexican Official Standard NOM-035-STPS-2018,

which has allowed us to develop practices for the rest of the countries. In 2019 we conducted the psycho-social risk analysis, from which we developed a specific policy and we established work measures in response, implemented during that year. We continued providing support to the teams of the service offices for the response to the standard.

We already had the **Programa Ajusta tus emociones**, Adjust your Emotions) Program, with which we provide assistance of specialist third parties (via phone, email, and mobile application), for external, legal, financial and psychological counseling, and even food guidance. It is available to our employees in Mexico, Costa Rica, and El Salvador. During the year, it was essential to provide support in the face of the unease caused by the pandemic.

There are two especially risky accident profiles in our workforce: claim officers in the in-

surance business, and cargo personnel in the non-insurance subsidiaries. In both cases we have special measures:

- For **claim officers**, we implemented the Road Safety Management System, according to ISO 39001, beginning with Mexico City and the metropolitan area; it includes the review of processes, strengthening of guidelines, monitoring of driving, and training³.
- For **cargo personnel**, training in the requirements of the Mexican Standard NOM-036-STPS-2018 on Ergonomic Risk Factors in the Workplace. We seek to promote prevention, risk identification and risk surveillance.

In the face of COVID-19, we focused on ensuring the health of our employees. We placed special focus on those who were most vulnerable due to their medical history, who were quickly sent to work from home; we did the same for the rest of the staff who could work from home.

Since we continue to operate, as an essential industry, we developed the necessary biosafety protocols and had the necessary distancing and protection measures in place for the employees who remained in the work centers and in dealing with accidents; we also carried out regular random tests as a control measure and complied with all the safety and protection measures determined by the government.

1. The total of those who should reincorporate within 2020.
2. In the ESG Information Exhibit of Quálitas Compañía de Seguros, we present the health and safety statistics for our insurance subsidiary in Mexico..
3. More information in the chapter on Contribution to Road Safety.



Work environment
[GRI 103-2, 103-3]

The commitment of our workforce is one of our greatest prides. We work for the well-being of our employees, offering job stability and opportunities for professional development, as we have pointed out. We develop leaders who build teams with performance, strong internal communication and respect.

We monitor our work environment on an annual basis, through a participatory survey which evaluates 7 dimensions, including one denominated **passion**, which considers topics like identification with the mission, vision, and values of the company, the pride of telling people they work for the company, the additional effort in order to achieve my goals, the feeling of

loyalty and commitment with the company, and the pleasure of continuing working for the company during the next five years, being conscious of my development and growth opportunities within the company, the importance of my activities for the company's results, as well as knowing if I enjoy each activity I do in my job.

This year, at the level of the controlling company, the participation was 84%, while the Passion dimension was graded with a 93%.

As part of our support to service offices, we make the climate survey available to their employees and then work with their managers on improvement commitments and action plans.

Discrimination Factors

There are groups of people who are victims of discrimination every day because of some of their physical characteristics or their way of life, which can be a reason for distinction, exclusion, or restriction of rights.

Ethnic or national origin	Gender	Age
Disability	Social or economic condition	Health condition
Pregnancy	Language	Religion
Sexual preferences		Marital status

To learn more about this topic, please visit the following courses at Universidad Quálicas

- The ABC of equity and non-discrimination
- Sexual diversity, inclusion, and non-discrimination
- Inclusion and disability
- Discrimination against people living with HIV or AIDS

Logos: Universidad Quálicas and IGUALDAD Y NO DISCRIMINACIÓN



ENVIRONMENTAL FOOTPRINT

+ CONSCIOUS



Climate change risks and opportunities

(TCFD EST-A, GDR-A)

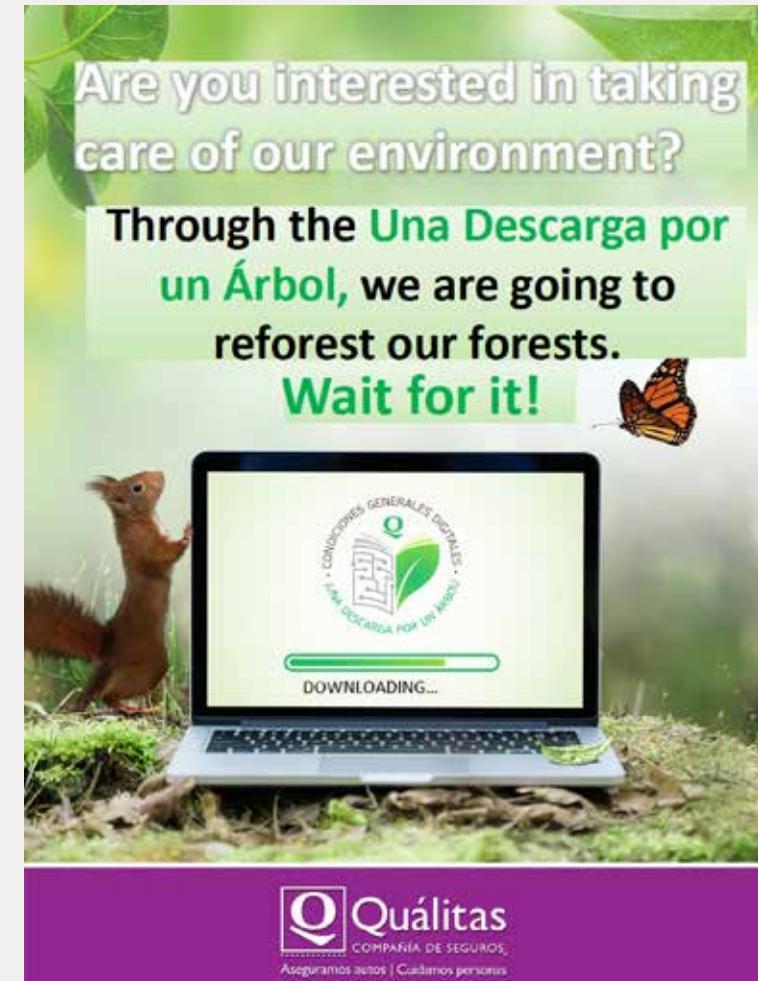
As part of our risk management and aligned with the sustainability commitment in operations, we determined the main risks and opportunities in connection with climate change.

Given the weight of the insurance business in the controlling company, we focused on analyzing it; even though we worked on determining an environmental route sheet for our non-insurance subsidiaries.

We conducted a first analysis to identify risks and opportunities, concentrated on our main processes, for which we assessed the context in which they are implemented, the related stakeholders and their expectations, and our strategic guidelines for each of them.

Based on these three elements, we analyzed changes being occurred arising from climate change: meteorological phenomena, legislation, product design and business actions, investors assessments, among others. The results are presented next:

This exercise is being additionally completed by an exhaustive analysis led by the risk team of Quálitas Compañía de Seguros for the activity of all of our subsidiaries.



Risks

(GRI 201-2) (SASB FN-IN-450a.2, FN-IN-450a.3) (TCFD EST-A, EST-B)

We present the main identified risks, referring to the nomenclature set forth in the TCFD recommendations.

Transition risks - those related to changes in the pathway towards a low carbon economy, e.g., in legislation, to address mitigation and adaptation to climate change.

Physical risks - those related to greater intensity events (acute) and/or to long term changes in weather patterns (e.g. temperature) (chronic). They may cause damages in infrastructure, affect operational continuity, etc.

The occurrence of extreme climate events in 2020 totaled an economic impact of \$1,688,813 million pesos for our insurance subsidiaries, due to the occurrence of storms related to hurricanes in El Salvador and Costa Rica; it corresponds to payment of insured claims.

Risk type	Risk sub-type	Reference	Description	Temporary horizon
Transition	Legal and regulatory	Development of rules that restrict vehicle traffic: risk for own fleet	Governments of the main cities are promoting cleaner vehicles, in order to improve air quality. In the case of the Mexico Valley Metropolitan Area, the program is in effect, which restricts vehicle mobility based on the generated emissions and model. This type of regulation can affect the movement of vehicles of Quálitas' claim officers and lawyers.	Short term
		Development of rules that restrict vehicle traffic: risk for issuance of premium	Regulations that limit vehicle traffic may progressively reduce the sale of vehicles using fossil fuels and the issuance of premiums in this group. With the higher price of electric or hybrid vehicles, consumers may seek savings on insurance and generate a scenario of increased competition among insurance companies. The effect may be the opposite, of opportunity, if it is a matter of alternate circulation regulations by license plate, which stimulates the acquisition of a "second vehicle" with a supplementary license plate.	Short term
		Development of regulations that prohibit the sale of vehicles	Among the legislative initiatives to mitigate climate change, it is being worked on accelerating the industry and consumers to transition to hybrid or electric vehicles, including temporary scenarios to prohibit the sale of vehicles using fossil fuels (e.g., California in 2035).	Long term
Physical	Acute	More frequent and/or intense meteorological phenomena: operative continuity	The occurrence of extreme meteorological phenomena may affect the continuity of operations in our value chain and in direct operations: temporary closing of service offices and/or ODQs in affected areas.	Short term
		More frequent and/or intense meteorological phenomena: accidents	The greater occurrence and intensity of phenomena such as intense rain, hurricanes, with the consequential hail and floods may represent a risk for the condition of vehicles and driving, impacting the accident rate.	Medium term

Note: Short term: < 3 years; Medium term: 3-6 years; Long term: >6 years.

Opportunities

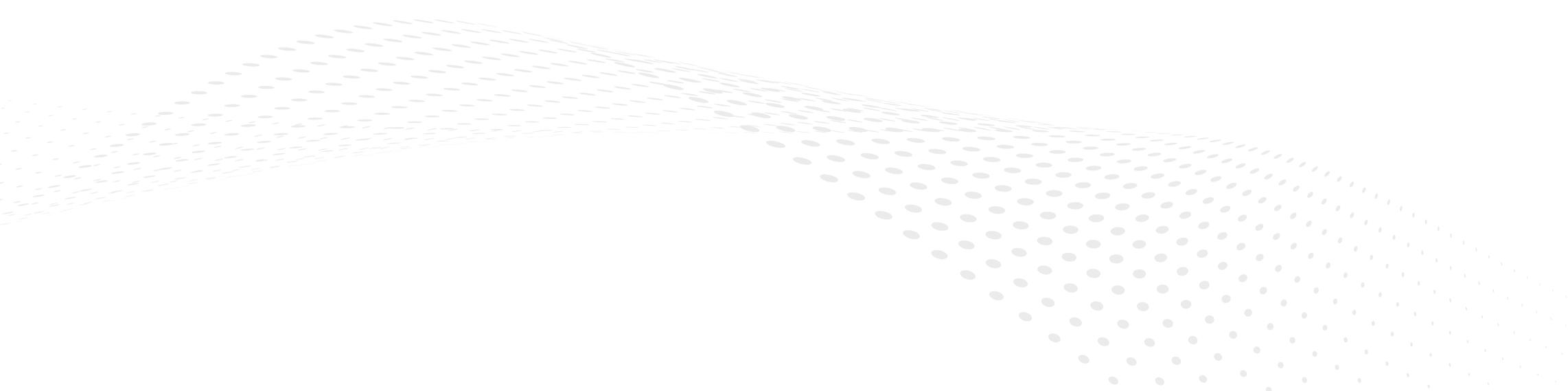
(GRI 201-2, FS8) (SASB FN-IN-410b.1, FN-IN-410b.2) (TCFD EST-A, MYO-A)

At Quálitas we have been working to reduce the emission of greenhouse gases from our activity and from the activity related to vehicle traffic, which in turn constitute business opportunities. It is a win-win approach that allows us to mitigate our direct and indirect contribution to climate change.

Particularly noteworthy is our progress in offering more environmentally friendly products, on which we will continue to work.

ENVIRONMENTAL-FRIENDLY PRODUCTS - 2020		
	Written Premium	% of the premium issued at Quálitas Compañía de Seguros
Delivery of driving monitoring-devices (in bailment)	\$101.5 MM	0.3%
Insurance of natural gas fleet	\$1.3 MM	0.004%
Insurance of hybrid vehicles	\$24.5 MM	0.1%
Insurance of electric vehicles	\$156.0 MM	0.4%

Note: It only includes products from Quálitas Compañía de Seguros, since they are in development in the other insurance subsidiaries.



Below, we describe the main identified opportunities, referring to the nomenclature set forth in the TCFD recommendations.

Opportunity type	Reference	Description	Temporary horizon
Resource efficiency	Migration to more efficient own fleet	Quálitas Compañía de Seguros has a hybrid vehicle incorporation program to the fleet of claim officers and lawyers (Qualicoches)	Short term
	Incorporation of variables in setting the rate.	The company sets the rates based on different criteria. In Mexico, the geographic area is considered, classified based on the context of the accident rate (including meteorological risks) There is an opportunity to include driver behavior in the pricing for subscription and/or renewal (associated with responsible driving, less GHG emitting) and to incorporate the risk of meteorological phenomena in the classification of the areas.	Long term
Energy source	Use of renewable energy sources	Qualitas Compañía de Seguros has implemented the use of solar panels at some of its facilities. Thus, in these cases we replace the use of electricity from the national network, which largely comes from burning fossil fuels.	Short term
Products and services	Process innovation	In order to achieve a greater efficiency in service and costs, Quálitas Compañía de Seguros has developed the remote adjustment (express adjustment) to handle claims. This modality does not require the claim officer to travel to the place, reducing fuel consumption and making service faster.	Short term
	Fleet market opportunity	Quálitas Compañía de Seguros is the only insurance company in Mexico that covers natural gas truck fleets. This has allowed us to capture that market niche, also supporting the transition of the client companies to a lower greenhouse emitting fleet.	Short term
	Concern for better driving practices	More responsible vehicle management can reduce fuel consumption, which, especially for fleet clients, can have a significant impact. This fact, together with the concern for driver safety, is generating a follow-up on driving patterns, including monitoring and control devices, and instruction in proper practices. Quálitas offers devices for vehicles and provided road safety training and consulting.	Short term
	Development of new products	The company is working in the development of policies that incorporate environmental criteria. This is the case of products that include financial aid for the transition of engines to natural gas.	Medium term
Markets	Growth of insurance market	The incidence of extreme weather events with an impact on the condition of vehicles and the increased risk of driving accidents, especially for those vehicles that circulate and/or travel for longer periods of time in more exposed areas (e.g., Southeast Mexico) may lead to greater concern and preference among companies and individual clients for insuring their vehicle assets.	Medium term

Note: Short term: < 3 years; Medium term: 3-6 years; Long term: >6 years.

