

2016 sustainability report

commitment with value



grupo elektra

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2016 Highlights

\$81,242
million pesos,
Grupo Elektra's
revenues

64,937
employees in
Grupo Elektra

36%
of Grupo Elektra's energy
consumption comes
from renewable
sources

\$50,207
million pesos,
financial business'
revenues

\$83,478
million pesos in gross
loan portfolio

\$31,035
million pesos,
commercial business'
revenues

Over
2,100
benefited students
each year
with excellent education
in Plantel Azteca

442,489
Italikas assembled
this year

The
2 millions
Italika was assembled

"Limpiemos Nuestro
México" collected
40,000
tons of waste

"Limpiemos Nuestro
México"
7 millions
of volunteers

87
orchestras comprised by
almost 17,000 children
of limited resources

About Grupo Elektra

7,396
Grupo Elektra's total contact points

2,105
Grupo Elektra's contact points in the United States

4,602
Grupo Elektra's contact points in Mexico

698
Grupo Elektra's contact points in Latin America



G4-3, G4-7, G4-8

Grupo Elektra, S.A.B. de C.V. is the leading specialized financial and commercial services company in Latin America and the largest supplier of short-term non-banking loans in the United States.

The Company owns two businesses: Commercial and Financial; both complement each other in order to increase the quality of life of millions of families, through world-class financial services and merchandises at affordable conditions.

G4-DMA Economic performance
G4-4, G4-5, G4-6, G4-7, G4-8

Commercial Business: With over six decades of experience, through this business the Groups serves the base of the socio-economic pyramid. Sold products include electronics, white goods, electro-domestic appliances, furniture, motorcycles, cellular telephones, computers and money transfers, among others, at affordable conditions that increase the quality of life for millions of families.

The commercial business is comprised by Elektra and Salinas y Rocha store formats in Mexico, and Elektra stores in Guatemala, Honduras, Panama and Peru; besides the Italika brand in Mexico and Latin America.

Financial Business: Through this business, Grupo Elektra provides financial products and services to segments neglected by traditional institutions. Such financial products effectively satisfy the needs of millions of families and with technological innovation the service's efficiency is increased.

It is comprised by Banco Azteca, Advance America, Afore Azteca, Seguros Azteca and Punto Casa de Bolsa. The financial business has presence in Mexico, Guatemala, Honduras, El Salvador, Panama, Peru and the United States.

Our offer consists of deposits, micro-financing, life and damage insurance, retirement savings' management and investments.

Commercial Business

G4-4



www.elektra.com.mx

Elektra Stores. One of the main channels with customers. Each store has a Banco Azteca contact point.



Salinas & Rocha. Offers world-class merchandises for households. Each store has a Banco Azteca contact point.



www.italika.mx

Italika. It began operations in Mexico in 2004 selling motorcycles. It provides access to a personal transportation, which allows customers to increase their efficiency in their daily activities in a comfortable, reliable and fun manner. It has presence in Mexico, Peru, Guatemala, Honduras and Panama.

Over
430,000
Italikas sold in Mexico
at the end of 2016

Over
700
service centers (CESIT) in Mexico
and Latin America

Financial Business

G4-4, G4-8



www.bancoazteca.com.mx

Banco Azteca. It offers several credit and loans solutions for every person that complies with the contracts' requirements. Among its products and services are:

Products and services:

- Credimax Efectivo
- Micronegocio Azteca Tradicional
- Credimax Consumo
- Empresario Azteca
- Micronegocio Azteca Mujer
- Tarjeta Azteca (disposal means for Credimax credit line)
- Money remittances
- Currency purchase and sale
- Guardadito
- Guardadito Cheques
- Guardadito Kids
- Nómina
- Inversión Azteca
- Inversión Azteca Creciente
- Inversión Azteca Plazo
- Inversión Azteca Intereses Adelantados
- Presta Prenda



www.advanceamerica.net

Advance America. Offers short-term, non-banking loans for working class families in the United States. It is a reliable, affordable and transparent option.

Products and services:

- Guaranteed loans
- Loans with partial payments
- Upfront loans



www.aforeazteca.com.mx

Afore Azteca. Offers high quality retirement funds' management options with the support of Grupo Elektra's extensive geographic distribution.

Products and services:

- Individual account's opening or registration
- Afore transfer
- Partial unemployment withdrawal
- Identification file's generation
- Accounts separation or unification
- Assistance for marriage expenses
- Request for account statement
- Voluntary savings deposit or withdrawal
- Information update



www.segurosazteca.com.mx

Seguros Azteca. This business line offers damage micro insurances for the goods, automobiles, motorcycles and life categories for accidents or illnesses; characterized by its simplicity and affordable prices for people neglected by the traditional insurance system in Mexico and Latin America. It provides the following options:

Products and services:

- Vidamax
- Accident
- Tranquility
- Woman
- Heart attack
- Plan médico 8
- Migrant
- Education
- Italika
- Moto RC
- Automobile
- Home



www.puntocasadebolsa.mx

Punto Casa de Bolsa. This unit promotes investment as a savings and well-being instrument through simplifying the financial market's concepts, providing an excellent service.

Products and services:

- Investment banking:
 - Structuring and placement of stock certificates, stock offers and private equity.
 - Assistance, design and execution of financial operations.
- Institutional promotion
 - Boutique execution
 - Analysis
 - Strategy
 - One on One
 - Communication innovation
- Individuals
 - Capital market
 - Debt market



Message from the Chief Executive Officers



G4-DMA Economic performance G4-1, G4-2

During 2016, Grupo Elektra generated extensive economic, social and environmental value, which stimulated the welfare and progress of a growing number of communities in which it operates, in seven countries of America.

Regarding economic value, the results were encouraging; revenues grew 9% and EBITDA 28%, while operating income increased 36%.

Both businesses –commercial and financial– displayed a sound performance. Elektra Stores revenues increased 19% –notably higher than the average for specialty stores in Mexico– due to strategies that generate increased satisfaction in the customers’ buying experience, through a prime merchandises’ mix on the sales floor, in the most competitive market conditions.

Alejandro Valenzuela del Río
Chief Executive Officer of Banco Azteca

Our salespeople were dedicatedly trained through "Escuela Tienda" –Grupo Elektra’s world-class instructional unit– in order to properly guide the customer to make well-founded purchases and offer the best sales and after sales service, within the framework of corporate culture’s consolidation and strengthening.

The operations and logistics’ efficiency related to the supply chain had substantial improvements, which allowed to bring the satisfiers to the customer in a faster and safer way, while simultaneously, optimizing storage and transportation costs.

All product lines in our stores were dynamic, highlighting motorcycles, telephony and white goods. In terms of motorcycles, our Italika brand was the most important line, with a 26% share of the total revenues generated by Elektra Stores in 2016.

Italika, through its superior models and designs –in accordance with the user’s needs–, optimal quality control in each of its components and unparalleled customer service at hundreds of authorized service centers, represents an efficient, safe and comfortable transportation option for thousands of families in Mexico and Latin America; thus, in 2016 it consolidated its strong leadership in the market.

Furthermore, the financial business increased its revenues by 4%, within the framework of double-digit growth in the consolidated gross portfolio of Banco Azteca Mexico, Advance America and Banco Azteca Latin America, with products that best meet the financial needs of our customers throughout their life. Simultaneously, asset quality improved significantly, with a consolidated non-performing loan ratio of 3.4% at the year’s end, compared to 6.1% in 2015.

Banco Azteca’s presence had a very positive impact on the economic progress of the families. According to the World Bank study, "From Pawn Shops to

Banks. The impact of formal credit on informal households", Grupo Elektra, through Banco Azteca, favors stability in households' consumption in Mexico.

The study shows that Banco Azteca's opening –the first bank that serves the families of the informal sector in Mexico, which represent over half of the country's population– favors stability in households' consumption during difficult times, such as unemployment, illness, one of its members' death or family businesses' closure.

In addition, the document indicates that Banco Azteca's operations make it easier for households to purchase more and better durable consumer goods, such as electrical appliances, furniture and other items of great value to families.

The study finally reveals that, with Banco Azteca's presence, financial expenses are reduced in households, through lower interest payments compared to other financing sources that are used when banking services do not exist.

The social value generated by the company is evident through nearly 65,000 employees who are part of Grupo Elektra, with increasing levels of job satisfaction and wellbeing.

Moreover, the company strongly supported Fundación Azteca's activities, which enhance society's capacities through initiatives such as Esperanza Azteca, El Juequetón, Plantel Azteca and Limpiemos Nuestro México, among many others, which facilitate enabling environments to generate progress.

On the other hand, Grupo Elektra and Grupo Salinas' other companies develop processes that optimize the efficiency of resource usage in their daily activities and use eco-friendly energy. Renewable energy consumption in the Group –mainly wind energy– is approximately 93 gigawatts-hour (GWh) per year, which represents 36% of the total consumption by these companies, and it is gradually sought to increase this proportion.

This is how Grupo Elektra promotes the wellbeing of millions of families and seeks to further consolidate its strong economic value creation, strengthen the quality of life in the communities where it operates, and promote environmental protection in 2017 and towards future.

Thank you for your interest in Grupo Elektra.