Consumption of energy and GHG emissions

(302-1, 302-3, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-7) (TCDF GDR-B, MYO-A, MYO-B)

We seek to be efficient in terms of energy consumption, both fuels and electricity. In this way, along with the development of environmentally friendly products and services, we take advantage of opportunities concerning climate change to reduce our footprint and the one from our clients.

2020 was an atypical year in terms of environmental impacts due to the incidence of COVID-19 pandemic, which mobilized a large part of our employees to home office to work remotely and reduced the number of attention on the road due to the decrease in the accident rate.

At Quálitas Controladora, we require fuel for our operations, specifically for the adjustment processes in Mexico. Of the total 181,452 GJ of **energy** consumed in the year, 86% corresponds to fuel. Quálitas Compañía de Seguros, our largest subsidiary by activity, consumed 96% of total energy.

The **energy consumption intensity** was 5.03 kJ per weight of premium issued for the Quálitas Controladora group.

For the first time, we present **fuel** consumption in all of our subsidiaries, which was 155,723 GJ; Therefore, the comparison with the same scope in previous years is not possible, but we should highlight that it is even lower than the accounting only for the consumption of the Mexican subsidiaries in 2019 (186,305 GJ). 96% of total consumption corresponds to gasoline from own vehicles, including the Qualicoches fleet of Quálitas Compañía de Seguros.

FUEL CONSUMPTION (GJ) QUÁLITAS CONTROLADORA

Fuel	2020
L.P. Gas	303
Diesel	5,834
Gasoline	149,586
TOTAL	155,723

Electricity consumption decreased by 5%, remaining at 7,146,863 kWh. 85% of consumption corresponds to Quálitas Compañía de Seguros, our largest subsidiary by activity, including administrative offices and ODQ¹.

POWER CONSUMPTION (KWH) - QUÁLITAS CONTROLADORA			
Country	2020	2019	2018
Mexico	6,771,287.40	7,137,999	6,448,185
Quálitas Compañía de Seguros	6,058,628	6,883,864	6,448,185
Non-insurance subsidiaries	712,660	254,135	N.A.
USA	24,285	24,304	13,073
Costa Rica	120,286	121,872	113,119
El Salvador	150,359	165,524	147,534
Peru	80,646	40,572	N.A.
TOTAL (kWh)	7,146,863	7,490,271	6,721,911
TOTAL (GJ)	25,729	26,965	24,199

1. The electricity consumption of the service offices in Mexico is not accounted for as ownership and management correspond to third parties.

Notes:

- For QCS, we have included the consumption of 12 administrative offices and 251 ODQs (88% of the total ODQs, 284).
- The increase in electricity consumption of non-insurance subsidiaries responds to a greater scope in 2020 in terms of the work centers included (7 installations compared to 3 the previous year).
- The increase in consumption in Peru corresponds to the start of operations at the main office in San Borja.
- Not Applicable: It does not apply since it did not have the ownership (insurance subsidiary in Peru) or the operating control (non-insurance subsidiaries in Mexico, Easy Car Glass, CristaFácil and Outlet de Refacciones).

We work primarily on the most demanding process to reduce energy consumption: the displacement of claim officers and lawyers.

- We continue to advance in **express adjustment**, which does not require that the claim officers moves to the place where the claim has happened, since the policyholder can directly carry out the process from a mobile appremotely. This year, it already accounted for 15.5% of the claims handled in Mexico, the country with the highest number of operations.
- We also continue to add hybrid vehicles to the Qualicoches de Quálitas Compañía de Seguros fleet, which reduces the requirement for fossil energy.

Quálitas Compañía de Seguros, at the end of the year, had 375 hybrid Qualicoches, 17% of its total fleet.

The measures mentioned above reduce energy requirements, specially in terms of fuel consumption, also helping to reduce our **Greenhouse Gas (GHG) emissions**. The solar panels that we have in 3 administrative offices of Quálitas Compañía de Seguros also have this objective. Our subsidiary is also developing a program to partially finance the installation of solar panels in service offices along with the cooperation of their owners.

In addition, we calculated the Greenhouse Gas emissions inventory, at the level of Quálitas Controladora, in accordance with the ISO 14064-1 Standard and the methodology established by the Mexican authority for the National Emissions Registry (*Registro Nacional de Emisiones or RENE for its acronym in Spanish*).

We include the following emissions in the inventory:

EMISSIONS INVENTORY · QUÁLITAS CONTROLADORA	
SCOPE	INCLUDED EMISSIONS
Scope 1: Direct Emissions	<ul style="list-style-type: none"> • Consumption of LP gas and diesel in own facilities (all subsidiaries) • Gasoline consumption for the company's utilities (all subsidiaries) (includes the Qualicoches of Quálitas Compañía de Seguros). • Refrigerant gas recharge in air conditioning equipment (all subsidiaries) • Emissions from wastewater treatment plants (Quálitas Compañía de Seguros). • Wastewater treatment in own plants (Quálitas Compañía de Seguros).
Scope 2: Indirect emissions (electricity)	<ul style="list-style-type: none"> • Power consumption (emissions related to the generation of these energy) (all subsidiaries):
Scope 3: Indirect emissions	<ul style="list-style-type: none"> • Employee air flights in the exercise of their activities (all subsidiaries) • Emissions associated with employee hotel stays on business trips (all subsidiaries) • Gasoline consumption in Quálitas Compañía de Seguros for: <ol style="list-style-type: none"> 1. Service rendered by the insurance company to its customers in the delivery of fuel as part of the road assistance. 2. Vehicles owned by the employees, Quálitas pays the fuel first, and the employee pays for it later.

Total Scope 1 and 2 Emissions of Quálitas Compañía de Seguros was 14,759 tonCO₂eq, which represents an intensity of 0.41 gCO₂eq per weight of issued premium. 92% corresponded to the activity of Quálitas Compañía de Seguros, our insurance subsidiary in Mexico.

Compared to 2019, there is a 15% reduction in emissions in the total of Scopes 1 and 2 at the Quálitas Controladora level. Particularly noteworthy is the reduction in those associated with fuel in Mexico (Scope 1) due to the drop in gasoline consumption of Qualicoches consequence of the lower accident rate and the expansion of the express adjustment in pandemic context.

Here is the breakdown of emissions by scope and country:

GHG emissions (ton CO ₂ eq) · QUÁLITAS CONTROLADORA			
Country	2020	2019	2018
Mexico			
Scope 1	10,978.25	13,554.50	14,269.73
Scope 2	3,345.01	3,604.69	3,398.19
Scope 3	550.28	1,348.15	704.40
U.S., Costa Rica, El Salvador, Peru			
Scope 1	267.87	NA	NA
Scope 2	167.47	165.55	114.91
Scope 3	12.09	NA	NA
TOTAL: Scopes 1 +2	14,758.60	17,324.74	17,782.83
TOTAL: Scopes 1 + 2 + 3	15,320.97	18,672.89	18,487.23

Notes:

- In 2020, in Mexico, the emissions of Easy Car Glass and CristaFácil were included (in 2019, only Outlet of spare parts as a non-insurance subsidiary).
- The reduction in Scope 3 emissions in Mexico is mainly due to the decrease in the number of business trips due to the pandemic context.
- N.A. Not Available



Other environmental indicators

Due to the type of activities we carry out, both in the insurance and non-insurance business, we are not a particularly demanding **water** industry. However, we encourage our collaborators to optimize its use. At Quálitas Compañía de Seguros we have dry urinals and treatment plants at the San Jerónimo and Maguey facilities*.

We present the catchment data by source as follows:

WATER COLLECTION Quálitas Controladora 2020	
Source	Consumption (m ³)
Sea water	0.27
Surface water (rivers, lakes, rainwater)	0.23
Supplied by third parties (network, pipe)	34.40
TOTAL	34.90

Note: We do not record the water withdrawal data from Qualitas Insurance Company (QIC).

Regarding **paper** consumption, we have significantly reduced its use given the digitization of certain processes. At Quálitas Compañía de Seguros, we have already migrated to a 100% digital adjustment process; at the end of the year, 87.9% of the files were managed in this way.

Also, in our insurance subsidiary in Mexico, electronic waste is managed by a specialized third party, and we seek to reuse it for social purposes. In the administrative offices of Ajusco, San Ángel, and Maguey, we have an extensive selective collection system for reuse and recycling.



* For more information, see ESG Quálitas Insurance Company Results Annex.

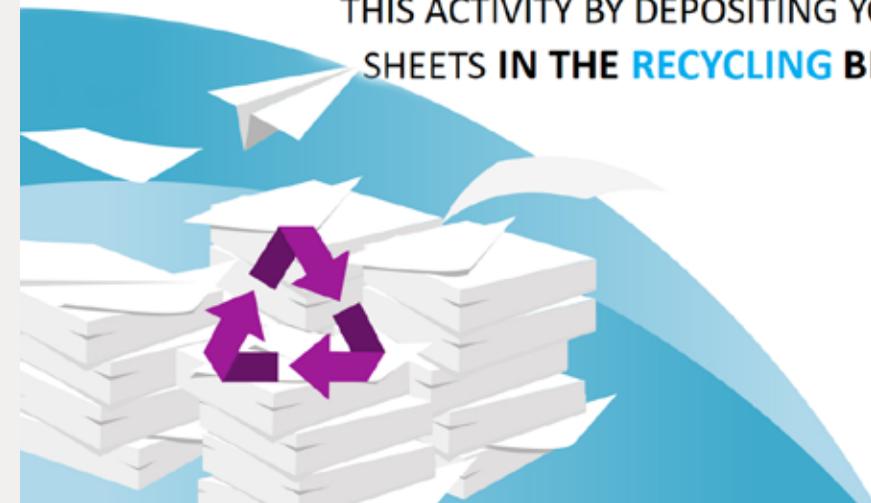
WASTE GENERATION
Quálitas Controladora 2020

Category	Generation (Kg)
Special Handling	183,661.50
Hazardous	1,480.00
Urban Solids	1,946.80
TOTAL	187,088.30

We raise awareness among our employees about the importance of having a responsible use of resources and caring for the environment, with different internal campaigns. At Quálitas Compañía de Seguros, we also seek to involve our policyholders with the campaign “One Download for a Tree”¹. The reforestation efforts also included volunteer drives with our collaborators and their families. This year, due to the pandemic context, we donated the resources for a reforestation project in the vicinity of the Colorado River.



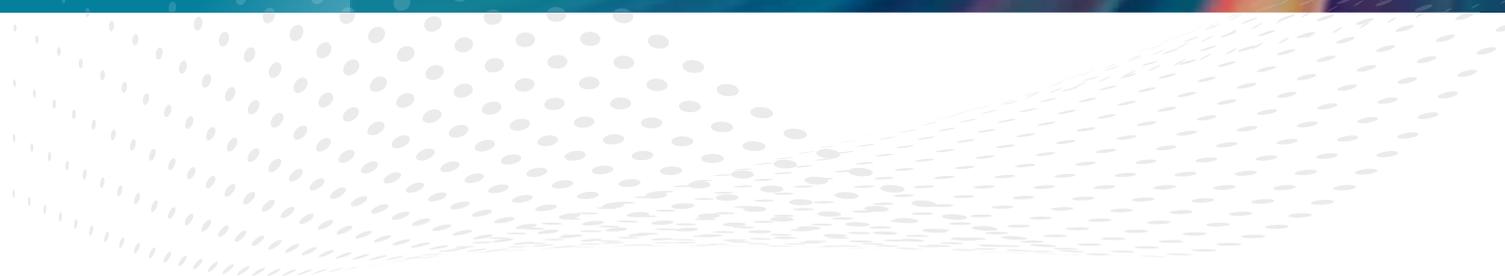
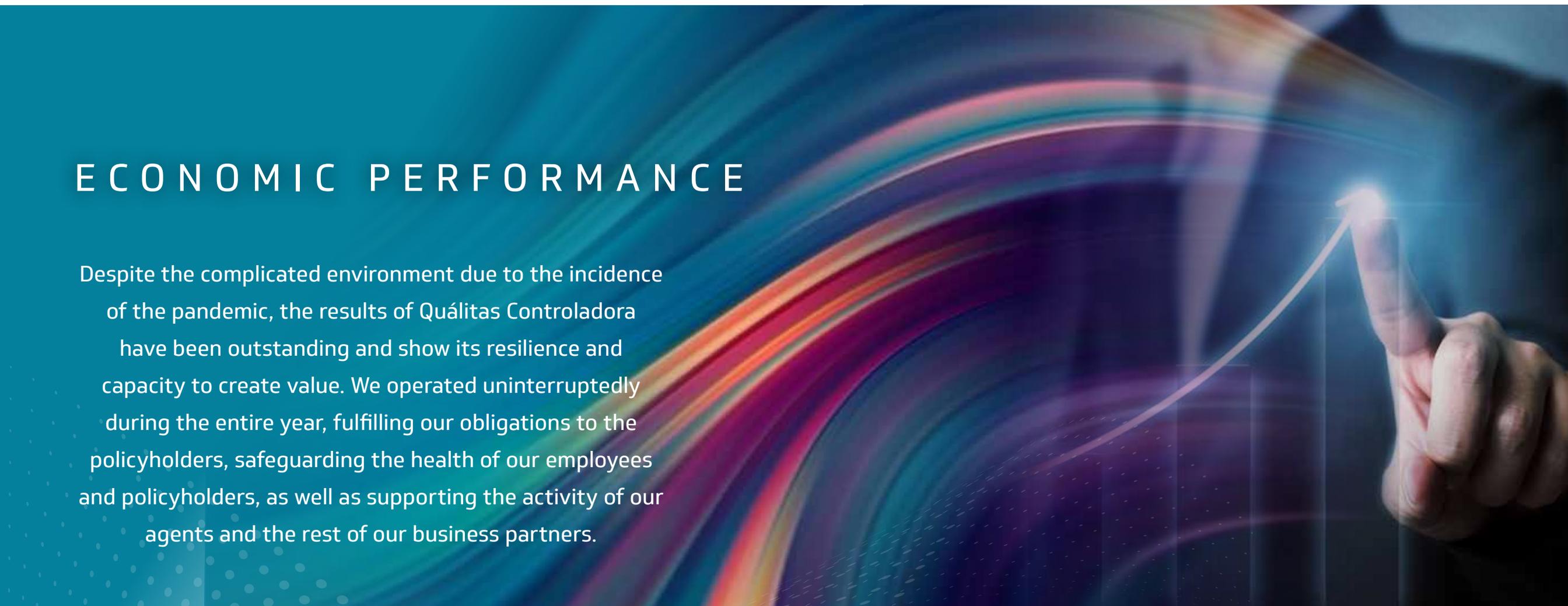
AT QUÁLITAS,
WE COLLECT **(USED)** SHEETS OF
PAPER **FOR RECYCLING**. SUPPORT
THIS ACTIVITY BY DEPOSITING YOUR
SHEETS **IN THE RECYCLING BINS**.