Alejandro Valenzuela del Rio
Chief Executive Officer of Banco Azteca

Fabrice J. Deceliere Márquez
Chief Executive Officer of Elektra Stores

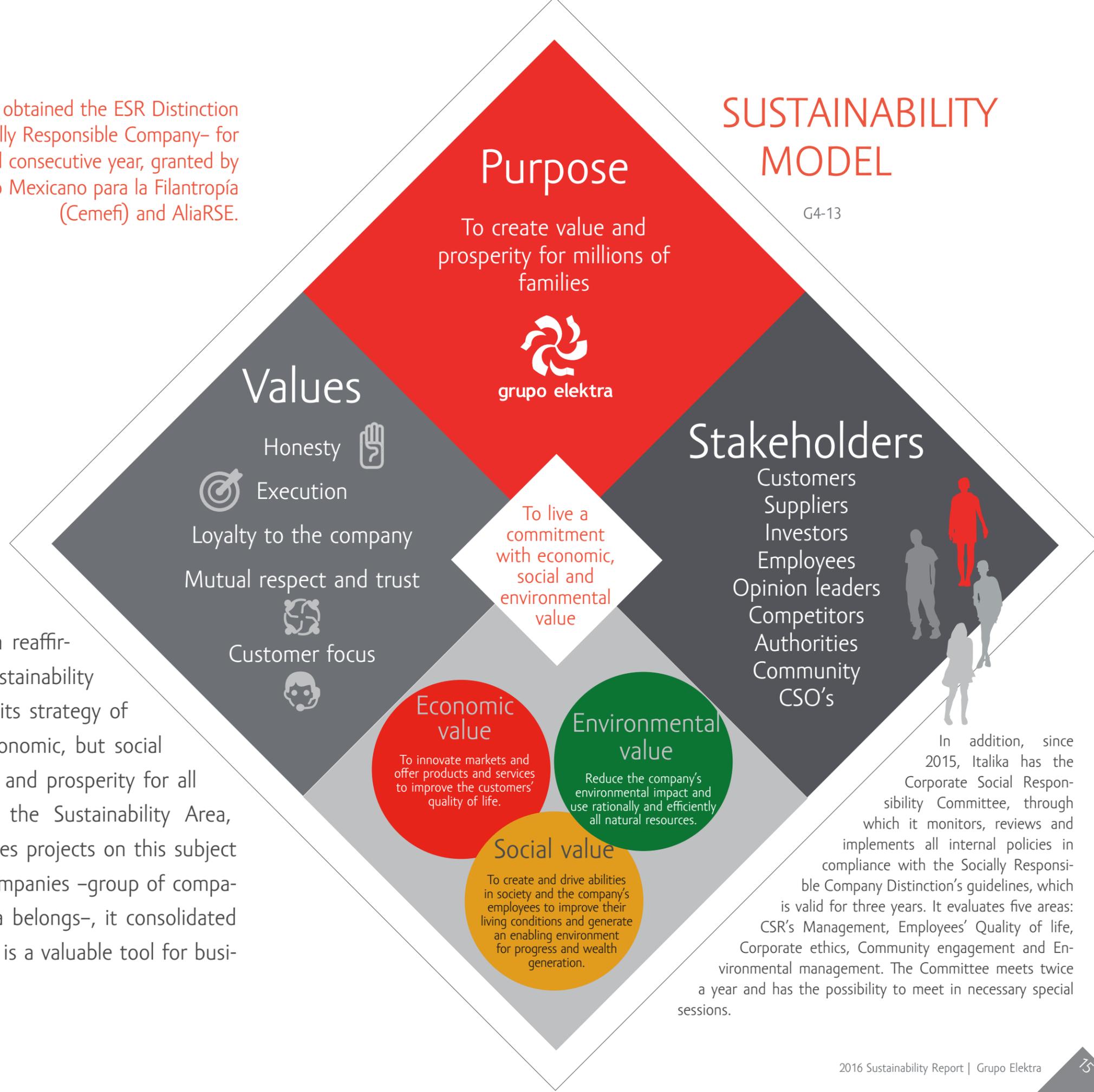
Fabrice Deceliere Márquez
Chief Executive Officer of Elektra Stores

Corporate Sustainability

Italika obtained the ESR Distinction –Socially Responsible Company– for second consecutive year, granted by the Centro Mexicano para la Filantropía (Cemefi) and AliaRSE.

SUSTAINABILITY MODEL

G4-13



During 2016, Grupo Elektra reaffirmed its commitment to sustainability and continued to reinforce its strategy of value creation –not only economic, but social and environmental as well– and prosperity for all the stakeholders. Through the Sustainability Area, which manages and promotes projects on this subject within the Grupo Salinas companies –group of companies to which Grupo Elektra belongs–, it consolidated its sustainability model that is a valuable tool for business management.

In addition, since 2015, Italika has the Corporate Social Responsibility Committee, through which it monitors, reviews and implements all internal policies in compliance with the Socially Responsible Company Distinction's guidelines, which is valid for three years. It evaluates five areas: CSR's Management, Employees' Quality of life, Corporate ethics, Community engagement and Environmental management. The Committee meets twice a year and has the possibility to meet in necessary special sessions.

Grupo Elektra shares value with its stakeholders

Based on the stakeholders' update that took place during 2015, in 2016 the Group focused on strengthening its constant communication with each of them, in order to increase economic, social and environmental value generation, as well as to consolidate the Sustainability Model.

G4-24, G4-25, G4-26, G4-27

Among the main expectations that were identified through Grupo Elektra's several channels, are:

Stakeholder	Contact channel	Frequency	Expectations	2016 Response
Employees	<ul style="list-style-type: none"> • Internal websites • Honestel • Ideas • Cuéntanos Mailbox • Internal magazines • Social networks • Surveys • Internal screens • Blackboards and notice boards • Printed communication • Wallpaper and screen projector • Familia Socios mail • Cellular messages • Sistema de Tareas • Apps • Conventions 	Continuous	To provide employees a conducive environment to complete their work, recognize their performance and offer them comprehensive development initiatives that allow personal and professional improvement.	Wellness Area's consolidation, in charge of ensuring the best working conditions for employees.
Customers	<ul style="list-style-type: none"> • Surveys • Face-to-face • Mystery Shopper • http://www.elektra.com.mx • Online chat • Call Center 	Monthly Continuous Daily	Quality sales and after sales services. Affordable products and services in competitive conditions.	Over 12 thousand Mystery Shopper assessments were carried out to measure customer satisfaction. Surveys were applied to learn about the customers' experience in Italika Service Centers (CESIT).
Authorities	<ul style="list-style-type: none"> • Meetings • Mails • Website • Advisory councils • Sectoral chambers and associations • Reports for authorities, Bolsa Mexicana de Valores, Comisión Nacional Bancaria y de Valores, Comisión Nacional de Seguros y Fianzas, as well as the Comisión Nacional del Sistema de Ahorro para el Retiro 	Continuous	Applicable regulation compliance. Cooperation with authorities.	Information broadcast and meetings with authorities. No significant fine or sanction is reported by authorities.
Competitors	<ul style="list-style-type: none"> • Website • Newspapers • Meetings (Italika) • Work groups (Italika) 	Continuous	Competition according to applicable regulation.	Communication with trade's participants. Participation in work groups to modify road safety regulations (Italika).
Community	<ul style="list-style-type: none"> • Social initiatives • Social networks • Website • Radio (Italika) • Asociación Comunidad Vial MX, through the website www.comunidadvialmx.org (Italika) 	Continuous Weekly (Italika)	To generate economic, social and environmental value in the communities where the Group operates.	Employment generation. Environmental respect and protection. Social programs' development to promote liberty, equal opportunities and leadership aiming to contribute to a better future. Encourage respect for road regulations.
Investors	<ul style="list-style-type: none"> • Shareholders' meetings • Financial reports • Corporate brochure • Investor relations website • Press releases • Reports for authorities, Bolsa Mexicana de Valores, Comisión Nacional Bancaria y de Valores, Comisión Nacional de Seguros y Fianzas, as well as the Comisión Nacional del Sistema de Ahorro para el Retiro • Meetings with investors 	Quarterly Annual Continuous Recurring	To receive timely and clear information regarding the company's financial situation and expectations.	Generate information in a timely manner that allows risks and prospects recognition.
Civil Society Organizations (CSO)	Fundación Azteca: <ul style="list-style-type: none"> • Telephone: (55) 1720-4900 • Email: fundacionazteca@gruposalinas.com.mx • Website: http://fundacionazteca.org 	Continuous	To support and promote the causes that organizations lead in favor of community's social development.	Over \$70 million pesos invested for programs supported by Fundación Azteca in 2016.
Suppliers	<ul style="list-style-type: none"> • Meetings • Website: https://proveedores.gruposalinas.com 	Continuous	Consolidation of long-term and mutually beneficial commercial relations.	Tenders Technical and financial assessment "Círculo de proveedores" Certification Random audits to suppliers Feedback from area

Economic Value

\$200
million pesos invested by Banco Azteca in technology

\$5
million pesos invested by Italika in IT development in Italika Service Centers (CESIT)

Financial Results

G4-9, G4-EC1

	2015	2016	Variation
Revenues	\$74,360	\$81,242	9%
• Financial business revenues	\$48,302	\$50,207	4%
• Commercial business revenues	\$26,059	\$31,035	19%
Operating Expense	\$31,311	\$36,582	17%
Operating income	\$5,447	\$12,074	122%
Total assets	\$198,637	\$219,229	10%
Cash and cash equivalents	\$22,909	\$24,112	5%
Total liabilities	\$146,851	\$160,154	9%
Shareholders' equity	\$51,786	\$59,076	14%
Property, furniture and equipment and investment in stores and branches	\$1,482	\$2,522	70%

Note. Amounts in millions of pesos.

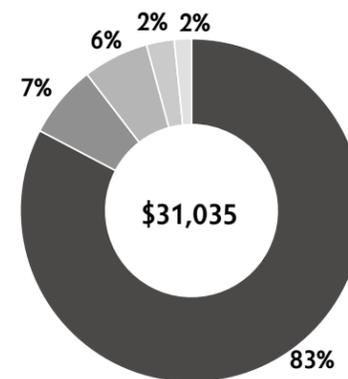
Generated economic value		Distributed economic value		Withheld economic value	
2015	2016	2015	2016	2015	2016
\$74,360	\$81,242	\$63,468	\$67,254	\$10,893	\$13,998
Variation: 9%		Variation: 6%		Variation: 28%	

Note. Amounts in millions of pesos.