1. <https://somosqualitas.com/blog/noticias/qualitas-una-descarga-por-un-arbol-reforestacion/>

ECONOMIC PERFORMANCE

Despite the complicated environment due to the incidence of the pandemic, the results of Quálitas Controladora have been outstanding and show its resilience and capacity to create value. We operated uninterruptedly during the entire year, fulfilling our obligations to the policyholders, safeguarding the health of our employees and policyholders, as well as supporting the activity of our agents and the rest of our business partners.



Relevant financial data

(GRI 102-7, 103-2, 103-3)

Our capacity to adapt and technological advances that we have been implementing, have allowed us to continue to maintain the excellence service level. Likewise, we have sought to be flexible and support our clients due to the difficult situation lived during the year, through different actions such as interest-free payment options, discounts on renewals and products to the extent they serve their current needs. In this way, we continue to lead their trust and preference.

The main financial ratios and their evolution regarding the previous year are shown below.

INCOME STATEMENT · Millions of Mexican pesos				
	2020	Δ 20-19 %/pb	2019	2018
Issued Premium¹	36,057	(0.4)	36,196	34,495
Retained Premium	35,676	(0.9)	35,991	34,183
Earned Premium	36,291	4.0	34,899	31,810
Acquisition Cost	7,791	0.1	7,780	7,464
Cost of Claims	18,613	(10.0)	20,687	21,048
Technical Result	9,887	53.7	6,432	3,298
Operating Expenses	2,507	23.6	2,029	1,568
Operating Result	7,387	67.5	4,410	1,734
Comprehensive Financing Result	1,975	(31.5)	2,882	1,717
Taxes	2,564	32.6	1,934	1,023
Net Result	6,798	26.9	5,358	2,428



1. The total issued premium of Quálitas Controladora includes the issuance of the car insurance subsidiaries and the sales of the other non-insurance subsidiaries related to the insurance or claim assistance processes.

BALANCE SHEET · Millions of Mexican pesos

	2020	Δ 20-19 %/pb	2019	2018
Total Assets	69,039	9.5	63,041	56,642
Invested assets or float	35,268	11.0	31,768	28,034
Technical Reserves	34,312	(4.4)	35,896	36,173
Total Liabilities	49,977	1.0	49,477	47,537
Shareholder's Equity	19,061	40.5	13,564	9,104

COST INDICATORS · Millions of Mexican pesos

	2020	Δ 20-19 %/pb	2019	2018
Acquisition Ratio	21.8%	22	21.6%	21.8%
Claims Ratio	51.3%	(799)	59.3%	66.2%
Operating Ratio	7.0%	135	5.6%	4.5%
Combined Ratio	80.1%	(642)	86.5%	92.5%
Adjusted Combined Ratio¹	79.7%	(772)	87.4%	94.6%

1. It refers to the sum of acquisition, claims and operating costs divided by the earned premium, and is provided for purposes of comparison with international ratios.

PROFITABILITY INDICATORS · Millions of Mexican pesos

	2020	Δ 20-19 %/pb	2019	2018
Return on Investments	4.8%	(349)	8.2%	4.7%
ROE 12m	41.7%	(560)	47.3%	28.5%

We maintained the issued premium at levels similar than those of 2019, despite the difficulties caused by the effects of the pandemic.

Premium issuance

(GRI 102-48, F56) (SASB FN-IN-000.A)

Our agility to adapt to the economic and market environment, as well as our flexibility to understand the needs of our agents and policyholders, allowed us to maintain our client portfolio.

In 2020, because of the pandemic, the behavior of the issuance of premiums was irregular with different tendencies each quarter when comparing to 2019. Per quarters, in Q1 we started with a double-digit growth (14.5%) following the inertia demonstrated in 2019; in Q2, with the interruption caused by the pandemic, we had an abrupt fall (14.1%). The effects of the economic reactivation and the measures adopted by the company allowed the company to close on a positive note in Q3 (0.5%), with a contraction and the end of the Q4 in the face of new restrictive measures (2-2%). However, **in the balance sheet, we practically closed at the same level of issued premium than at the end of 2019**, with a 0.4% marginal fall.

Quálitas Compañía de Seguros, our main subsidiary reached \$33,360 million pesos of issued premium, a decrease of 2.8% in comparison with the previous year. In the traditional segment, the balance was positive in individual cars, as opposed to the drop in fleets, related to the slowdown of the economic activity. The issuance of special businesses continued to fall throughout the year linked to the 28% decline in new car sales for the year (data from the Mexican Association of Automobile Distributors,), marking the third consecutive year of decline.

The driving force that our insurance subsidiaries have been in the rest of the countries in which we operate should be mentioned; such insurance subsidiaries, which closed the year with a 38.7% increase in the issued premium, and an issuance of \$2,647 million, already represent 7.4% of the issuance of Quálitas Controladora.

PREMIUM ISSUED PER INSURANCE SUBSIDIARY · Million pesos				
Subsidiary	2020	Δ 20-19 %/pb	2019	2018
Quálitas Compañía de Seguros	33,360	(2.8%)	34,249	32,880
Quálitas El Salvador	149	(10.5%)	167	146
Quálitas Costa Rica	509	10.9%	459	456
Qualitas Insurance Company (QIC, U.S.A)	1,778	59.3%	1,116	961
Quálitas Perú	212	26.2%	168	NA
Total	36,057	(0.4%)	36,196	34,495

Note: Total includes sales of non-insurance subsidiaries. Figures may vary due to effects of the exchange rate.
 NA: Not applicable

Annual increase of
47.1%
 in insured units by
 Quálitas Perú

We issue policies through different segments, focused on the insurance of individual vehicles, fleets and heavy equipment; the special businesses segment is linked to new car sales.

Regarding the **insured units**, there was a 1% decrease, equivalent to 42,141 fewer units; we closed the year with 4.2 million insured units. Two of our subsidiaries outside Mexico experienced growth, Quálitas Costa Rica with 5.2%, but especially Quálitas Perú, with 47.1%.

PREMIUM ISSUED PER SEGMENT · Millions of Mexican pesos				
Segment	2020	Δ 20-19 %/pb	2019	2018
Individual	11,522	8.3%	10,634	9,144
Fleets	10,722	(7.1%)	11,538	10,664
Financing Institutions (special businesses)	11,061	(8.4%)	12,076	13,015
Foreign subsidiaries	2,647	38.7%	1,909	1,563
Total	36,057	(0.4%)	36,196	34,495

Note: Total includes sales of non-insurance subsidiaries. Figures may vary due to consolidation effects.

INSURED UNITS PER SUBSIDIARY				
Subsidiary	2020	Δ 20-19 %/pb	2019	2018
Quálitas Compañía de Seguros	4,037,181	(1.4%)	4,094,194	3,793,178
Quálitas El Salvador	19,073	(4.3%)	19,940	15,890
Quálitas Costa Rica	63,199	5.2%	60,064	53,231
Qualitas Insurance Company (QIC, U.S.A)	17,288	(10.3%)	19,278	15,255
Quálitas Perú	45,606	47.1%	31,012	N.A.
Total	4,182,347	(1.0%)	4,224,488	3,877,554

Note: Figures may vary due to consolidation effects.
 N.A. No Aplica

Operating indicators

The acquisition ratio was 21.8%, in line with that recorded in 2019 and within our target range.

The claims ratio was 51.3%, which is 8 percentage points lower than the previous year; this is the lowest annual rate recorded since Quálitas was founded.

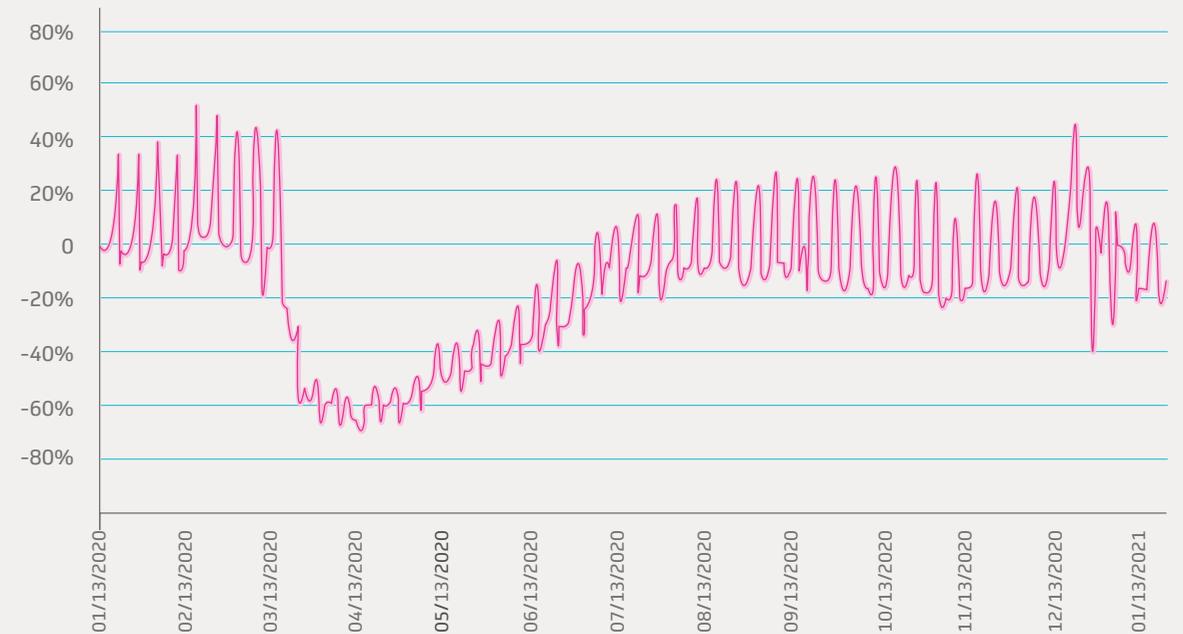
The claims rate has benefited from the drop in vehicle traffic, which recovered as the year progressed; in Mexico, the confinement measures were relaxed until the end of December, when they were intensified again. Likewise, theft and our risk prevention efforts ben-

efited the low claims rate; theft decreased by 20% for the industry and Quálitas during the year in Mexico, as per data of the Insured Risks Coordinating Office (OCRA for its acronym in Spanish).

In Mexico, the drop in vehicle traffic during most of the year reduced the accident rate. Specifically, the number of collisions decreased by 26%, with interannual decreases of up to 50% during the second trimester. As we mentioned before, the decrease in thefts and our efforts in risk prevention benefited the claims rate.

Lowest annual accident rate since the commencement of operations of the company.

EVOLUTION OF MOBILITY IN MEXICO IN 2020



Mobility trends	
Driving	Δ% vs 4Q19
1Q20	(1.3%)
2Q20	(43.9%)
3Q20	(3.2%)
4Q20	(1.9%)

Source: APPLE mobility trends report

Investments

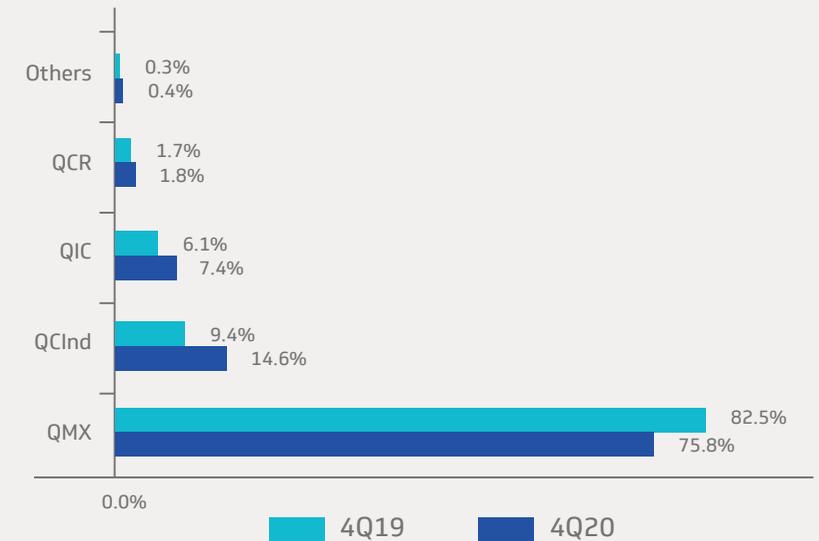
(GRI 412-3) (SASB FN-IN-410a.1, FN-IN-410a.2)
(TCFD GOB-A, GOB-B)

The investment strategy is defined on a monthly basis in the Investment, Finance and Planning Committee of Quálitas Controladora, for the different insurance subsidiaries and always in accordance with the regime established for the sector in each of the countries in which we operate. Each subsidiary also has its own committee, in charge of approving local investments.