Financial Results

G4-9

Elektra Stores
Sales breakdown by country*

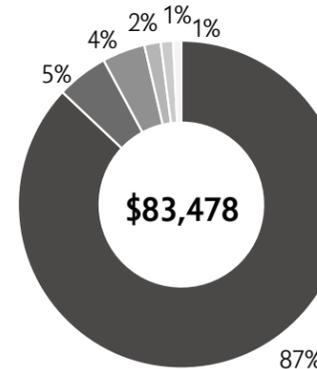


- Mexico
- Guatemala
- Peru
- Honduras
- Panama

- Elektra Stores' sales are reported in millions of pesos.
- Data represented in the graphic considers only merchandise sales

FS6, FS7

Banco Azteca
Placement by country*

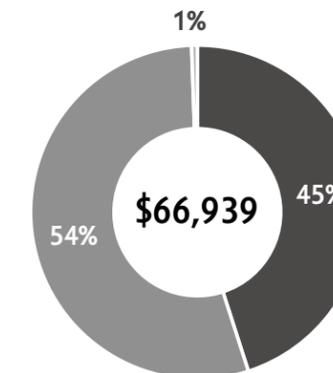


- Mexico
- Peru
- Guatemala
- Honduras
- El Salvador
- Panama

- Amounts in millions of pesos.

\$83,478
million pesos, total consolidated portfolio; 27% increase vs 2015

Banco Azteca
Portfolio breakdown by loan type in Mexico



- Commercial loans
- Consumer loans
- Housing loans

- Amounts in millions of pesos.
- This graphic represents only the loan portfolio in Mexico reported to the Comisión Nacional Bancaria y de Valores (CNBV).

\$101,718
million pesos in deposits; 1.13% increase vs 2015

2.6%,
Banco Azteca's non-performing loan ratio in 2016

G4-40

Grupo Elektra generates value for its stakeholders through its experienced trajectory, training and solid commitment with sustainability of the team members who assume the business' management.

Board of Directors

G4-34, G4-36, G4-38, G4-39, G4-40

In 2016, the Board of Directors was comprised by nine members, three of whom were independent directors (33%). All directors were proprietary and were appointed and/or ratified by the Ordinary General Shareholders' Meeting to hold office for one year periods. The composition of the Board is shown below.

Name	Position	Director since	Age
Ricardo B. Salinas Pliego ⁽³⁾	Chairman of Grupo Elektra's Board	1993	61
Hugo Salinas Price ⁽¹⁾⁽³⁾	Honorary Chairman of Grupo Elektra	1993	85
Pedro Padilla Longoria ⁽³⁾	Chief Executive Officer of Grupo Salinas	1993	51
Guillermo Salinas Pliego ⁽³⁾	Chief Executive Officer of Grupo Avalanz	1993	57
Roberto Servitje Achutegui ⁽²⁾	Chief Executive Officer of Grupo Altex, S.C	2000	63
Luis J. Echarte Fernández ⁽³⁾	Chairman of Azteca America Network's Board of Directors	2003	72
Joaquín Arrangoiz Orvañanos ⁽³⁾	General Sales and Business Relations Director of Grupo Salinas	2008	60
Marcelino Gómez Velasco y Sanromán ⁽²⁾	Chairman of Grupo Netec's Board of Directors	2010	59
Gonzalo Brockmann García ⁽²⁾	Chief Executive Officer of Best Western Hotels in Mexico	2010	61

⁽¹⁾ Ricardo B. Salinas Pliego and Guillermo Salinas Pliego's father

⁽²⁾ Independent director

⁽³⁾ Proprietary director

The Company has no alternate directors.

For more information on Grupo Elektra's Board of Directors and its members, please visit:

<http://www.grupoelektra.com.mx/es/consejo-de-administracion>

Board's Role

G4-35, G4-42, G4-47

The Board of Directors and the General Management meet periodically –at least on a quarterly basis– to address policies, strategies and procedures required in the business' management, the progress or fulfillment of targets and goals, as well as values, vision, mission and purpose, and to identify those that are susceptible to updates in accordance with the internal, national and international context.

Some of the main functions of the Board of Directors are:

- Establish general strategies for the execution of the company's business and legal entities that it controls.
- Supervise the management and running of the company and the legal entities it controls, taking into account their relevance in the company's financial, administrative and legal situation, as well as the performance of their executives.
- Ratify –with the relevant committee's prior opinion– the policies, appointments, operations, guidelines and strategic transactions of the organization.
- Submit all legal information to the General Shareholders' Meeting held at the end of the fiscal year.
- Monitor the main risks to which the company and its legal entities are exposed, identified based on the information presented by the Chief Executive Officer, the Risk Committee, the Audit Committee and the Comprehensive Risk Management Unit (UAIR).
- Approve the information and communication policies with the shareholders and the market, as well as with the relevant directors and executives, in compliance with the company's legal regulations.
- Determine the actions to be taken to remedy irregularities that are of their knowledge and implement the corresponding corrective measures.



- Establish the terms and conditions applicable to the Chief Executive Officer in the exercise of his functions, who by ministry of law is responsible for complying with the Board of Directors' resolutions.
- Order the Chief Executive Officer to publish relevant events of which he is aware, without prejudice to said party's obligation stipulated in article 44, section V of the Securities Market Law.
- All others that the Securities Market Law establishes or are required in the company's by-laws.

G4-43

In order to achieve the correct understanding and decision-making by the Board of Directors on any issue relevant to Grupo Elektra of an economic, social and environmental nature, each point that is addressed is explained in detail to all members, who at all times will be able to:

- Request information from the company and legal entities it controls, which is reasonably necessary for decision making.
- Require the presence of relevant managers and other persons, including external auditors, who can contribute or contribute elements for decision making at Board sessions.
- Postpone Board of Directors' sessions due to insufficient information for decision-making.
- Deliberate and vote, requesting that only members, the Board's Secretary and/or any person skilled in the discussed subject be present, if they so wish.

Committees

G4-34, G4-38, G4-41

Two committees support the Board of Directors in the execution of its functions:



Audit Committee

Constituted by three independent directors. It is in charge of, among other functions:

- Review:
 - Financial control systems
 - Procedures to prepare financial reports
 - Internal and external auditors' activities and independence
- Evaluate Grupo Elektra's internal control policies and systems
- Learn the transactions executed among related parties

Corporate Practices Committee

Comprised by two independent and one proprietary directors. Among its functions are:

- Learn:
 - Grupo Elektra's investment policies
 - The use of assets that constitute its equity
- Approve and supervise the capital investment budget
- Comment on the performance of relevant directors

The Audit Committee is comprised as follows:

Name	Type of director	Director since	Age
Gonzalo Brockmann García	Independent	2010	61
Marcelino Gómez Velasco y Sanromán	Independent	2010	59
Roberto Servitje Achutegui	Independent	2010	63

The Corporate Practices Committee is comprised by:

Name	Type of director	Director since	Age
Gonzalo Brockmann García	Independent	2010	61
Roberto Servitje Achutegui	Independent	2010	63
Guillermo Salinas Pliego	Proprietary	2010	57

In addition, during 2016 Grupo Elektra had the collaboration of Mr. Roberto Servitje Achutegui –independent director– as financial expert to support both Committees' functions.



Management Team

Grupo Elektra's Management Team has wide experience in all the business' areas management. During 2016 it was comprised as follows:

Name	Position
Alejandro Valenzuela del Rio	Banco Azteca's Chief Executive Officer
Fabrice J. Deceliere Márquez	Elektra Stores' Chief Executive Officer
Luis Niño de Rivera	Vice Chairman of Banco Azteca's Board of Directors
Adriana de la Puente Martínez de Castro	Wellness, Communication and Integration Director
Alberto Tanús Schwarz	Italika's Chief Executive Officer
Manuel González	Systems Director
Patrick O'Shaughnessy	Advance America's Chief Executive Officer
José Abraham Garfias	Punto Casa de Bolsa's Chief Executive Officer
Gabriel Alfonso Roqueñí Rello	Grupo Elektra's Chief Legal Counsel
Mauro Aguirre Regis	Grupo Elektra's Finance and Administrator Director
Rodrigo Pliego Abraham	Grupo Salinas' Finance and Administrator Director
Alejandro Vargas Durán	Vice Chairman of "B" de Banco Azteca's Board of Directors
Eduardo Benigno Parra Ruiz	Afore Azteca's Chief Executive Officer
José Alfredo Galindo Pérez	Afore Azteca's Deputy Chief Executive Officer
Christian J. Carstens Álvarez	Seguros Azteca's Chief Executive Officer

G4-LA12

13% of the management team and committees' members that support the Board of Directors by Elektra Stores are women and 99% of them are in the age range between 30 and 50 years.

Regarding Banco Azteca, the management team is comprised by 22 men and one woman; 35% are between 30 and 50 years of age, while 65%, has more than 50 years, which translates into the coexistence of vanguard and experience, and therefore, guarantees the business' proper management.

Corporate Governance Best Practices

Derived from the best practices carried out by Grupo Elektra, in 2016 it obtained the "Recognition to the Best Corporate Governance in Mexico", awarded by the Capital Finance International Awards (CFI.co Awards), a program that identifies and distinguishes organizations and people that add value to society.

Some of the key elements for gaining this recognition were:

- Grupo Elektra's strong corporate governance practices, which ensure consistent results.
- Proven experience in successful businesses from the Board of Directors' members.
- The leadership of the financial and commercial divisions, focused on obtaining encouraging results with a strong balance sheet and robust expansion that maximizes customer satisfaction, respectively.
- A 60% market share by Italika, motorcycle brand that offers efficient, safe, accessible and environmentally friendly transportation to millions of families.
- Financial strategies that drive operational efficiency and effective cost control, which translates into Grupo Elektra's profitability.
- Development of state-of-the-art technologies that allow the Group's dynamic growth, providing services with the highest efficiency standards to its clients.

The business model's strong social orientation by promoting financial education, allowing the opening of accounts with only one peso and promoting microfinance, which results in the generation of jobs, the expansion of the income of the communities where it has presence, and the supply of goods to millions of families in accessible conditions.



Compensation for Directors and Relevant Executives

G4-51, G4-52

In 2016, the total amount established as variable remuneration for Board members (including the Chairman of the Board), important corporate executives and related individuals for services rendered, was approximately \$1,046.4 million pesos. This amount was determined considering the company's achievements in its daily operation and the events carried out to improve its profitability, as well as compliance with savings, present and future, related to the financial cost of Grupo Elektra's resources. Variable compensation was authorized by the Corporate Practices Committee and the Board of Directors.

Stakeholders Engagement and Feedback

G4-35

The Board of Directors delegates, monitors and evaluates the actions and objectives entrusted to the Executive Office through two mechanisms:

- Quarterly or extraordinary Board sessions with relevant officers and/or any other person involved to address priority issues.
- Periodic meetings between assistant committees, relevant officers and/or any other person involved.

G4-37, G4-49

However, the communication between the members of the Board of Directors, the committees and the relevant managers to address issues that require monitoring or that have been transmitted by the stakeholders is constant and carried out through meetings, calls, videoconferences, emails, among others. Hence, the Board of Directors identifies, evaluates and responds to the stakeholders' expectations and needs, regarding the company and its performance.

G4-44

As part of this procedure, there is a self-assessment process to determine the quality of the Board of Directors' performance carried out by the Chairman of the Audit and Corporate Practices Committees, who presents it annually in a report on the Board's operations and activities to the Annual Ordinary Shareholders' Meeting.

Conflicts of Interest

G4-41, FS15

In accordance with the Code of Ethics applicable to directors and executives, which governs the Grupo Elektra's operations and promotes honesty within the company, decision-making and action implementation must always seek the greatest benefit for the company, leaving out personal relationships and benefits, and to ensure this, Grupo Elektra has several mechanisms and procedures.

Since 2004, the Board of Directors has approved the Related Party Transactions Policy, which establishes restrictions and approvals that must be obtained before entering into operations with subsidiaries and anticipates internal and external controls, as well as sanctions in case of breach.

In this sense, the Audit Committee is the delegate to learn and supervise transactions with related parties and to review independently if these are business-related and if they are carried out on terms that are fairly favorable, compared to those obtained in similar operations with an unrelated third party. However, the Corporate Practices Committee reports annually whether or not there were waivers so that any Board member, relevant director or person who uses his power of command to take advantage of business opportunities in his favor or for the benefit of third parties that correspond to the company, to the legal entities that the company controls or in which it has valuable influence.

Risk Management

G4-2, G4-14, FS15

Grupo Elektra has a process for financial, economic, social and environmental risk management in all its business lines and in all critical operation areas in order to ensure the best use of assets, resources investment and value generation for its stakeholders.

G4-DMA Indirect economic impacts
G4-45, G4-46

In this process of risk management, the Board of Directors has an essential participation in the risks identification and monitoring to which the company is exposed to, based on the information presented by the auxiliary committees, the Chief Executive Officer, and internal and external auditors, such as:



- Expand the product portfolio with innovative options to provide wellbeing and progress to the clients served by Banco Azteca, promoting financial inclusion and adaptation to their needs.
- Facilitate entrepreneurs access to credit.
- Promote the product portfolio in a comprehensive way through digital banking.
- Standardize the service throughout Banco Azteca's branch network.
- Extend the scope of its operations in Mexico and achieve its optimum development.
- To increase in all employees, the sense of identity and belonging through a cultural transformation and, with it, reduce the turnover rate.
- Transform Banco Azteca into one of the best places to work in Mexico and in the countries where it operates.
- Focus on improving the quality of life of the communities where the institution operates and support Fundación Azteca programs.
- Encourage eco-efficiency and energy savings in Banco Azteca's branches.

Risk management Controls and processes



Instrument that establishes the activities and procedures that consolidate Banco Azteca's competitive advantage by having the capacity to continue with its critical operations and value generation for customers and reduce the impact of disruptions caused by adverse conditions. Its five key pillars are: employees, facilities, technology, suppliers and customers.



Tool that establishes the specific lines of action in the event of a contingency, in order to guarantee the safety and integrity of the company's customers and employee. It is a priority to maintain transactions that allow cash disposal in the affected areas, with the aim of supporting customers and inhabitants in meeting their needs during the contingency.



The Civil Protection area –which is within the Risk Prevention Department– establishes the pertinent actions to safeguard the safety of employees, assets and the Group's in case of emergencies. As a result, it provides training to staff to prepare them to respond in these situations, therefore, in 2016 1,375 people from Grupo Elektra were instructed.



Unit that depends on the Board of Directors and maintains total impartiality in processes. Its main functions are the identification, measurement, monitoring and information on discretionary risks –such as market, liquidity, credit or capitalization risk– or non-discretionary –such as operational, legal, technological and reputational– to which Banco Azteca's operations are exposed in Mexico and Latin America, and are disclosed and recorded within and/or off-balance sheet and those of its financial subsidiaries.

Noteworthy, is the Financial Risk Management implemented by Banco Azteca, as it has a robust set of controls and processes to avoid risks materialization and the impact on the rest of the subsidiaries.

Banco Azteca's Comprehensive Risk Management Unit (UAIR) has the mission "To be a strategic business partner, supporting it to fulfill its goals, ensuring and maximizing the profitability of shareholders' equity and preserving our customers' investments and savings, complying with the legal and regulatory framework of Comprehensive Risk Management".

This vision is based on six strategic objectives:

1. Define and implement the new structure of the Comprehensive Risk Management area (AIR).
2. Evaluate and recalibrate the Credit Scoring models currently used in origination.
3. Develop a "Behavior Score" model to automate campaigns, automatic increases, improve the repurchase of existing customers and manage the current loan portfolio.
4. Review, update and improve Risk Management's manuals, regulations and policies.
5. Strengthen the relationship and perception of Banco Azteca in matters of Comprehensive Risk Management before the authorities (CNBV, Banxico, SHCP, IPAB, CONDUSEF).
6. Develop and strengthen the Risk Management culture.

Thus, achieving "Together We Transform Risk into Opportunity".

Business Continuity

During 2016, Banco Azteca invested time, financial and human resources in the design and consolidation of the Business Continuity Management System, whose goal is to guarantee customer service and continuous operation in the event of adverse events. This is achieved through three phases that cover the analysis: strategies development, implementation of tests and their documentation; attention to real contingencies, that is, putting into practice activation and recovery; and restoration of operation under normal conditions, ensuring continuous improvement.





The main actions and goals achieved were:

- Re-planning the methodology to obtain a system adhering to best practices.
- Extend the scope of the Business Continuity Plan, integrating the group of Banco Azteca, Afore and Casa de Bolsa into Seguros Azteca, Presta Prenda and Micronegocio Azteca.
- Conduct impact analysis interviews at the managerial and operational levels to evaluate the requirements demanded by the operation.
- Redefine the Government Continuity model, with a strategic and dynamic approach.
- Draw up new policies that allow us to lay the foundations for the development of a competitive system.
- Implement the Human Resources Plan (HRP), whose purpose is to have a structured response program for crisis management in contingency situations and thus ensure the employees' safety.
- Comprehensive testing in Mexico to evaluate different types of recovery strategies.
- Begin with the strengthening and methodological renewal process in Peru.
- Conducting real field tests with customers in El Salvador.

G4-DMA Energy, Emissions, Customers health and Safety
G4-14

In addition, Italika identifies the risks to which it is exposed and establishes strategic measures for its mitigation.

In the face of environmental risks, it has manuals and policies for solid waste separation, energy saving, emissions containment, hazardous waste management and accident prevention. Furthermore, it ensures that the product complies with Mexican Official Standards on the emission of pollutant gases and noise pollution.

Moreover, in the face of social risks, such as the shortage of motorcycle registration, Italika generates agreements with the Republic's states to register and license motorcycles from the sale moment, thereby combating insecurity, expanding vehicle registration and supporting the collection of taxes. With regard to road safety, and due to the high accident rate, it participates in the dissemination of road safety programs; teaching of management courses to users, basic education students and Banco Azteca's employees; promotion of the Transit Regulation in coordination with Mexico City's authorities; integration of the Comunidad Vial MX association for the diffusion of a road culture; and participation in a radio program on a weekly basis to promote respect for all road users.

Audit

G4-DMA Audit (FSSS)
FS2, FS9

Once the specific measures have been established to deal with the identified risks, Grupo Elektra tracks the effectiveness of each. It has an Internal Audit area, which is independent to all business units and is responsible for periodically reviewing that the policies, procedures, rules and controls defined and established by the Board of Directors are properly applied, as well as verifying the operation's effectiveness of the Internal Control System and its congruence with the business' objectives.

Audits are carried out with a preventive approach and based on an annual plan in which risks are identified and evaluated, classifying them into three levels: high, medium and low, with a maximum period of 12 months, between 12 and 18 months, and between 18 and 24 months, respectively. These exercises' range is in the established operating processes, as well as in the new products or services. The audits assess compliance with legislation and objectives, guidelines and policies documented in the procedures manuals approved by the Board.

The scope of these analyzes extends to Banco Azteca's branches, since three annual visits are scheduled for cash verification and revisions aimed at validating specific controls or regulatory compliance in a representative samples of branches.

Additionally, external audits are carried out, focused on the annual review of the Financial Statements and transfer prices and fiscal opinion, as well as independent verification of processes and controls that are required by regulators.

Italika has imparted:

Motorcycle driving courses to over **40,000 users** in Mexico

Safety and road education talks to over **11,000 basic education students** in Mexico

For more information on this subject, please visit Grupo Elektra's 2016 Annual Report at:
www.grupoelektra.com.mx/Documents/ES/Downloads/Grupo-Elektra-Informe-Anual-2016.pdf

Ethics and Integrity

Grupo Elektra is firmly convinced that its operations must possess honesty, ethics and transparency in order to continue generating value for its stakeholders by being a respectable and reliable company.

Thus, the Group has codes of ethics for each company and solid values to promote an ethical conduct among directors, managers and employees.

Values

G4-56



Organizational Culture

The transformation and strengthening of Grupo Elektra's corporate culture represent differentiating elements that make its companies unique in generating value for their stakeholders.

This is how Banco Azteca has the Excellence Culture, a set of expectations and behavior guidelines constituted by habits, myths, histories, uses and customs that guide the employees on the most adequate way for their labor's accomplishment and the interaction that must exist between them. It approaches culture as a priority element to define the organization inside and outside, so that the change of organizational culture is fundamental for the institution.



Code of Ethics

G4-56, FS15

The Code of Ethics is the basic instrument that promotes the highest standards of honesty, integrity and adherence to the applicable legislation in all activities carried out by the directors and executives of Grupo Elektra and its companies. It addresses the ethical management of conflicts of interest and encourages the disclosure of sufficient, clear, fair, accurate and timely information in the documents emanating from the Group's operations directed to all stakeholders.