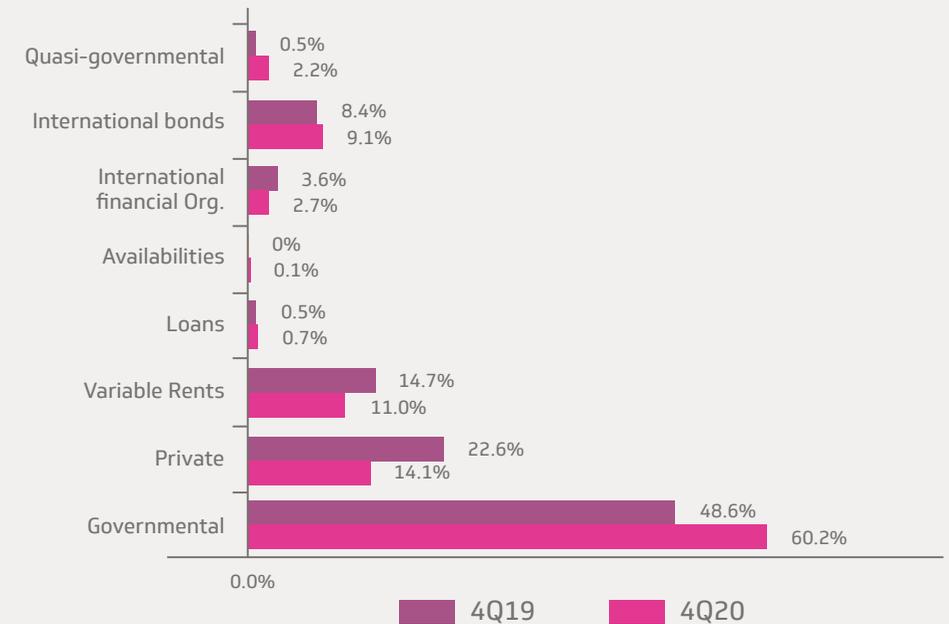
At Quálitas Compañía de Seguros we have scaled responsibilities based on the type of investment. The team manages the investments in fixed income products; the credit committee intervenes for the variable rent; the investments committee of each subsidiary monitors the activity and approves those higher-risk investments and direct loans.

The focus of the investment strategy is conservative, with 89.0% of the portfolio in fixed rent; we invested \$35,268 million pesos in the year, 11.0% more than in 2019. The Return on Investments (RSI for its acronym in Spanish) was 4.8%, 428 base points below 2019, but 50 base points above Mexico's reference rate. In the face of a 300 base points drop in 2020, we will increase our exposure in variable rent and in instruments that will help us increase returns.

PORTFOLIO PER SUBSIDIARY



TOTAL PORTFOLIO



Note: Others includes subsidiaries in El Salvador y Peru.



We incorporated environmental, social and governance criteria in our investment strategy, under the commitment and baseline guidelines set forth in our Investment Handbook. We are progressing in the development of our own analysis methodology, to address investment risks and opportunities, especial-

ly regarding the transition to low carbon industries and economies, that contribute to combating climate change. The Investment Committee will be in charge of monitoring these investments and, as with the rest of the investments, will inform the Board of Directors on a quarterly basis.

We reaffirmed our ability to create value: 31% growth in earnings per share, compared to 2019.

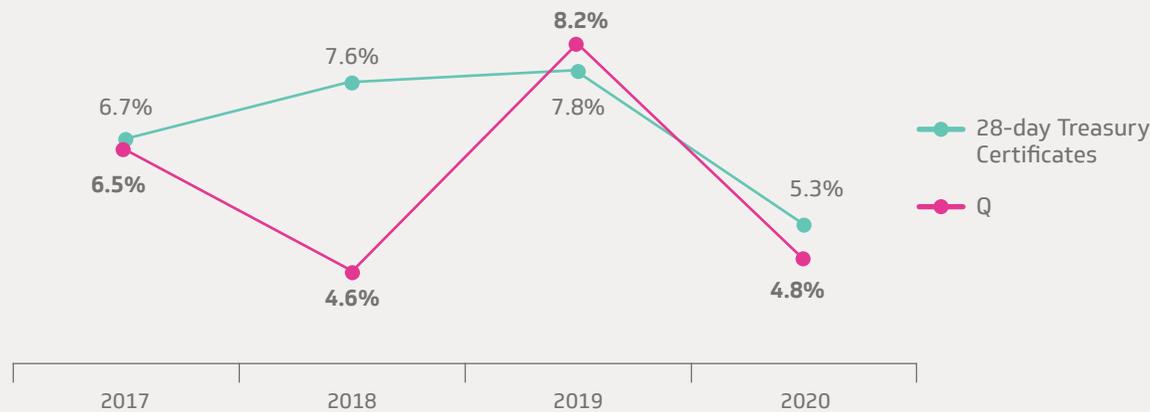
Net result

Accumulated net profit totaled \$6,798 million, \$1,440 million or 26% more than in 2019. Once again, it was an historical year, with the highest profit since the company was founded, despite the difficulties of the environment.

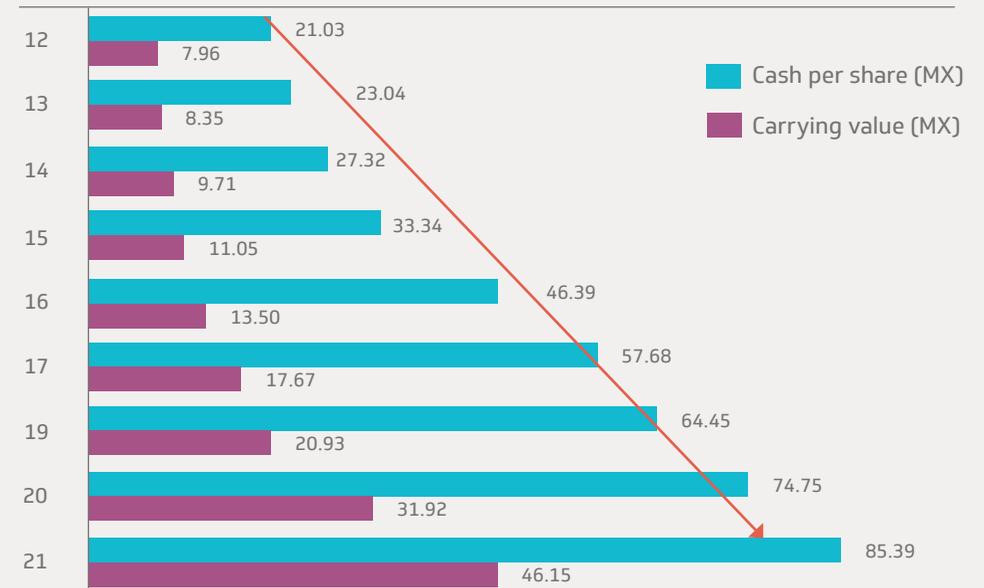
The 12 month ROE was 41.7%, consisting of an operating ROE of 32.9% and a financial ROE of 8.8%, well above other public insurance companies.

Profit per share (*UPA for its acronym in Spanish*) closed the year at \$16.5, a 31% increase over the previous year. P/U closed at 6.5 and P/VL was positioned at 2.3.

RETURN ON INVESTMENTS (%)



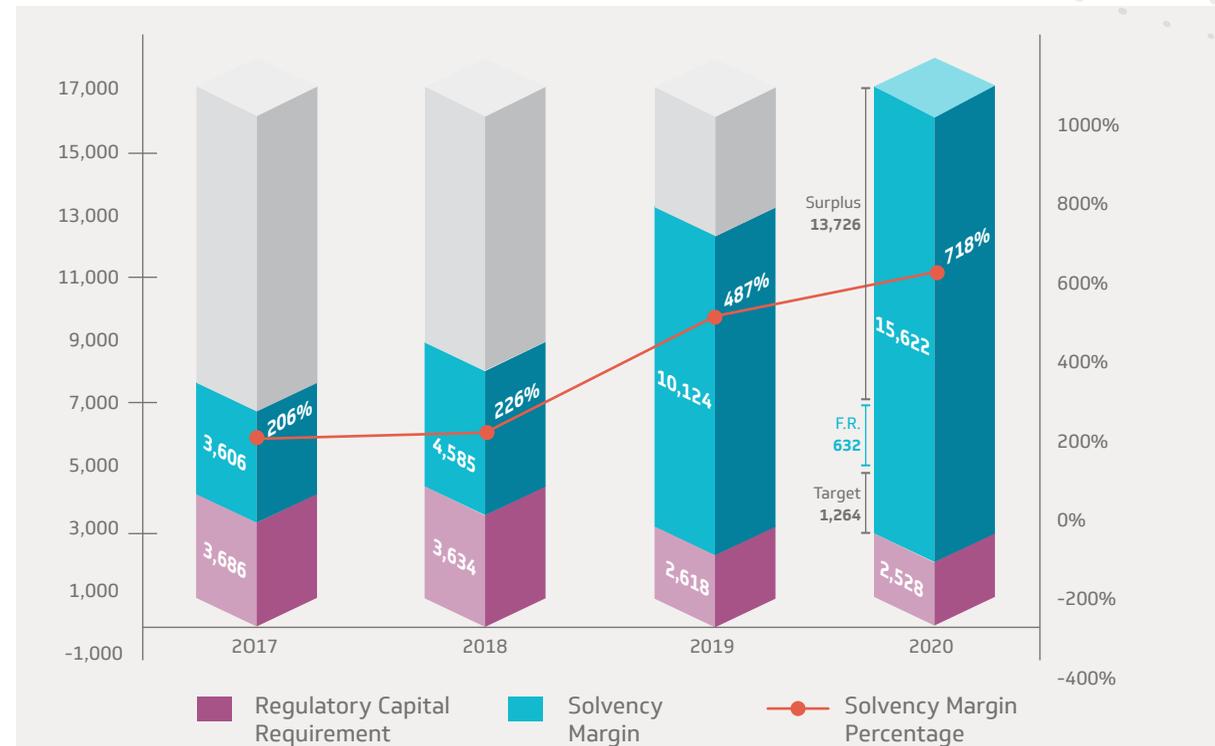
EVOLUTION OF PROFITABILITY PER SHARE



Solvency margin

The solvency margin was \$15,622 million, well above the regulatory capital requirement of \$2,528 million at the end of the year; this represents a solvency margin percentage of 718%.

We have the financial strength to meet our obligations, maintain 1.5x the regulatory capital requirement and address our 3-pillar strategy: 1) strengthen Mexican operations, 2) continue the consolidation and expansion of insurance subsidiaries in other countries, and 3) analyze other business opportunities that can become engines of growth.



Note: Calculation of the required regulatory capital varies in the countries where Quálitas operates.

Share value

(GRI 102-5)

Quálitas Controladora is listed on the Mexican Stock Exchange (BMV: Q*), with a floating capital of ~ 47% of shares; the company's market capitalization was \$44,249 million pesos. We are part of the main S&P/BMV IPC index, as well as the S&P/BMV Rentable index, which includes those of the previous index that continue to pay dividends.

The share closed 2020 with a value of \$ 107.14 pesos, which represents a return of 34.9% in the year. These results positioned us as the 6th issuer with the best cumulative annual performance within the CPI, well above the 1.2% average of its members as a whole.

The average daily operation was 841,224 shares, with a 18.9% growth compared to 2019; they represented 3.5 million dollars, 50.7% more than the previous year. That allowed us to move up 6 positions in the stock market index during the year, from the 29th position in January to the 23rd position at the end of December 2020.

We closed the year with 413 million outstanding shares, having repurchased 8.7 million shares towards the end of the year, with an investment within the limits approved for the repurchase fund.

Quálitas Controladora is also listed on the Institutional Stock Exchange (BIVA), forming part of the main index: FTSE BIVA.

Presence in ESG indexes

Our commitment to creating value for the different stakeholders, implementing the sustainability strategy from the business and with a solid corporate governance, positions us as an outstanding issuer for rating agencies and investors with environmental, social and governance criteria (ESG).

In 2020, we were included in the first sample of the new ESG index of the Mexican Stock Exchange (BMV): S&P/BMV Total Mexico ESG Index, which includes the issuers with the best sustainability performance based on the results of the SAM S&P CSA assessment.

Likewise, we returned to the Dow Jones Sustainability MILA Pacific Alliance index, of which we are a part of until the 2019 rebalancing. This responds to our continued efforts to incorporate ESG criteria in the company's strategy and the decision making, with special emphasis in the latter, working in sustainable investment, road safety and products and services with an environmental and social approach.

The DJSI MILA Pacific Alliance is formed by the 62 leading companies in sustainability, granted by the rating agency SAM S&P within the Pacific Alliance region, which includes Chile, Colombia, Mexico, and Peru; Quálitas is the only insurance company included in the index.

Distribution of economic value

(GRI 102-7, 201-1, 201-4)

Throughout our operation, we seek to deliver value to our employees, business allies, suppliers, and investors, with a solid financial management and a successful business strategy, with agility and flexibility to adapt to such a complex environment.

Income obtained from the issuance of premiums, sales of non-insurance subsidiaries and the return of our investments, are distributed among the different stakeholders. We reserve a part of the resources as Retained Economic Value to continue growing.

GENERATED AND DISTRIBUTED ECONOMIC VALUE					
Millions of Mexican pesos					
		2020	Δ 20-19 %/pb	2019	2018
Income (Generated Economic Value - GED)		36,057	(0.4%)	36,196	34,495
Expenses (Distributed Economic Value)		32,416	(2.0%)	33,093	31,432
Acquisition	<i>Agents, automotive financing institutions, suppliers, employees</i>	7,791	0.1%	7,780	7,464
Claims	<i>Suppliers, employees</i>	18,613	(10.0%)	20,687	21,048
Operation	<i>Service offices, suppliers, employees</i>	2,507	23.6%	2,029	1,568
Employees' statutory profit sharing (Known in spanish as PTU)	<i>Employees</i>	940	41.6%	664	329
Taxes	<i>Government and authorities</i>	2,564	32.6%	1,934	1,023
Retained (GEV - DEV)		3,641	17.3%	3,103	3,063



Tax Policy

Our operation in the different countries is subject to tax rates as set forth by the corresponding authorities. At Quálitas Controladora we are committed to the exercise of principles and good tax practices in our subsidiaries and parent company, observing at all times the applicable legislation and contributing to the development of the different territories.

In 2020 we formalized our understanding of the **Tax Policy**. RWe reaffirmed the consideration of all legitimate interests, supporting the public funds and, therefore, social development.

CORPORATE GOVERNANCE, ETHICS & COMPLIANCE

At Quálitas Controladora we have a **corporate governance** system that complies with Mexican legislation and international best practices, to guarantee decisions that generate value for the company and our stakeholders as a whole. Its members operate at all times in accordance with their fiduciary duty.

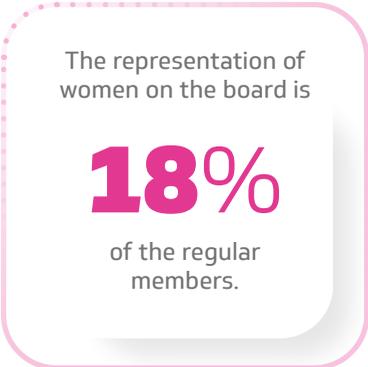


Corporate Governance

(GRI 102-18, 102-19, 102-20, 102-22, 102-23, 102-24, 102-25, 102-26, 102-27, 102-28, 102-31, 102-33, 102-34, 102-35, 102-36, 103-2, 103-3, 405-1)

The **General Shareholders' Meeting** appoints the members of the Board of Directors and the director who serves as Chairman of the Audit and Corporate Practices Committee. It also approves the main decisions of the Board of Directors, and receives the reports submitted by the Chairmen of the Board and the Audit Committee respectively.

The **Board of Directors** defines the strategy of Quálitas Controladora and has the power to appoint the company's senior management, including the Chief Executive Officer. It is composed of 11 regular board members, 8 of whom are independent. Of the independent members, only one of them sits on the board of another issuer, so they are particularly focused on our strategy. It is composed as follows.



QUÁLITAS CONTROLADORA					
Board of Directors		Committees			
		Audit and Corporate Practices	Social Responsibility	Investments, Finance and Planning	Operations
Joaquín Brockman Lozano †	R President		R	R	R President
José Antonio Correa Etchegaray	R Vice President		R	R President	R
María del Pilar Moreno Alanís	R				R
Wilfrido Javier Castillo Miranda Olea	I			I	
Juan Marco Gutiérrez Wanless	I			I	
Juan Orozco y Gómez Portugal	I		I President		I
Juan Enrique Murguía Pozzi	I	I			I
Mauricio Domenge Gaudry	I	I			
Christian Alejandro Pedemonte del Castillo	I			I	
Madeleine Marthe Claude Brémond Santacruz	I				
Alfonso Tomás Lebrija Guiot	I	I President			
Joaquín Brockmann Domínguez	AR		R		R
María Fernanda Castillo Olea	AI				

At December, 31 of 2020

R Proprietary Related **I** Proprietary Independent **AR** Alternate Related **AI** Alternate Independent



Details of the members of the Board of Directors

Board members are selected based on the guidelines established in the Bylaws and in the Corporate Governance Manual. From the company we promote the incorporation of a diverse board, which enriches decision making, from different experiences, knowledge, origin, age and gender.

In any case, the members must have the necessary competencies and skills to perform their functions, free of conflicts of interest. The Audit Committee evaluates each year its technical and financial expertise and credit capabilities, with the support of the legal area. It should also be noted that they are informed in a precise manner for decision making and also receive training on the most current issues and impact on the operation.

The terms of office are annual and the seniority in office is currently of 7.6 years for regular members. Average attendance at meetings during the year was 93%, for which they receive consideration proposed by the Audit and Corporate Practices Committee and approved by the General Shareholders' Meeting. The board members carry out an annual self-evaluation of their performance, with the support of an external specialist for the consolidation and analysis of the results.



By-laws



Corporate Governance Manual



Details of the compensations paid to directors in 2020 can be found in the items approved by the **General Shareholders' Meeting**

The chairmanship of the Board of Directors was held during 2020 by Joaquín Brockman Lozano, founder of the company, who also served as CEO of Quálitas Controladora, until his death on January 29, 2021. Since that date, José Antonio Correa Etcheagaray has held both positions, Chairman of the Board and Chief Executive Officer of the Parent Company.

In addition, the performance of the Board is supported by the following **committees**: Audit and Corporate Practices Committee; Investment, Finance and Planning Committee; Operations Committee; and Social Responsibility Committee.



Composition and functions of the committees

Most of our subsidiaries have their own corporate governance structure, under the supervision of their own Board of Directors. In the case of Quálitas Compañía de Seguros, our main subsidiary with a 92.4% contribution to written premium in 2020, the position of CEO and Chairman of the Board is held by Jose Antonio Correa Etcheagaray.

Also at the level of Quálitas Compañía de Seguros, we have a **management team** that we strengthened this year with the creation of the Information Technology (IT) Management. For the coordination of the different managements, weekly meetings are held, including any extraordinary meetings that may be necessary (e.g., to deal with the response to COVID-19). There is also detailed monitoring of compliance with the strategic guidelines and progress in the scorecard indicators established in each case. In addition, each subsidiary has a responsible officer.



MANAGEMENT TEAM OF QUÁLITAS
COMPAÑÍA DE SEGUROS



The compensation of the CEO and other relevant executives is established by the Audit and Corporate Practices Committee.

The CEO has a variable fraction in the form of a bonus associated with the company’s operating results, as well as cost control and service quality improvement indicators. As part of our initiatives to incorporate the best corporate governance practices, the Audit and Corporate Practices Committee will be analyzing the variable compensation program for the CEO and top executives for medium and long term, and the incorporation of other metrics such as ROE. In the case of directors, they also receive an annual bonus based on the fulfillment of the objectives established for their respective areas (monitored in the balance scorecard); the bonus is established and delivered in accordance with a specific company’s policy and is focused on two main areas, efficiency projects and service improvement. In the case of the CFO, the result of the S&P CSA assessment is included among the indicators, as a reflection of progress in ESG management. In this way, we also evaluate the performance of the management team on an annual basis.

MANAGEMENT TEAM
OF THE SUBSIDIARIES





Code of Ethics



Anti-Corruption Principles and Mechanisms Policy



Conflict of Interest Policy

Ethics and Compliance

(GRI 102-16, 102-17, 102-25, 103-2, 103-3, 205-1, 205-2, 205-3, 206-1, 406-1, 412-1, 412-2, 415-1, 416-2, 417-2, 417-3, 419-1, FS15) [SASB FN-IN-270a.1]

At Quálitas Controladora we promote ethical performance in all our employees and their compliance with our internal guidelines and external regulations.

We have a **Code of Ethics and Conduct**, which applies to all employees and service office personnel; at the end of 2020, 59% of the claims providers of Quálitas Insurance Company had signed that they will comply with the company's code of conduct.

It is reviewed annually by the Audit and Corporate Practices Committee and approved by the Board of Directors of Quálitas Controladora.

The various subsidiaries are also making progress in the development of other complementary self-regulation. Quálitas Compañía de Seguros already has its own **An-**

ti-Corruption Principles and Mechanisms Policy and Conflict of Interest Policy.

Additionally, at Quálitas Compañía de Seguros we have defined the Ethical Principles in Business, which guide the way we market our products and the relationship that our employees, agents and service office personnel have with policyholders. We also require our suppliers to comply with the Operating Standards, guidelines that govern our business practice and that we include as part of our contracts with them.

We make available to the public Q-Transparencia, our channel for reporting breaches of the Code of Ethics and Conduct and other company policies, which covers all our subsidiaries and is managed by an external third party. Complaints are made directly on the web platform and can be made anonymously. In 2020 we received 131 verified complaints¹, 72% related to aspects of employee relations

1. This includes those closed with purchased irregularities and those still under investigation at the end of 2020.

(HR), 24% to adherence to processes and policies (internal audit) and the remaining 4% to cases of fraud.

We ensure that complaints are handled with safeguards for all parties. The external provider forwards the complaints to a Hotline monitoring committee within the company, which in turn forwards the cases to the appropriate areas within the company for resolution. The most significant cases are analyzed by the Ethics and Conduct Committee, which also monitors the entire process described above and reports quarterly to the Audit and Corporate Practices Committee. In addition to the above, there are those cases that we identify through the audit, internal control and fraud prevention areas.

These are isolated events that do not represent our organizational culture or the performance of the majority of our employees.

On the other hand, from Quálitas Controladora we did not make contributions to political parties and/or representatives. We do support industry organizations in which we participate that contribute to the development

of regulations and address industry risks and opportunities in different countries. Our contribution in 2020 was \$20,160,256.

In addition to prevention through self-regulation, we actively work to raise awareness and train our employees. We developed the *Mes del cumplimiento* (Compliance Month) campaign, and continued with the **Certificación Q** program.

The Certificación Q integrates the courses related to: Code of Ethics and Conduct, Prevention of Money Laundering (PLD), Conflict of Interest Policy and Personal Data Protection; this year we also added specific course on PCI DSS certification guidelines for the security of banking and personal information of policyholders when issued online. The courses are available at Universidad Quálitas and we require our employees in Mexico and El Salvador to complete them annually, as a first phase to extend them to the rest of the countries. We also train agents and service office staff on these issues.

Q CERTIFICATION · ANTI-CORRUPTION TRAINING			
	N° of Employees Quálitas		N° of employees in service offices (Mexico)
	Quálitas Compañía de Seguros	Quálitas Costa Rica and El Salvador	
Money Laundering Prevention	5,317	0	1,191
Code of Ethics and Conduct	5,105	61	1,159
Conflict of interest policy	5,159	10	1,147
Personal data protection	5,115	3	1,154

ANTI-CORRUPTION TRAINING QUÁLITAS COMPAÑÍA DE SEGUROS		
	Number of trained employees	Training hours
Directors	37	239
Assistant Directors	54	292
Managers	190	1,080
Coordinators	746	4,673
Analysts	3,621	20,955
Assistants/Auxiliary	824	4,623
Total	5,472	31,862

Our prevention and mitigation efforts reinforce our employees' adherence to internal and external regulations. We do not have legal proceedings with a final judgment holding us responsible for non-compliance, including product and marketing information; the 20 proceedings filed with CONDUSEF in Mexico are being appealed.

About our report

(GRI 102-32, 102-46, 102-47, 102-48, 102-49, 102-50, 102-51, 102-52, 102-54, 102-56)

We present our fifth annual integrated report, which includes the performance in 2020. The information corresponds to the group of Quálitas Controladora, except in those cases where a narrower scope is specified. We therefore report on the performance of our various insurance and non-insurance subsidiaries¹.

We continue to advance in our commitment to transparency and accountability towards our different stakeholders, reinforcing compliance with international benchmarking standards and information requirements, especially of investors.

We updated our materiality, so that the new selection of critical topics will reflect the changes experienced by the company, the context, and the expectations of our stakeholders, including the impact of COVID-19.

We continue to prepare the report in accordance with the Comprehensive option of the **Global Reporting Initiative (GRI) Standards**, additionally considering the GRI supplement for the financial services sector. We report on GRI standards related to established material topics involving our priority stakeholders (employees, insured, agents, agencies, suppliers, media, and investors).

In addition, we reported for the first time on the **Sustainability Accounting Standards Board (SASB) Standards** for the insurance sector. We use metrics linked to the topics that are particularly relevant to our investors.

Furthermore, in the report we respond to the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**, on the management of risks and opportunities linked to climate change.

As a sample of the commitment with the most outstanding international sustainability initiatives, this report serves as our Communication on Progress (COP) on the implementation of the 10 Principles of the **United Nations Global Compact**. We also report our contribution to the **Sustainable Development Goals (ODS)**. Particularly for Quálitas Compañía de Seguros, we report its progress in the implementation of the **Principles for Sustainability in Insurance**, an initiative of UNEP-FI that our subsidiary in Mexico has subscribed.

The contents of this report are first validated by the Social Responsibility Committee and finally by the Executive Chairman. Furthermore, we have submitted the report to external verification by an independent expert; the scope is referred to in the verification letter.