Over
28,000
employees trained in ethics
subjects through online courses

For more information about the Code of Ethics, please visit: www.grupoelektra.com.mx/Documents/ES/Downloads/Codigo_de_Etica.pdf

Honesty

G4-57, G4-58

In 2016, 5,191 complaints were received through Honestel and 3,362 investigations were executed, of which 73% proceeded.

Furthermore, Grupo Elektra has designed internal communication tools that permit ethics' compliance monitoring, allowing employees to access, share ideas or report inappropriate behaviors. The channels are the following:

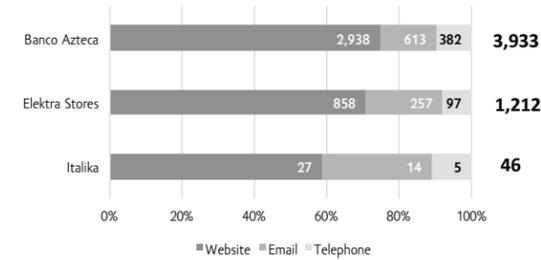
- **Honestel.** Complaint hot line that allows to lodge complaints and grievances of any nature with confidentiality.
- **Ideas.** Technological assistance means; with the purpose of contributing positively to ethical behavior among employees and the improvement of the work environment.
- **Cuéntanos.** Internal channel for listening and dialogue, through which employees are at liberty to share any subject or event.

All tools have several contact points and are available 24 hours a day, 365 days a week. The attention process is:

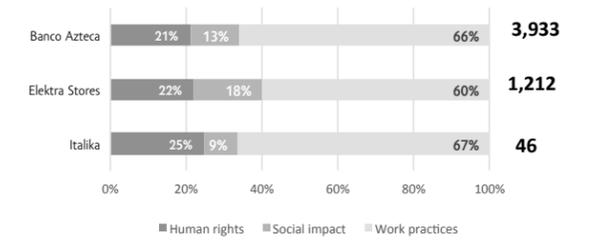
In 2016, 17,185 online training hours were imparted about Honestel's proper use.

Honestel

Contact means

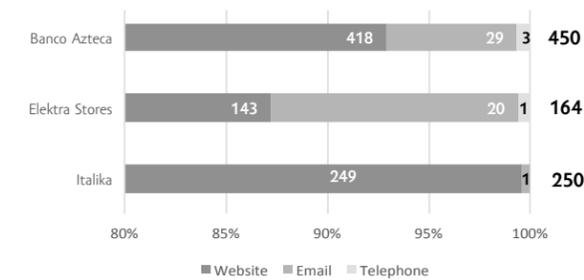


Addressed issues

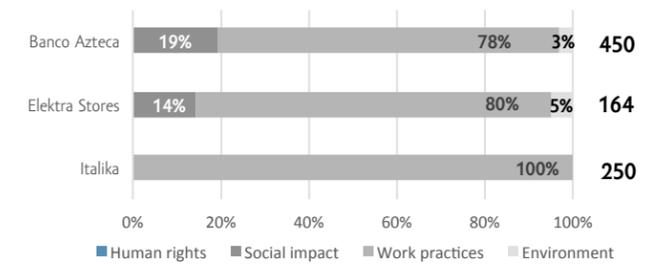


Ideas

Contact means

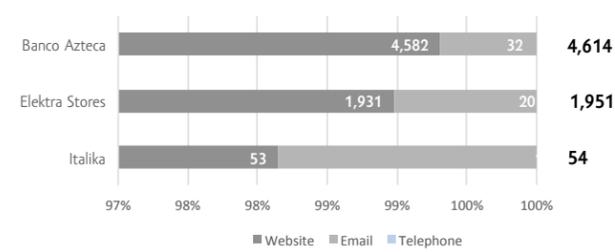


Addressed issues

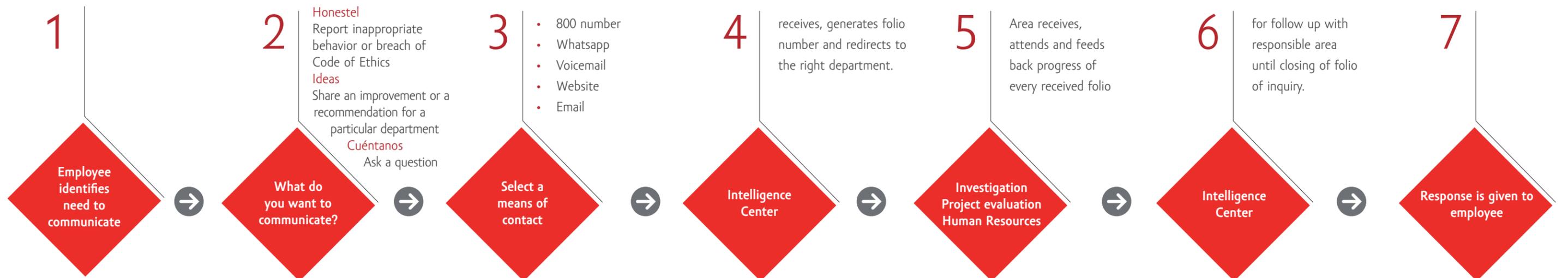


Cuéntanos

Contact means



Addressed issues



Likewise, in 2016 Grupo Elektra applied a survey to 714 employees to determine the level of knowledge and use of these channels. The results are shown below:

	Employees' knowledge level	Known through the website	Perception: Very good	Definitely would use this tool
Honestel	Elektra Stores 99%	Elektra Stores 69%	Elektra Stores 62%	Elektra Stores 95%
	Banco Azteca 70%	Banco Azteca 49%	Banco Azteca 44%	Banco Azteca 92%
Ideas	Elektra Stores 90%	Elektra Stores 51%	Elektra Stores 61%	
	Banco Azteca 61%	Banco Azteca 31%	Banco Azteca 39%	
Cuéntanos	Elektra Stores 97%	Elektra Stores 60%	Elektra Stores 62%	Elektra Stores 87%
	Banco Azteca 94%	Banco Azteca 54%	Banco Azteca 44%	Banco Azteca 85%

Anti-corruption and Money Laundering Prevention

G4-DMA Anti-corruption (a/b)
G4-SO3, G4-SO4

In the induction course that is given to all new employees, Grupo Elektra provides information on policies and manuals, as well as codes of ethics and conduct that set out the guidelines in terms of anticorruption within their companies.

In addition, Banco Azteca has Money Laundering and Terrorist Financing Prevention (PLD/FT) policies –available on the Intranet for all employees– with the Normative and Best Practices Committee –a collegiate body responsible for establishing these policies and their modifications before the Audit Committee– and with a training that 100% of employees must attend.

In 2016, Banco Azteca carried out a number of actions that allowed to establish a unique customer registration process for all businesses, which enabled it to have complete information, up-to-date contact information and file integration; as a result, it was feasible to ensure compliance with the PLD requirements.



99%

of Banco Azteca's employees have been trained on PLD/FT

21,639

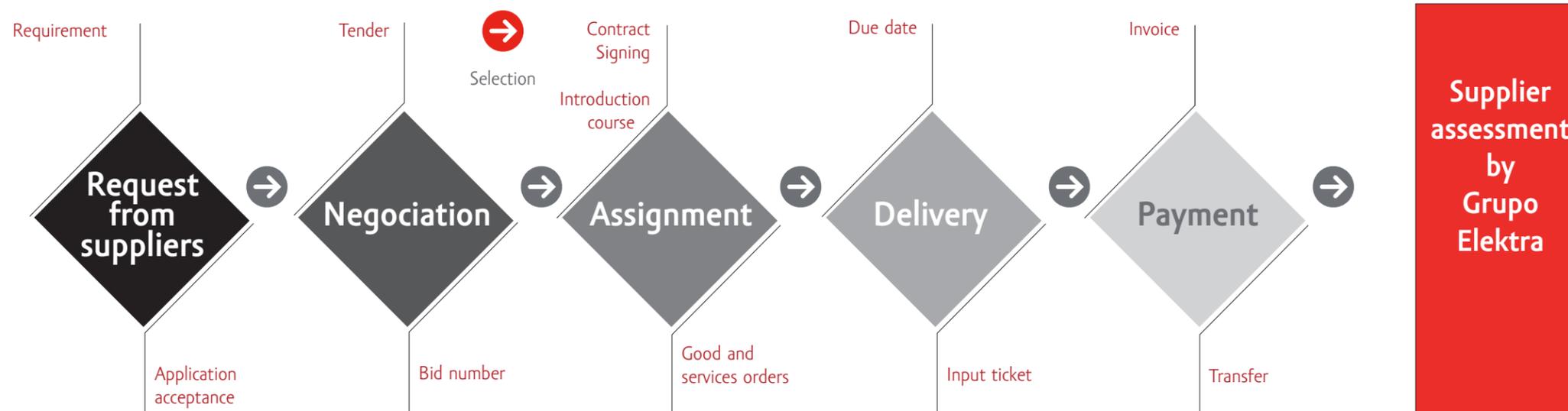
online training hours about PLD/FT in Grupo Elektra

Sustainable Supply Chain

G4-DMA Procurement practices (a/b)

Grupo Elektra is committed with value generation, therefore, impacting its supply chain is a huge responsibility. Thus, it has established procedures for selecting suppliers, ensuring their compliance with the company's policies, and maintaining relations of mutual trust and benefit.

The process for Grupo Elektra's goods and services procurement is shown below:



Between the phases of Negotiation and Assignment there is a suppliers' selection process to determine whether potential suppliers comply with the requirements of the requisition as well as with labor, environmental or social regulations. This is done in order to avoid risks to the operations and reputation of Grupo Elektra.

As the Assignment phase's beginning, and in order to support suppliers in their own value generation, an induction course is imparted to acquaint suppliers with the execution of the process, the way to carry out the formalities or paperwork, and the improvement points expected by Grupo Elektra.