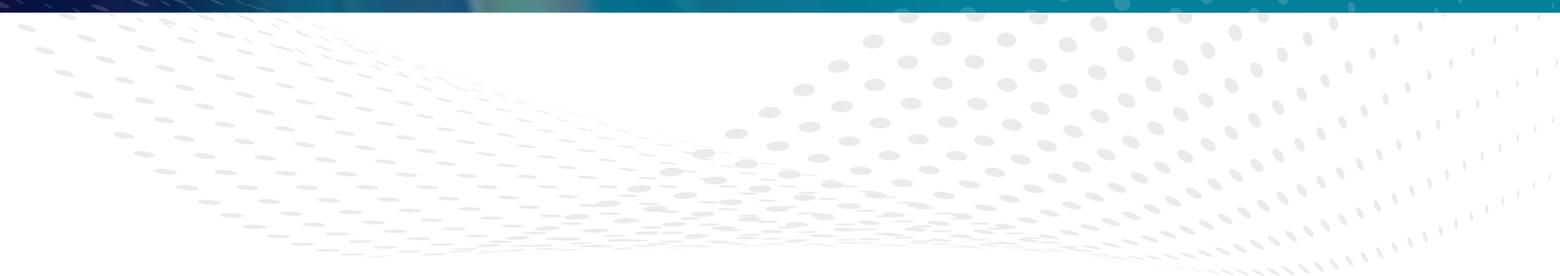
Detail of the materiality update process



1. Except for the *Autos y Salvamentos* subsidiary since it is managed by our shareholder.



EXHIBITS





Relationship with our Stakeholders

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

Our organizational culture is present in all the relationships we have with our different stakeholders and we create value for all of them.

In the identification of stakeholders we consider the dual perspective, those who may be directly or indirectly affected by our activities, as well as those who are key to the implementation of the business model and the achievement of our objectives and goals.

We provide different channels and platforms for an open dialogue, involving the areas of the company which have a higher link by type of activity.

This year, the trust we have been building with our different stakeholders has been key to our operation, to be close to them and to meet their changing needs and expectations.



Details of our commitments to the different stakeholders, channels and main issues.



Alliances and memberships

[GRI 102-12, 102-13]

We are part of far-reaching global initiatives related to sustainability, contributing to the Sustainable Development Goals (SDGs) and implementing the UN Global Compact Principles.

We are committed to building socially and environmentally responsible practices from the insurance business, including the development of products and services. Our subsidiary Quálitas Compañía de Seguros adhered in 2020 to the UNEP-FI Principles for Sustainability in Insurance, being a pioneer as a private insurer in Mexico.

Due to our activity, we are especially involved in initiatives related to responsible driving and road safety. Together with our programs *#NosVemosEnLaEsquina* and Quálitas Road Behavior (Conducta Vial Quálitas), we are committed to the dissemination of the Decade of Action for Road Safety, declared by the United Nations in 2011. In the United States, our subsidiary Quálitas Insurance Company (QIC) is part of the Insurance Institute for Highway Safety (IIHS).

In the different countries, we are also present in the industry chambers and associations.

SECTORAL ASSOCIATIONS

USA

National Association of Insurance Companies (NAIC)

Insurance Accounting & Systems Association (IASA)

Pacific Association of Domestic Insurance Companies (PADIC)

Mexico

Mexican Association of Insurance Institutions, A.C. (AMIS)

Coordinating Office for Policyholder Risks (OCRA)

Communication Council

Costa Rica

Association of Private Insurance Companies

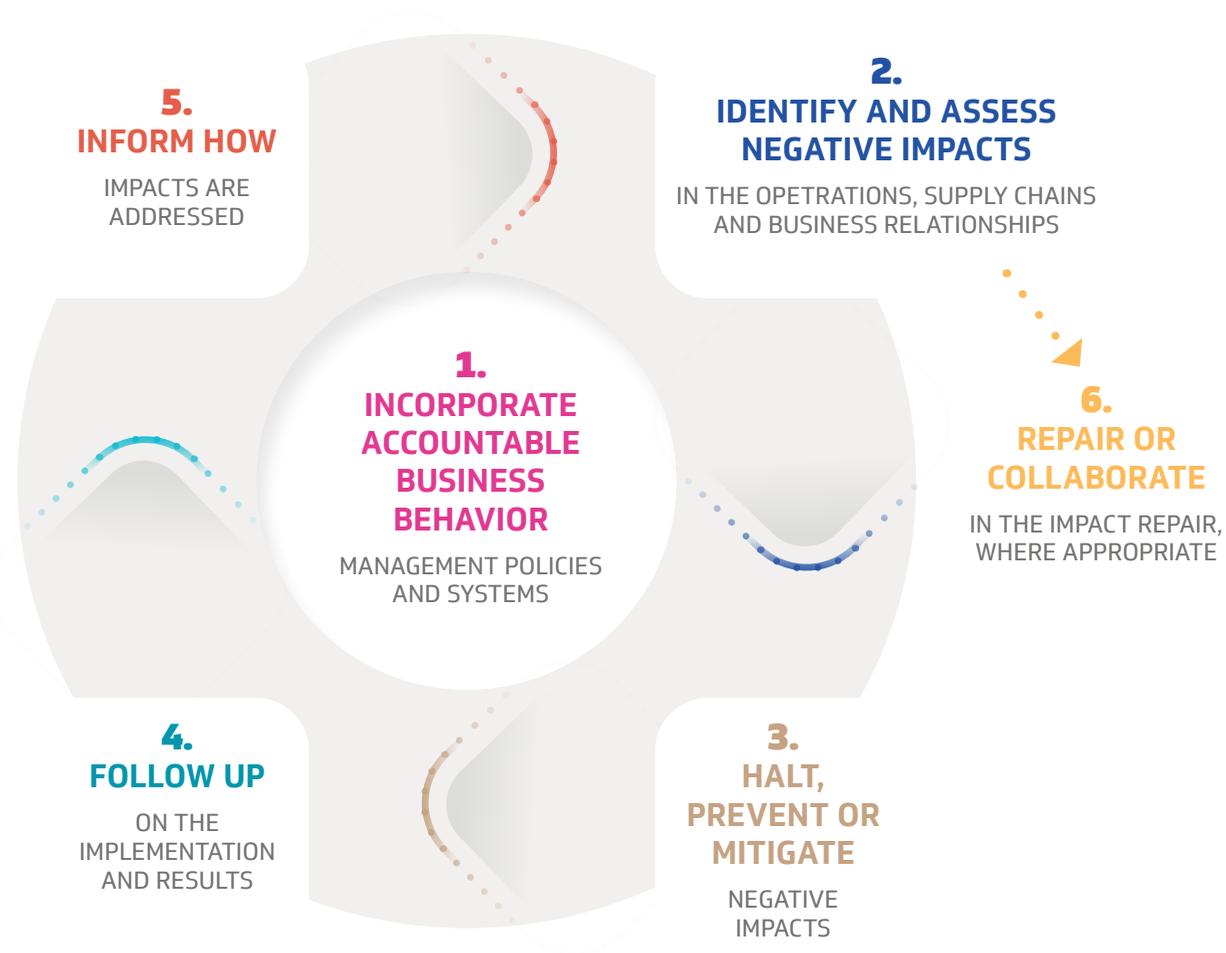
El Salvador

Chamber of Commerce and Industry

Peru

Peruvian Insurance Association (APESEG)

OECD DUE DILIGENCE
PROCESS DIAGRAM



Respect for human rights

[GRI 406-1, 412-1, 412-2, 412-3]

At Quálitas Controladora we are committed to respect human rights, as part of the way we understand our operation and the relationship with the value chain. We adhere to the UN Guiding Principles on Business and Human Rights and continuously implement a due diligence roadmap, based on the recommendations of the Organization for Economic Co-operation and Development (OECD).

Below, we present our progress in identifying risks, establishing response measures and monitoring results.



Quálitas Controladora's
Human Rights Policy

We seek to assert and uphold the freedom, integrity, and dignity of all people, in accordance with our values and the Universal Declaration of Human Rights.

It focuses on the guidelines of non-discrimination in the workforce, towards our agents, service office teams, suppliers and policy-holders.

It also emphasizes the value of road safety, responsible driving, and co-existence on the road.

Source: OECD Due Diligence Guidance for Responsible Business Conduct.

PROCESS	PERFORMANCE	GREATER DETAIL
<p>1. Incorporate responsible business conduct into management policies and systems.</p>	<p>We have our own policies at the level of Quálitas Controladora and our subsidiaries, which we require our employees to comply with among themselves and in their relationships with external parties:</p> <ul style="list-style-type: none"> -Quálitas Controladora’s Human Rights Policy -Quálitas Controladora’s Code of Ethics and Conduct -Policy of Respect for People and their Diversity - Quálitas Compañía de Seguros <p>We extend the guidelines of the Code of Ethics and Conduct to our value chain. We require such guidelines from the service offices, agents and suppliers. Similarly, we are working on incorporating ESG aspects into our investment processes.</p>	<ul style="list-style-type: none"> > Work environment > Investments > Ethics and compliance
<p>2. Identify and assess negative impacts on operations, supply chains and business relationships</p>	<p>We detect defaults to the self-regulation based on the complaints and reports issued under our Q-Transparency line. They are supplemented by the cases identified through internal and external audit processes.</p> <p>As part of our risk management process, we have beganinning to include those social and environmental risks that may be linked to our operation and that of our supply chain (e.g. road safety of claim officers and suppliers in the claims handling process).</p>	<ul style="list-style-type: none"> > Risk management > Ethics and compliance
<p>3. Halt, prevent and/or mitigate negative impacts.</p>	<p>There are two main sets of human rights risks that we address at Quálitas Controladora and our subsidiaries:</p> <p>Risks to the health and well-being of our employees and strategic partners, especially in the context of a pandemic. We offer the “Adjust Your Emotions” (Ajusta tus Emociones) Program in Mexico and Central America; we apply NOM035 in Mexico; we have additional benefits in different countries.</p> <p>Risks to the life and integrity of our employees and in the value chain. Our claim officers in Mexico operate under the guidelines established in the Road Safety Management System (SGSV for its acronym in Spanish), pursuant to ISO 39001. For fleet customers, we offer safety advice and training. We also have initiatives for society: Quálitas Road Behavior Program and #NosVemosEnLaEsquina comprehensive campaign.</p>	<ul style="list-style-type: none"> > Contribution to road safety > Health and Safety
<p>4. Follow up on the implementation of the results</p>	<p>We monitor the implementation of the different initiatives that address risks, through specific operating committees as well as our annual ESG performance review (for this report).</p> <p>Similarly, we have indicators linked to our Sustainability Strategy (employee health and safety, road safety).</p>	<ul style="list-style-type: none"> > Sustainability focus > Contribution to road safety > Health and Safety
<p>5. Report on how impacts are addressed</p>	<p>We reinforce the contents of our integrated annual report with the contents of this Exhibit, which consolidate the efforts made.</p> <p>Likewise, we respond to the information requirements specifically requested by our different stakeholders (e.g. investors).</p>	<ul style="list-style-type: none"> > Relationship channels with our stakeholders
<p>6. Where appropriate, repair or assist in the repair of the impact.</p>	<p>Our preventive management, through our own policies and codes, as well as different initiatives that comprise our operation and the value chain, have allowed us not to have incurred in significant cases of human rights violations (cases of discrimination, violation of privacy of information, corruption -that may result in human rights violations-).</p>	<ul style="list-style-type: none"> > System security > Work environment > Ethics and compliance

Materiality analysis

[GRI 102-46, 102-47, 102-49, 103-1]

In 2020 we updated our **materiality analysis** to understand the issues critical to the company and our stakeholders. By doing so, we incorporate trends in the insurance sec-

tor, changes in the context of our operations (including the influence of COVID-19), and the evolution in the environmental and social impacts we generate through our business model and governance scheme¹.

We conducted the exercise through a 4-stage process: identification, prioritization, validation and review, the main activities of which are outlined below:

Review

Analysis of the material issues determined in the previous exercise.

Identification of improvement opportunities in stakeholder consultation, including scope, and in the incorporation of the company's strategic priorities.

Identification

Preparation of a list of potentially relevant issues, based on the analysis of:

- ESG priorities of international rating agencies and investors (SAM S&P, Bloomberg, BlackRock, Morgan Stanley).
- Pre-existing consultations with our stakeholders: comprehensive service survey to workshops, agencies, agents, and organizational climate (employees); also, analysis of the company's appearances in the media.
- Response to the COVID context: changes in company strategy, consumer priorities, etc. (e.g. analysis by OECD)

Prioritization

The list of potentially relevant topic was assessed under two perspectives:

1. Priority for Quálitás, in accordance with the corporate strategy, by interviewing a selection of officers.
2. Relevance to stakeholders, through the priorities identified in the pre-existing consultations (as part of the materiality update exercise). We therefore incorporate the perspective of: employees, policyholders, agents, agencies, suppliers, media and investors.

From there, we prepared the materiality matrix, with the significance of the different issues.

Validation

Quálitás' senior management was closely involved in the process

1. The above materiality analysis was conducted in 2016, it includes information thereon in our successive annual integrated reports.

The concept of materiality is evolving, especially with the growing interest of investors in ESG issues. The concept of **dual materiality** is proposed: a socio-environmental one, aimed at the broadest set of stakeholders (how the company impacts the environment), and a financial one, for investors (how the environment and the company's relationship impacts its financial stability).

At Quálitas we work with this double concept, presenting the multistakeholder matrix (process of which we have previously pointed out), and integrating the reference to the priority issues for investors (see diagram).

MATERIALITY MATRIX DIAGRAMS QUÁLITAS CONTROLADORA (INSURANCE BUSINESS)



1. Road safety educational program and support
2. Financial education and insurance culture
3. Operational innovation and efficiency
4. Suppliers relationships
5. Insurance availability for all the population
6. Relationship with business allies
7. Cybersecurity- safekeeping of information (policyholders and operations)
8. Data Protection of the policyholder (privacy)
9. Customer service
10. Clear and accurate Insurance conditions information
11. Legal compliance
12. Ethics, transparency and anti-corruption
13. Corporate Governance
14. Involvement in the preparation of the public policies
15. Economic results
16. Market and brand positioning
17. Attraction and retention of employees
18. Labor atmosphere and employee satisfaction
19. Career training and development (employees)
20. Diversity and equal opportunities (employees)
21. Wages and benefits (employees)
22. Labor Security (employees)
23. Community support for its development (social support and donations)
24. Environmental management
25. Products and services with environmental benefits
26. Claims conditions
27. Fiscal strategy
28. ESG Investment
29. Climate change risks and opportunities

This is accompanied by the use of the GRI Standards for multistakeholder material issues, and the SASB Standards for investor material issues.

Our Sustainability Strategy is still in force, due to its relationship with the material multi-stakeholder issues (see table).

STRATEGY PILLARS	2020 MATERIAL ISSUES
Ethics and corporate transparency	Ethics, transparency and anti-corruption Corporate governance Cyber-security - safekeeping of information
Innovation and operating efficiency	Innovation and operating efficiency Economic results Customer service
Employee development	Training and career development Work environment and employee satisfaction Benefits and compensation Health and job security
Development of the members of the value chain	Relationship with business partners Relationships with suppliers Customer service
Prevention and road safety culture	Support and education on road safety

MATERIAL SUBJECT	EXTERNAL LIMITS
Road safety educational program and support	Civil associations joint programmes
Employees training and career development	External participants Qualitas and other training programs: Agents Service offices employees Suppliers Policyholders (fleet)
Working environment and employee satisfaction	Service offices employees (by workplace environment)
Ethics, transparency and anti-corruption	Agents, service office employees and suppliers.
Corporate governance	Independent Board members
Operational innovation and efficiency	Suppliers (specially technology) business allies: agents, financial institutions and service offices employees
Salaries and benefits (employees)	N.A.
Cybersecurity-Information safekeeping (policyholders and operations)	Technology suppliers

MATERIAL SUBJECT	EXTERNAL LIMITS
Relationship with business allies (agents)	Suppliers (specially technology) business allies: agents, financial institutions and service offices employees Suppliers for claims assistance services
Relationship with suppliers	N.A.
Economic results	Agents, financial institutions and service offices employees
Health and security (employees)	N.A.
Customer service	Agents, financial institutions and service offices employees

N.A.: Not applicable.

N.A.: Not applicable.



Contribution to the Sustainable Development Goals

[GRI 102-12]

At Quálitas Controladora we understand that the great challenges of our society need everyone's collaboration.

Through our operation, we seek to maximize the contribution to the especially related Sustainable Development Goals. This is possible thanks to the joint work with our value chain.

We also include below those inputs that have resulted from our response to the impacts of the COVID-19 pandemic.

SUSTAINABLE DEVELOPMENT GOALS



	SDG 3	SDG 4	SDG 8	SDG 9	SDG 11
	Goals 3.3, 3.6, 3.8	Goals 4.3, 4.4, 4.7	Goals 8.2, 8.4, 8.5, 8.8	Goals 9.3, 9.4	Goals 11.2, 11.6, 11.7
CONTRIBUTION	<p>Promotion of responsible driving and a coexistence behavior on the road: Quálitas Road Behavior Program (<i>Programa Conducta Vial Quálitas</i> or <i>CVQ for its acronym in Spanish</i>) and the #SeeYouAtTheCorner (<i>#NosVemosEnLaEsquina</i>) campaign.</p> <p>Road safety advice to policyholders with fleets, including training.</p> <p>Implementation of the Road Safety Management System for the cabin adjustment and assistance process (attention to the claim) (SGSV, in accordance with the ISO 39001 standard).</p> <p>Safety measures to protect the health of employees from the risk of COVID-19 infection: biosecurity protocols, teleworking, equipment, online relationship with the policy holder, etc.</p> <p>Emotional support and wellness measures for employees, including the Adjust Your Emotions program.</p> <p>Adaptation of the #NosVemosEnLaEsquina campaign to call for prevention and protection against COVID-19 from society as a whole.</p>	<p>Employee training at Universidad Quálitas. Also offered to agents, workers of the service offices, suppliers and policyholders (fleets, as part of the consultancy in road safety).</p> <p>Talent seedbeds, to enable and expedite the training of professionals joining any of our positions.</p> <p>Awareness-raising in financial education for policyholders. In addition, education as to savings and administration of personal finance for our employees and agents.</p>	<p>Through our model of Quálitas Development Offices (<i>ODQs for its acronym in Spanish</i>): support of socioeconomic development in growth places, creating steady jobs, offering automotive insurance and promoting prevention culture.</p> <p>Support to steady jobs and the employees' development in our different subsidiaries.</p> <p>Incorporation of new talent through the Seedbed program.</p> <p>Participation in the business model of agents and teams of the service offices.</p>	<p>Access to the automotive insurance through our offer and model of differentiated business, including the combination of access possibilities (agents, service offices, ODQs, digital channels).</p> <p>Redesign of processes in non-insurance subsidiaries to achieve greater efficiencies.</p> <p>With the #NosVemosEnLaEsquina campaign, promoting sustainable urban mobility, also contributing to the reduction of Greenhouse Gas emissions.</p> <p>Investment for the incorporation of hybrid models to the Qualicoches (Quálitas cars) fleet, with which we assist policyholders.</p> <p>Support for the development of innovative business schemes in the value chain (e.g., in repair shops: express lane and telematic notification system to the policyholder).</p>	<p>Support to citizens security in public spaces and roads, promoting responsible driving and coexistence culture: Quálitas Road Behavior Program (CVQ) and #NosVemosEnLaEsquina campaign.</p>
OUTSTANDING INDICATORS	<p>+ \$ 38.2 billion pesos of investment in the campaign #NosVemosEnLaEsquina campaign</p> <p>Campaign adapted to safeguard against COVID-19.</p> <p>+400 participants of the Quálitas road safety diploma for fleet customers</p> <p>243 claim officers trained as part of the SGSV</p> <p>2,628 attentions provided in Adjust your emotions: (Mexico, Costa Rica and El Salvador)</p> <p>+3,000 COVID tests performed on employee (Quálitas Insurance company)</p>	<p>\$23.1 billion pesos in investment in Universidad Quálitas.</p> <p>500,816 hours of employee training at Universidad Quálitas</p> <p>117 participants in the talent seedbeds.</p> <p>+250,000 impacts of the financial education messages to agents and suppliers.</p>	<p>284 ODQs</p> <p>1.2% fleet growth (group of Quálitas Controladora)</p> <p>191 service offices (model in Mexico)</p> <p>+16,900 agents</p>	<p>4.2 billion vehicles insured</p> <p>Hybrid Qualicoches fleet 17%</p> <p>19 certified repair shops (Mexico)</p> <p>33% of the certified repair shops has an express lane (Mexico)</p>	<p>See ODS 3 indicators.</p>



Verification letter

(GRI 102-56)



2020 Integrated Annual Report Verification Letter.
" + Agile, + United, + Safe "

To the Board of Directors of Quálitas Controladora , S.A.B. de C.V. :

Please be advised that we carried out a verification limited and independent of the contents of the Standards Global Reporting Initiative ("GRI"), listed below and presented in the Integrated Annual Report "+Agile, +United, +Safe" ("2020 Integrated Annual Report"), developed by Quálitas Controladora , S.A.B. de C.V. (" Quálitas Controladora") corresponding to the January 1st to December 31th, 2020 period.

Responsibilities, criteria and scope:

The Management of Quálitas Controladora is responsible for preparing the information contained in the " 2020 Integrated Annual Report " and the information included in the scope of our verification, which implies , but is not limited to: the selection process of the material issues and GRI reported content , the implementation of information management systems to redeem any failure caused by fraud or error and provide sufficient documentary evidence to verify the agreed content.

Our mission is to issue impartial and objective opinions about the certainty, traceability and reliability of the content verified in accordance with the GRI Standards, in its comprehensive option and the Sector Supplement for Financial Services, which were defined as "criteria " to validate its methodological compliance .

Our work takes reference to international norms and standards, such as: Ethical principles of independence of ISAE 3000 and publication The external assurance of sustainability reporting of GRI .

The limited assurance included the results of the following GRI contents and outstanding indicators of the subsidiaries that make up Quálitas Controladora:

Indicators to verify		Verification scope
General GRI content		
102-8	Information on employees and other workers	Quálitas Controladora
102-9	Supply chain	Quálitas Insurance Company
102-12	External initiatives	Quálitas Controladora
102-13	Membership of associations	Quálitas Controladora
102-15	Key impacts, risks, and opportunities	Quálitas Controladora
102-17	Mechanisms for advice and concerns about ethics	Quálitas Controladora
102-18	Governance structure	Quálitas Controladora
102-19	Delegating authority	Quálitas Controladora
102-20	Executive-level responsibility for economic, environmental,	Quálitas Controladora
102-21	Consulting stakeholders on economic, environmental, and social topics	Quálitas Controladora
102-22	Composition of the highest governance body and its committees	Quálitas Controladora
102-23	Chair of the highest governance body	Quálitas Controladora
102-24	Nominating and selecting the highest governance body	Quálitas Controladora
102-27	Collective knowledge of highest governance body	Quálitas Controladora
102-28	Evaluating the highest governance body's performance	Quálitas Controladora
102-45	Entities included in the consolidated financial statements	Quálitas Controladora
102-46	Defining report content and topic Boundaries	Quálitas Controladora
Innovation and operational efficiency		
302-1	Energy consumption within the organization	Quálitas Controladora
302-3	Energy intensity	Quálitas Controladora
305-1	Direct (Scope 1) GHG emissions	Quálitas Controladora
305-2	Energy indirect (Scope 2) GHG emissions	Quálitas Controladora
305-3	Other indirect (Scope 3) GHG emissions	Quálitas Controladora
305-4	GHG emissions intensity	Quálitas Controladora
QC-AG	Water Consumption	Quálitas Controladora
QC-RE	Solid waste	Quálitas Controladora
201-1	Direct economic value generated and distributed	Quálitas Controladora
FS6	Percentage of portfolio by business lines by specific region, size (eg micro / SME / large) and by sector	Quálitas Controladora
Employee development		
405-1	Diversity of governance bodies and employees	Quálitas Controladora
401-1	New employee hires and employee turnover	Quálitas Controladora
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Quálitas Insurance Company
QC-BI	Quálitas Wellbeing program	Physical, Financial Wellbeing, Labor Partner: Quálitas Insurance Company. Mental-emotional wellbeing: Mexico, Costa Rica and El Salvador.
403-1	Occupational health and safety management system	Quálitas Insurance Company
403-6	Promotion of worker health	Quálitas Insurance Company
403-9	Work-related injuries	Quálitas Insurance Company
403-10	Work-related ill health	Quálitas Insurance Company
QC-AB	Absenteeism rate	Quálitas Insurance Company
404-1	Average hours of training per year per employee	Quálitas Controladora
404-2	Programs for upgrading employee skills and transition assistance programs	Quálitas Controladora
406-1	Incidents of discrimination and corrective actions taken	Quálitas Insurance Company

Verification letter (continued)

Indicators to verify		Verification scope
Ethics and transparency		
205-2	Communication and training about anti-corruption policies and procedures	Quálitás Insurance Company
205-3	Confirmed incidents of corruption and actions taken	Quálitás Insurance Company
412-2	Employee training on human rights policies or procedures	Quálitás Insurance Company El Salvador Costa Rica
415-1	Political contributions	Quálitás Controladora
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Quálitás Controladora
419-1	Non-compliance with laws and regulations in the social and economic area	Quálitás Insurance Company
Development of the members of the value chain		
204-1	Proportion of spending on local suppliers	Quálitás Insurance Company
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Quálitás Insurance Company
417-2	Incidents of non-compliance concerning product and service information and labeling	Quálitás Insurance Company
417-3	Incidents of non-compliance concerning marketing communications	Quálitás Insurance Company
FS7	Monetary value of products and services designated to offer a specific social benefit for each business line broken down by object	Quálitás Controladora
FS8	Monetary value of products and services designed to offer a specific environmental benefit to each business line broken down by object	Quálitás Controladora
FS13	Access points in sparsely populated or economically disadvantaged areas by type	Quálitás Insurance Company
FS15	Policies for the fair design and sale of financial products and services	Quálitás Insurance Company

Among the activities carried out during the verification process are listed : interviews to learn the internal information management and the tools used , information validation presented in previous reports, the review of the methodological compliance based on the GRI Standards and verification of qualitative and quantitative information through visual, documentary and public evidence of the GRI contents selected for verification, as well as the indicators triggered by Quálitás Controladora.

So we can conclude that , during the verification process we did not identify any factor that leads us to believe that the contents verified violate the requirements requested by the GRI Standards of Exhaustive option and the Supplement Sector for Financial Services. Likewise, we do not suspect any errors in the publication of the outstanding indicators of Quálitás Controladora.

An internal report of recommendations , exclusive to Quálitás Controladora , is delivered separately , containing the areas of opportunity detected for a future report.

DECLARATION of independence and competence of Social Networks Online Timberlan

Employees of Redes Sociales have the level of competence necessary to verify compliance with the standards used in the preparation of Sustainability Reports, so they can issue a professional opinion on the reports of non-financial information , complying with the principles of independence, integrity , objectivity, competence and professional diligence, confidentiality and professional behavior. In no case can our verification statement be understood as an audit report, so no responsibility is assumed for the management and internal control systems and processes from which the information is obtained. This Letter of Verification is issued on April 26th 2021 and is valid and substantial until further modifications are made to the 2020 Integrated Annual Report Verification Letter of Quálitás Controladora , S.A.B. de C.V.