G4-12

Thus, Grupo Elektra's supply chain is comprised by 2,112 suppliers, of which 242 are new ones, i.e., 11.6%. Elektra Stores has 890 total suppliers, Banco Azteca, 451 and Italika, 771.

G4-EC9

In 2016, Elektra Stores and Banco Azteca allocated 97% y 92% of the total amount payed to suppliers to national suppliers, respectively.

400

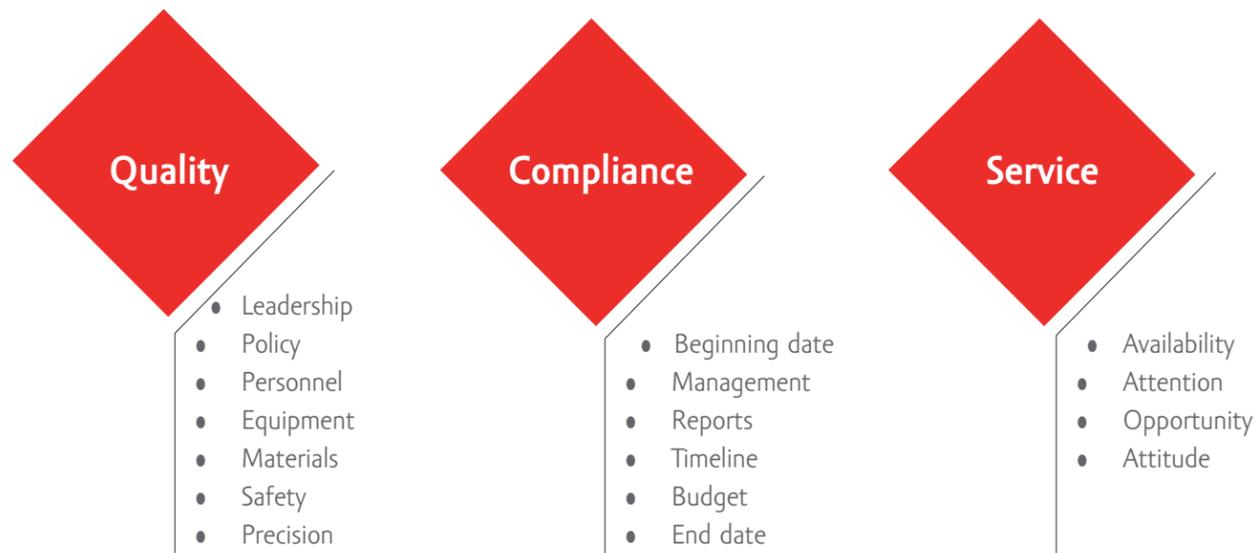
of Grupo Salinas' suppliers received the induction course in 2016

Supplier Assessment

G4-DMA Supplier environmental assessment, (a/b), Employment (b), Supplier assessment for labor practices (a/b), Supplier human rights assessment (a/b), Supplier assessment for impacts on society

Once the assigned supplier's work has ended, Grupo Elektra carries out an assessment to determine if they comply with the required quality and delivery time or if improvements are necessary. This process is carried out once a year and starts with the collection of progress documentation from project leaders and work is given a grade. If the work gets a passing grade, the supplier becomes a candidate for further assignments; if the grade is failing, the supplier is deactivated and given feedback for performance improvement. If further ahead the supplier is able to demonstrate the implementation of corrective actions, it may be considered for future assignments.

Criteria and indicators considered in supplier assessment



If suppliers fall into non-compliance, Grupo Elektra applies the penalizations established in the contract, assigns fewer orders until service level is improved, issues recommendations and, in case suppliers do not better their execution, informs them of contract termination.

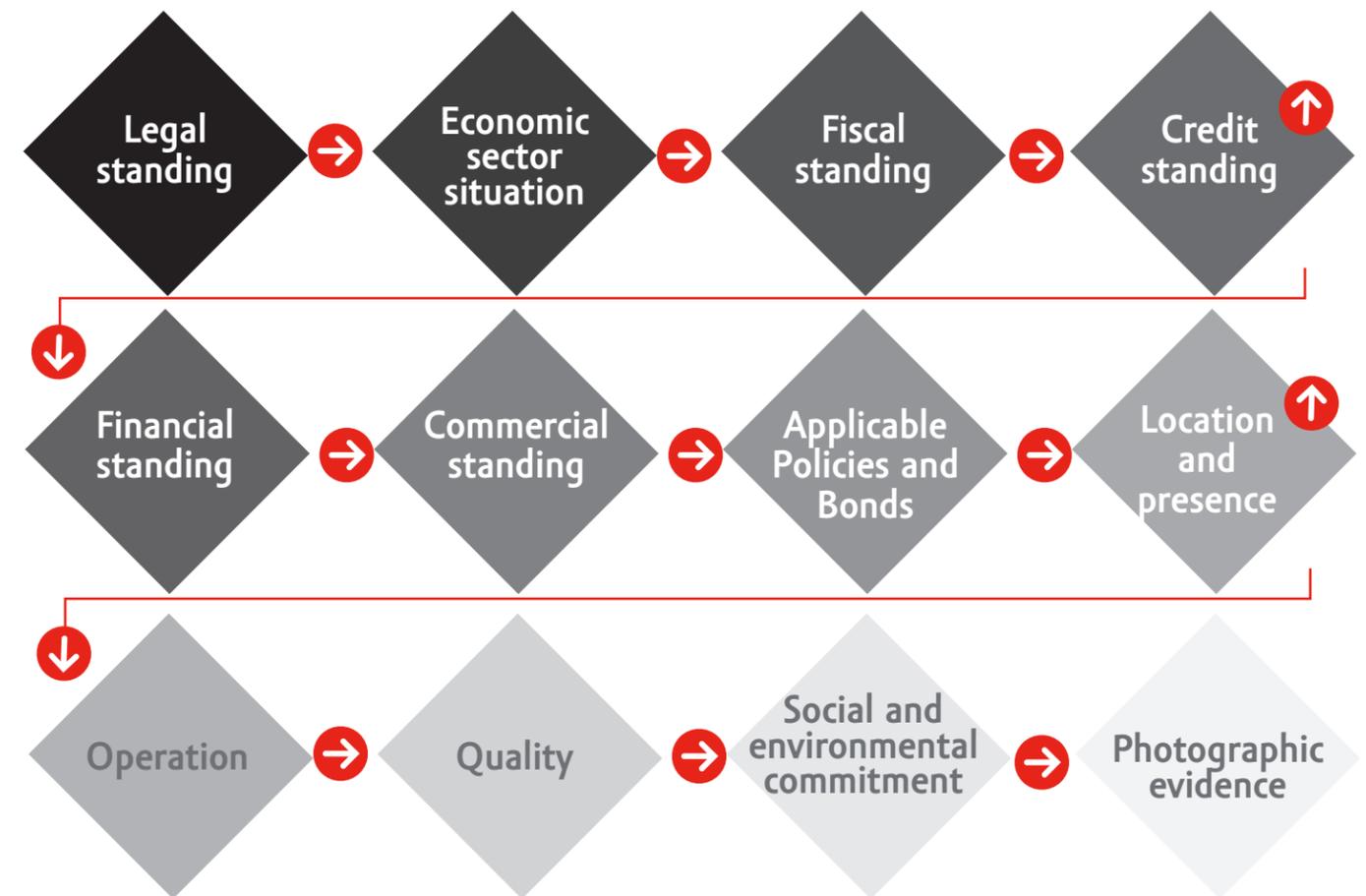
"Círculo de Proveedores" Certification

G4-EN32, G4-LA14, G4-HR10, G4-SO9

G4-DMA Freedom of association and collective bargaining, Child labor, Forced or compulsory labor

In addition to the evaluation of services rendered by suppliers, Grupo Elektra demonstrates its commitment to sustainability by certifying its "Círculo de Proveedores". The certification consists of a products and services analysis on the basis of the following criteria:

In 2016, 28% of Grupo Salinas' suppliers complied with the social and environmental commitment criterion, while the rest is currently undergoing certification.



G4-EN33, G4-LA15, G4-HR11, G4-SO10

It should be noted that thus far, Grupo Elektra has not identified any suppliers who negatively impact the environment, work practices, human rights or the communities.

Value Generation for Customers

Grupo Elektra's *raison d'être* is its customers, as the companies that comprise it are distinguished by generating value and mainly benefiting the base of the economic pyramid, providing them with new opportunities for wellbeing and progress.

G4-DMA Customer health and safety (a/b), Products and services labeling, Compliance
G4-15, G4-PR1

Elektra Stores, through the network of over 1,200 stores in Mexico and Latin America, provides quality products to customers through the granting of consumption credits. The company verifies in its laboratories that all the products comply with the corresponding Mexican Official Standards (NOM) and that their physical condition is adequate. In order to comply with the requirements, import products are sent to the Asociación de Normalización y Certificación, A.C. (ANCE) or to the Normalización y Certificación Electrónica, S.C. (NYCE) institution for certification and, once obtained, can be imported; while nationals are incorporated in the databases for consultation by the Procuraduría Federal de Protección al Consumidor (PROFECO).

Associated with these requirements, Elektra Stores also develops voluntary actions, since in 2016 it signed a collaboration agreement with PROFECO, aiming to apply the best commercial practices in the company's contact points in favor of customers. This is how both institutions committed to carry out joint and individual initiatives to guarantee the right to information about products and services, as well as customers' life, health and safety, in view of the promotion of a responsible consumer culture aiding to protect their rights.

As a result of the joint actions contemplated in the agreement, Elektra Stores issued the "Decalogue of Customer Rights", an instrument that allows customers to learn and enforce their basic rights in stores; moreover, the company also committed to provide information on how to enforce such rights and to regulate its operation in terms of consumer protection, commercial conduct, methodology and standardization.

PROFECO will train Elektra Stores' employees to raise awareness on customer protection, emphasizing the respect for their rights.

Banco Azteca evaluates 100% of the means it offers through various actions, such as profitability analysis, penetration and acceptance, customer advice, focus groups and benchmarks.