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 April 26, 2021

GRI content index

(GRI 102-55)

GRI STANDARD 102: GENERAL DISCLOSURES 2016

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GRI CONTENTS BY MATERIAL TOPIC

Material topics	Standards	Content	Page/s	Omissions	Global Compact Principles	SDG and goals
Traffic behavior support and education	GRI 103: Management approach 2016	103-1	92			
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Training and career development (employee)	GRI 103: Management approach 2016	103-1	92			
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	GRI 404: Training and education 2016	404-1	52, 97		Principle 6	4.3, 4.4, 4.5, 5.1, 8.2, 8.5, 10.3
		404-2	52, 55			8.2, 8.5
		404-3	52		Principle 6	5.1, 8.5, 10.3
Work environment and employee satisfaction	GRI 103: Management approach 2016	103-1	92			
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	GRI 401: Employment 2016	401-1	49, 97		Principle 6	5.1, 8.5, 8.6, 10.3
		401-2	52, 55			3.2, 5.4, 8.5
		401-3	55		Principle 6	5.1, 5.4, 8.5
	GRI 405: Diversity and equal opportunity 2016	405-1	49, 81, 97		Principle 6	5.1, 5.5, 8.5
		405-2	52		Principle 6	5.1, 8.5, 10.3
	GRI 406: Non-discrimination 2016	406-1	84, 90			5.1, 8.8
Business ethics, transparency, and anti-corruption	GRI 103: Management approach 2016	103-1	92		Principles: 1, 2, 3, 4, 5, 6, 10	
		103-2	84			
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	GRI 205: Anti-corruption 2016	205-1	84		Principle 10	16.5
		205-2	84		Principle 10	16.5
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	GRI 206: Anti-competitive behavior 2016	206-1	84			16.3

Material topics	Standards	Content	Page/s	Omissions	Global Compact Principles	SDG and goals
Business ethics, transparency, and anti-corruption	GRI 412: Human rights assessment 2016	412-1	84, 90		Principle 1	
		412-2	84, 90		Principle 1	
		412-3	75, 90		Principle 2	
	GRI 415: Public policy 2016	415-1	84			16.5
	GRI 419: Socioeconomic compliance 2016	419-1	84			16.3
Governance	GRI 103: Management approach 2016	103-1	92			
		103-2	81			
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Operational efficiency and innovation	GRI 103: Management approach 2016	103-1	92		Principles 7, 8, 9	
		103-2	63			
		103-3	63			
	GRI 302: Energy 2016	302-1	63, 100		Principles 7, 8	7.2, 7.3, 8.4, 12.2, 13.1
		302-2		It does not proceed, Qualitas' activities are not related with the GEI emissions of our client's vehicles.	Principle 8	7.2, 7.3, 8.4, 12.2, 13.1
		302-3	63, 100		Principle 8	7.3, 8.4, 12.2, 13.1
		302-4	63, 100		Principles 8, 9	7.3, 8.4, 12.2, 13.1
302-5		Not available. Qualitas is working towards submitting the information next exercise.	Principles 8, 9	7.3, 8.4, 12.2, 13.1		
Operational efficiency and innovation	GRI 305: Emissions 2016	305-1	63, 100		Principles 7, 8	3.9, 12.4, 13.1, 14.3, 15.2
		305-2	63, 100		Principles 7, 8	3.9, 12.4, 13.1, 14.3, 15.2
		305-3	63, 100		Principles 7, 8	3.9, 12.4, 13.1, 14.3, 15.2
		305-4	63, 100		Principle 8	13.1, 14.3, 15.2
		305-5	63, 100		Principles 8, 9	13.1, 14.3, 15.2
		305-6		Qualitas' activities do not require a significant use of refrigerant gas	Principles 7, 8	3.9, 12.4
		305-7	63	Not available. Qualitas is working towards submitting the information next exercise.	Principles 7, 8	3.9, 12.4, 14.3, 15.2

Material topics	Standards	Content	Page/s	Omissions	Global Compact Principles	SDG and goals	
Benefits and compensation (employee)	GRI 103: Management approach 2016	103-1	92				
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	GRI 401: Employment 2016	401-1	49, 97			Principle 6	5.1, 8.5, 8.6,10.3
		401-2	52, 55				3.2, 5.4, 8.5
		401-3	55			Principle 6	5.1, 5.4, 8.5
Data security of the insured party (Cybersecurity)	GRI 103: Management approach 2016	103-1	92				
		103-2	39				
		103-3	39				
	GRI 418: Customer privacy 2016	418-1	39			16.3, 16.10	
Relationship with business allies (agents, financial institutions, automotive businesses, service office teams)	GRI 103: Management approach 2016	103-1	92				
		103-2	24				
		103-3	24				
Relationship with suppliers (workshops, doctors, cranes, etc.)	GRI 103: Management approach 2016	103-1	92				
		103-2	24				
		103-3	24				
	GRI 204: Procurement practices 2016	204-1	24			8.3	
Economic results	GRI 103: Management approach 2016	103-1	92				
		103-2	70				
		103-3	70				
	GRI 201: Economic performance 2016	201-1	79				8.1, 8.2, 9.1, 9.4, 9.5
		201-2	32, 60, 61			Principle 7	13.1
		201-3	49				
		201-4	79				
	GRI Financial Services Sector Supplement	FS6	72				1.4, 8.3, 8.10, 9.3

Material topics	Standards	Content	Page/s	Omissions	Global Compact Principles	SDG and goals
Occupational health and safety (employee)	GRI 103: Management approach 2016	103-1	92			
		103-2	45, 55			
		103-3	45, 55			
	GRI 403: Occupational health and safety 2018	403-1	45, 55			8.8
		403-2	45, 55			8.8
		403-3	55			8.8
		403-4	55			8.8, 16.7
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		403-7	55			8.8
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403-9	55, 97			3.6, 3.9, 8.8, 16.1		
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Customer service	GRI 103: Management approach 2016	103-1	92			
		103-2	24, 41, 44			
		103-3	24, 41, 44			
	GRI 416: Customer health and safety 2016	416-1	24			
		416-2	84			16.3
	GRI 417: Marketing and labeling 2016	417-1	24			12.8
		417-2	84			16.3
		417-3	84			16.3
	GRI Financial Services Sector Supplement	FS7	10, 12, 41			1.4, 8.3, 8.10, 9.3, 10.2, 11.1
		FS8	41, 61			
FS13		10, 12, 24			1.4, 8.10, 10.2	
FS14		24			1.4, 8.10, 10.2	
FS15		24, 84			10.5	

SASB parameter index

ASSURANCE STANDARD - 2018 VERSION

Topic	Code	Description	Unit of measure	Omissions	Page/s
ACTIVITY METRIC					
(Activity metric)	FN-IN-000.A	Número de pólizas vigentes, por segmento: (1) de propiedad y accidentes, (2) de vida, (3) de reaseguros asumidos	Number	The premium issued is indicated as a measure of activity.	72
PARÁMETROS DE CONTABILIDAD					
Transparent Information & Fair Advice for Customers	FN-IN-270a.1	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	Reporting currency		84
	FN-IN-270a.2	Complaints-to-claims ratio	Rate	Non available information	-
	FN-IN-270a.3	Customer retention rate	Rate	Not available. The satisfaction index (obtained in the comprehensive service survey) is presented as a metric.	-
	FN-IN-270a.4	Description of approach to informing customers about products	N/A		24
Incorporation of Environmental, Social, and Governance Factors in Investment-Management	FN-IN-410a.1	Total invested assets, by industry and asset class	Reporting currency	Investment by sectors of economic activity is not available; it is presented by type of instrument / asset class.	75
	FN-IN-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies	N/A		75
Policies Designed to Incentivize Responsible Behavior	FN-IN-410b.1	Net premiums written related to energy efficiency and low carbon technology	Reporting currency		61
	FN-IN-410b.2	Analysis of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors	N/A		41, 61
Environmental Risk Exposure	FN-IN-450a.1	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	Reporting currency	Non available information	-
	FN-IN-450a.2	Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	Reporting currency	Natural disasters have not been modeled, but a first survey of the expenses for claims related to these events is already available.	60
	FN-IN-450a.3	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy	N/A	The accident rate by geographical area, which includes the probability of extreme weather events, is considered when setting the underwriting process for individual contracts.	24, 60
Systemic Risk Management	FN-IN-550a.1	Exposure to derivative instruments by category: (1) total potential exposure to non-centrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	Reporting currency	Non available information	-
	FN-IN-550a.2	Total fair value of securities lending collateral assets	Reporting currency	Non available information	-
	FN-IN-550a.3	Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities	N/A	Non available information	-

TCFD recommendation index

TCFD RECOMMENDATIONS				
Recommendations	Recommended report	Code	Page	Complementary information
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	GOB-A	59	<p>Quálitas has a sustainability committee (social responsibility), at the level of the complementary management team of the committees of the Board of Directors. The Chairman of the Sustainability Committee is an independent director and communicates the preliminary results at the Board of Directors' meetings. Among the results is progress in achieving the goals of climate-related indicators (energy consumption, energy intensity, GHG emissions, GHG emissions intensity).</p> <p>The Investment, Finance and Planning Committee is properly a Board committee. It is in charge of defining the investment strategy on a monthly basis, and will ultimately supervise the application of ESG criteria in investment by the different subsidiaries.</p> <p>The Investment Committee receives information on the status of financial risks from the management team; This risk team also reports to the Audit Committee in the case of technical and operational risks; both are council committees. The risk team is working on the detailed identification of those associated with climate change, after a first survey (pre-analysis, shown in this report). The results, the prevention and mitigation measures, and their progress will follow the aforementioned channel.</p>
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	GOB-B	63	<p>The Sustainability Committee is in charge of supervising the Sustainability Strategy, which includes a pillar of Innovation and operational efficiency, in turn composed of a line of action to maximize the use of resources and reduce impacts. It includes as an outstanding example the initiative of Quálitas Compañía de Seguros to gradually incorporate hybrid cars into the Qualicoches fleet.</p> <p>The initiatives of the Strategy are associated with different areas, such as those related to energy efficiency, which are managed by the administration area and reported to the Committee.</p> <p>Regarding risks, both operational and financial, work is done at a subsidiary level. After the identification made by the Quálitas Compañía de Seguros team for the whole of the insurance activity, they will be incorporated into management. They will be reported to Board-level committees (Investment Committee and Audit Committee, as appropriate)</p>

Recomendations	Recomendated report	Code	Page	Complementary information
Strategy	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p>	EST-A	59, 60, 61	<p>We have carried out a first risk and opportunities identification (pre-analysis), the results of which are set out in the report, with the support of external specialists.</p> <p>Based on this, our risk team is working on a more exhaustive risk analysis for the insurance business. Once it is completed, we will be establishing the different prevention and / or mitigation measures that correspond in each case.</p>
	<p>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p>	EST-B	60	<p>The measures that we establish in response to the risks will be integrated to the Sustainability Strategy as an update.</p>
	<p>c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	EST-C	-	<p>We do not yet have a scenario analysis.</p>

Recommendations	Recommended report	Code	Page	Complementary information
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	GDR-A	59	<p>We identify climate change risks based on: 1) the nature of our operations and main processes, 2) the context in which we operate (eg differences in legislative advances regarding climate in the US and Mexico compared to other countries in the region).</p> <p>For its categorization, we consider the classification proposed by TCFD with transitional and physical risks.</p>
	b) Describe the organization's processes for managing climate-related risks.	GDR-B	63	<p>The complete proposal of measures will be proposed once the risk analysis is completed, which occurs in our first pre-analysis. However, in this report we already show our performance around the main risks obtained in the pre-analysis (and indicated in the subcap. Of risks and opportunities of climate change, chapter of Environmental Footprint).</p> <p>Development of regulations that restrict the circulation of vehicles: risk to own fleet → incorporation of hybrid Qualicoches (subchap. Energy management and GHG emissions); development of Express Adjustment (subchapter Customer experience).</p> <p>Development of regulations that restrict the circulation of vehicles: risk for the issuance of premium → development of added value in insurance (technology, services), trust in the value chain, insurance of vehicles with natural gas (fleets) and hybrids (automobiles). (chap. Keys to business), (subchapter. Risks and opportunities of climate change, chap. Environmental footprint).</p> <p>Development of regulations that prohibit the sale of vehicles → insurance of vehicles with natural gas (fleets) and hybrids (automobiles) (subchapter. Risks and opportunities of climate change, chapter. Environmental footprint).), Bicycle insurance pilot.</p>
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	GDR -C	32	<p>We are working on this, with the responsibility of the risk team to deepen the identification of those related to climate change and integrate them into its management of the rest.</p>

Recommendations	Recommended report	Code	Page	Complementary information
Metrics and Targets	<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process</p>	MYO-A	61, 63	<p>For the different risks and opportunities resulting from the preanalysis, a selection of indicators with established annual objectives is proposed.</p> <p>Number of hybrid quali cars (Quálitas Insurance Company, QCS)</p> <p>% of hybrid vehicles in the Qualicoches fleet (QCS)</p> <p>Premium issued for natural gas fleets (QCS)</p> <p>Premium written for hybrid vehicles (QCS)</p>
	<p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	MYO-B	63	<p>Available now. We have increased the coverage of Scope 1 emissions to all subsidiaries (previously only those of Mexico); as well as coverage of Scope 3 emissions (flights and hotel stays and of employees of all subsidiaries).</p>
	<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	MYO-C	Doc. ESG goals	<p>The annual objectives in the indicators are available in a complementary document to the integrated report, with the agreements of the Sustainability Committee.</p>

UNEP-FI PSI progress relation

PSI			
Number	Description	Performance detail	Page/s
1	We will integrate environmental, social and governance issues (ESG issues) relevant to our insurance business into our decision-making process	Sustainability Committee - monitoring the Strategy Climate change risk and opportunity analysis Development of products with social impact (+) Development of products with environmental impact (+)	34, 41, 59, 61
2	We will collaborate with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions	Quálitas Road Conduct Program Campaign #NosVemosEnLaEsquina Support in the management of the work environment for those responsible for service offices.	46, 57
3	We will collaborate with governments, regulators and other key stakeholders to promote broad action across society on environmental, social and governance issues.	Commitment to the Decade of Action for Road Safety (2011-2020). Contribution to the SDGs from the operation and the service proposal.	89, 95
4	We will be accountable and show transparency, publicly and periodically disclosing our progress in applying the Principles	Integrated report Annual objective agreements for social and environmental indicators (Sustainability Committee)	Doc ESG goals



Contact

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