For more information on the "Decalogue of Customer Rights", please visit:
www.gruposalinas.com.mx/decalogo_derechos_consumidor.pdf

Also, it guarantees that the contracts of all the products comply with the requirements of law; for example, in the case of insurance, information on the registry before the Comisión Nacional de Seguro y Fianzas, the general conditions on coverages, general clauses, policy or certificate and the description of the insured rights.

G4-DMA Indirect economic impacts
G4-EC7

As part of the pursuit of an inclusive Mexico, it has the Digital Banking project, a large-scale national scope project that was developed to bring a branch's operation to the mobile phone, bringing financial transactions closer to the customers' hands. This gives them the opportunity to optimize their time and resources.

In addition, Banco Azteca generated strategies focused on attracting new clients, among which are:

- Launch of "Bóveda Millonaria", an initiative that consists of a raffle of \$200 thousand pesos per week to customers of Guardadito and oriented towards savings promotion, as each peso in their account is an opportunity to win. Thus, in 2016, Banco Azteca gave over six million pesos.
- "Billetazo", promotion aimed at motivating loan placement and timely payment. In it, customers of Personal credit, Consumption credit, Tarjeta Azteca, Presta Prenda and Micronegocio Azteca participate, who, for each operation they execute, obtain electronic tickets to participate.
- Establishment of the franchise model's foundations, which aims to improve the working conditions of employees, impacting on generating a pleasant experience for customers.
- Creation of a structure for the supervision and management of Third Party Channels, with the purpose of strengthening the product offer and extending the geographical presence of the financial institution in Mexico.

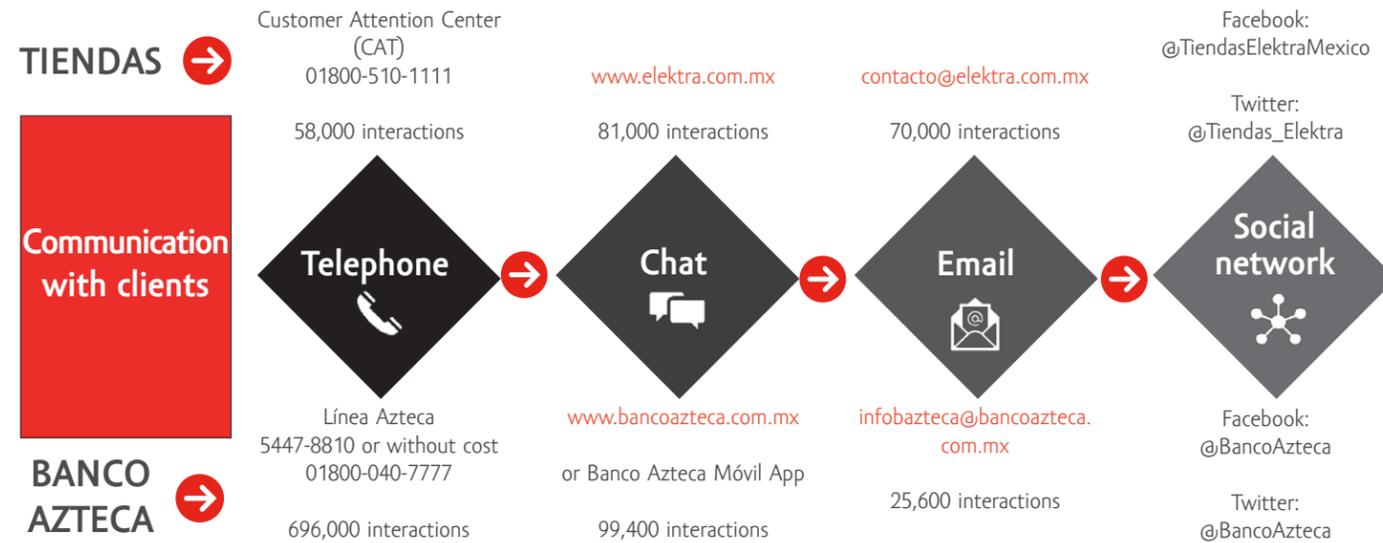
G4-DMA Indirect economic impact
G4-EC8

Italika, based on its mission, has revolutionized the transportation industry, allowing millions of people at the base of the socio-economic pyramid to gain access to their own means of transport, which represents a working tool that helps them to be efficient in the goods and services distribution.

Banco Azteca launched its first credit card, named Oro Garantizada



Grupo Elektra has several communication channels managed by the Contact Center area. The Group makes these available to customers, in order to provide answers to questions or suggestions regarding the use of products or services. The interaction's results during 2016 were as follows:



Likewise, Banco Azteca established the Specialized User Attention Unit, which monitors technical and legal doubts and inaccuracies regarding the products or services, besides complaints and nonconformities that derive from the institution's failure to comply with the law concerning to the service's provision. The contact channels are telephone line -1720-7272 or outside Mexico City to 01800-808-7272- and email -ueau@bancoazteca.com.mx-.

G4-DMA Customer health and safety (a/b)

To ensure greater safety in the use of the product by customers and employees, Italika has several plans to raise awareness and promote a road culture, such as:

- Campaign on safe driving on motorcycle tips through social networks and internal channels
- Campaign to promote respect for signs and the Traffic Regulations
- Free driving course for customers and general public throughout the Mexican Republic

Italika has over **20 modules** that provide license plates in four states in Mexico

Additionally, to support the increase in the registration of the vehicle fleet, Italika has modules to provide the service of license plates at the purchasing moment, located in sale points. In these locations, staff provides the license plate and circulation card to customers based on guidelines dictated by the authorities.

Customer Satisfaction

Customers' opinion is of paramount importance in order to ensure that Grupo Elektra has the best quality in products and services, and continues to reinforce the value generation, so it is essential to carry out exercises to obtain their feedback.

G4-DMA Products and services labeling (a/b)

For this reason, the Group has a methodology that measures customer loyalty, determined by their recommendations: The Net Promoter Score (NPS).

The NPS is calculated on a scale of 0 to 10, classifying customers into three categories: detractor customers, that is, those who are dissatisfied with the service; passive or satisfied customers, but who do not recommend the service; and clients that promote or recommend the company.

Meanwhile, Elektra Stores conducts quarterly surveys outside the branches, in which it seeks customers to evaluate white goods, electronics, computers, furniture, telephony or Italikas.

Banco Azteca also measures customer experience by identifying aspects to improve and generating quarterly reports. Thus, it considers client samples that are interviewed in-person and outside the branch offices, or through the *Contact Center*, where over 1.5 million interactions (calls, chats and emails) were handled during 2016.

G4-PR5

In 2016's last quarter, 59% of customers surveyed by Banco Azteca were satisfied with the service and would recommend the company



64%

of customers surveyed by Banco Azteca in Latin America are satisfied with the service and would recommend the company. Results by country are: **El Salvador: 72%, Honduras: 72%, Guatemala: 69%, Peru: 41%**

Italika also measures customer satisfaction regarding the attention received by the Customer Relation Center (CRC), the product and its operation, as well as the mechanical service provided. It does this through standard industry questionnaires and several channels through which customers can express their doubts and opinions: social networks, website, the ITALIKA 01 800 line, email and directly at the Distribution Centers.

As a good practice to learn the customer's perspective, in 2016 Italika accompanied 136 customers in Mexico from the moment of purchase and during the subsequent 30 days to identify their experience with the brand, product and service. The criteria evaluated were:

- Shopping experience
- Quality of seller information
- Warranty activation
- Fault monitoring
- Service at CESIT
- Recommendation (NPS)

Customers rated the service provided by the Customer Relation Center with an average 9.3, while the network mechanical service in Mexico received a Net Promoter Score of 15%.

The main conclusions were that the design, the affordable price and the savings-performance were the decisive factors to buy Italika, in addition to identifying that 50% of the respondents acquired Italika to use it as a working tool.

Product Information

G4-DMA Product and service labeling

To promote customers' health and safety, as well as their satisfaction, clear and comprehensive information about products and services is paramount, both in their description and in the one transmitted by employees.

G4-PR3

Consequently, Elektra Stores publishes information on the labels of all products based on their data and characteristics, which have been previously verified, as well as the discounts, offers, instalments and legends authorized by PROFECO.

G4-13

It is noteworthy that in 2016, Elektra Stores renewed its website to offer a site accessible to customers and with an attractive image, which offers a greater offer of products –2,000 articles classified in 26 categories– and payment methods.

The new Elektra Stores' website has the trust seal of the Asociación Mexicana de Internet and is a member of the Asociación Mexicana de Ventas Online.

FS3

Likewise, Banco Azteca supports its customers by providing them with clear information on the contracts regarding the operation of all products it offers, such as terms, conditions, moratorium interest rates and annual total cost, generating in them an awareness about each one's proper use –for example, the case of the Tarjeta Azteca–. In addition, when Banco Azteca identifies delays in the customers' payments, Credit and Collection Managers (GCC) carry out visits to the homes of those who have not regularized their situation, in order to explain the benefit of paying their loan on time and propose a payment plan.

G4-PR3

At Italika, 100% of the spare parts and accessories comply with the regulations regarding labeling, because the majority comes from Asia and must meet the legal requirements to be imported; those parts that are manufactured in Mexico follow the NOM-050 and include information on the components' origin, the content of substances with possible environmental impact, safety and disposal instructions, and packaging handling. They also communicate the compatibility with other brands, correspondence to ecological line and resistance to abrasions caused by the environment.

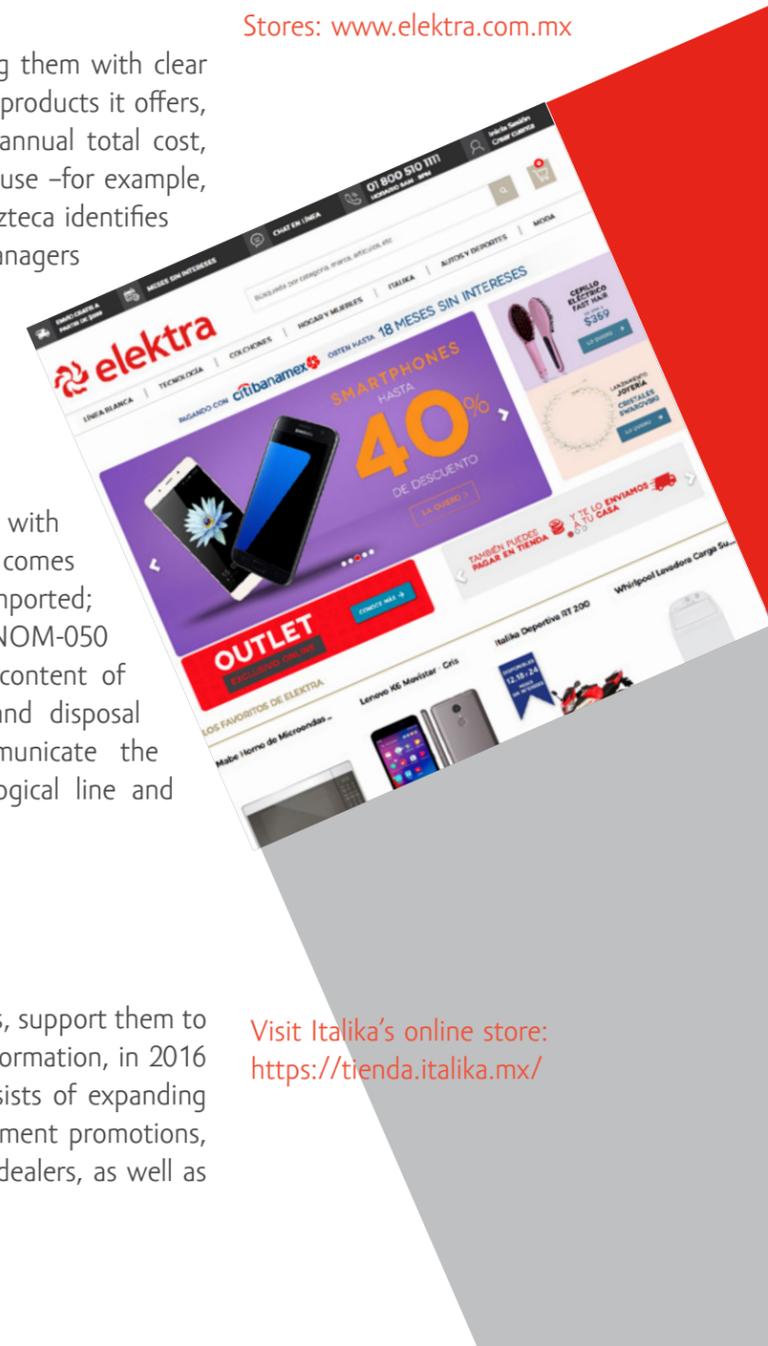
G4-DMA Local communities

G4-13

Besides, as an added value and in order to benefit customers, support them to optimize their time, as well as provide them with timely information, in 2016 Italika defined the strategy of the online store, which consists of expanding the payment methods, adding banks for fixed monthly payment promotions, sell in market places and online stores of the concessional dealers, as well as work on digital content and social networks.

Elektra Stores' website became the first specialized Mexican commercial platform in Latin America in the cloud, with great flexibility and responsiveness in the market.

Visit the new website of Elektra Stores: www.elektra.com.mx



Visit Italika's online store: <https://tienda.italika.mx/>

Responsible Advertising

G4-DMA Marketing communications

Grupo Elektra has a defined process to carry out responsible advertising, considering the specific business and the products' needs, whether for communication, promotion or placement. Subsequently, it establishes a campaign execution plan, monitors its implementation and development, and finally, once it is finished, produces a result report to measure the impact of the strategy implemented, both in Grupo Elektra's image and in brand recall.

Elektra Stores have a defined technique to advertise their products and services; it consists of an annual marketing plan establishment that contemplates the seasonality and temporality, as well as the results produced by different campaigns, to identify the different commercial moments in the market. Subsequently, it generates the promotions every week and determines the prices of credit and cash or the discounts in line or category, as well as the means by which they will be broadcasted; if through television, it projects a flow of distribution spots with scope and frequency for the whole year, while, if another communication tool is selected, advertising is concretized according to the budgets and investments to be made.

In 2016, the "Florero" campaign for Banco Azteca's Guardadito brand earned the third place in the "Financial Services and Products" campaign category of the Effie Award. In the 2016 edition, 319 personalities participated as judges, among them chairmen, chief executive officers and vice-presidents of the commercial and marketing areas of various companies.

Furthermore, in terms of generating value for customers, in 2016 the trademark Guardadito of Banco Azteca joined the campaign "Raspadita Millonaria", executed by Pepsico company and which consisted of coupons distributed within Sabritas and Gamesa brand products with numerous prizes, as money amounts that could be reflected in Guardadito accounts. Through this campaign, Banco Azteca managed to have massive exposure of the Guardadito brand, attracting more customers.

Italika was also recognized in 2016 by Superbrands México for the second consecutive year, with the distinction that catalogs it as one of the most

Elektra Stores' main achievements in advertising were the success and consolidation of its marketing campaigns, such as Día Elektra, Días Rojos and Hot Sale. In 2016, the campaign Por fin es junio was launched, which was widely accepted among customers.



prestigious Mexican brands in the market. This is due to the development of innovative strategies for its positioning, such as the promotion of sports motorcycling, work in social networks and free driving courses.

Privacy

G4-DMA Customer privacy

In accordance with Grupo Elektra's operations, in particular those concerning Banco Azteca, it complies with the provisions of the Federal Law on the Protection of Personal Data (LFPDPPP). Thus, at Banco Azteca, a Personal Data Security Management System (SGSDP) was implemented, which allows to operate, monitor, review, maintain and carry out the legitimate and safe treatment of customers' personal data, guaranteeing their privacy in compliance with the principles, duties and obligations provided by the applicable regulations and good practices in the matter. Additionally, the system considers the Binding Self-Regulation Scheme, a useful tool in front of the Instituto Nacional de Transparencia, Acceso a la Información y Protección de Datos Personales (INAI) regarding compliance with the obligations set forth in the regulations.

In addition to the SGSDP, Banco Azteca has the following tools:

- Grupo Elektra's Personal Data Committee, created in 2015 with the purpose of being the collective body in decision-making regarding personal data protection, addressing requests for ARCO Rights, promoting the protection of information within the organization, attending procedures and complaints in this area, monitoring legislative changes on privacy, disseminating policies and promoting self-regulation schemes. It complies with the self-regulation parameters established by the federal government in Mexico and with the guidelines of the Entidad Mexicana de Acreditación (EMA), the agency Normalización y Certificación Electrónica, S.C. (NYCE) institution and the INAI.
- Personal data inventory, aiming to institute and maintain data's security, taking into account the sensitivity, category, type of personal data and purposes for which it is collected.

Grupo Elektra has a privacy notice, just as Elektra Stores, Banco Azteca and Italika. For more information, please visit:

- www.grupoelektra.com.mx/es/terminos-legales
- www.elektra.com.mx/aviso-de-privacidad
- www.bancoazteca.com.mx/PortalBancoAzteca/publica/conocenos/historia/aviso-privacidad.htm
- www.italika.mx/Pagina/aviso-de-privacidad/

11,421

horasonline training hours
in Grupo Elektra about
personal data protection and
information safety during 2016

- Risk and gap analysis, which considers the quantitative and qualitative evaluation of the possibility that an information asset may suffer a loss or damage, and allows to establish parameters to weigh the effects of possible security breaches.
 - Security controls, which establish the administrative, physical and technical measures to guarantee it.
 - Compulsory training, updating and awareness-raising to employees on the duties in the matter to comply with the responsibility principle.
 - ARCO Rights Request Handbook, which refers to the follow-up of requests for the exercise of Access - Rectification - Cancellation - Opposition rights.
 - Manual for the Attention of Protection of Personal Data Processes, Investigation and Verification, with the measures for data security and the existing legal instances to resort to a resolution.
 - Manual for the Management of the Exclusion List, which provides specific tools based on the LFPDPPP on the control that may have the information's holder, either to provide or withdraw consent for the processing of personal data.
 - Manual on Privacy Policy and Personal Data Security Management System, where the privacy policy is established, as well as the principles, duties, obligations, and processes for the implementation of the SGSDP.
 - SGSDP update, in which the Department of Personal Data reviews and evaluates whether the System monitors compliance with policy objectives, legislative, technological or other relevant changes.
- Internal Audit Program, which establishes the annual review of the SGSDP to objectively and impartially measure compliance with objectives and policies, to determine whether it operates properly or whether it requires changes in established procedures.



G4-DMA Active ownership (FSSS)
G4-16, FS12

Grupo Elektra reiterates its commitment to society through its active participation in several chambers and associations that promote ethical and sustainable operations, based on loyal competition, sharing best practices in the sector and promoting the offer of the best products and services to the clients. These organisms include:

Mexico

- Asociación de Bancos de México (ABM)
- Asociación Mexicana de Instituciones de Seguros (AMIS)
- Asociación Mexicana de Afores (AMAFORE)
- Asociación Mexicana de Intermediarios Bursátiles (AMIB)
- Unión de Instituciones Financieras Mexicanas, A.C. (UNIFIMEX)
- Banco Interamericano de Desarrollo-Fondo Multilateral de Inversiones (BID-Fomin)
- Instituto Mexicano de Ejecutivos de Finanzas, A.C. (IMEF)
- American Chamber of Commerce of Mexico (AMCHAM)

United States

- Asociación de Servicios Financieros de la Comunidad en América (CFSA)

El Salvador

- Asociación Bancaria Salvadoreña (ABANSA)

Guatemala

- Asociación Bancaria de Guatemala (ABG)

Panama

- Asociación Bancaria de Panamá

Peru

- Asociación de Bancos del Perú (ASBANC)

Sector Participation

For its part, Italika participates in the promotion of mobility issues, encouraging road safety and the defense of public road users in Mexico, such as:

- Comunidad Vial MX (CVMX)
- Consejo Asesor de Movilidad de la Delegación Benito Juárez
- Programa Integral de Seguridad Vial (PISVI) de la Ciudad de México
- Comisión de Movilidad de la Asamblea Legislativa
- Proyecto NOM de cascos para motocicletas

Social Value



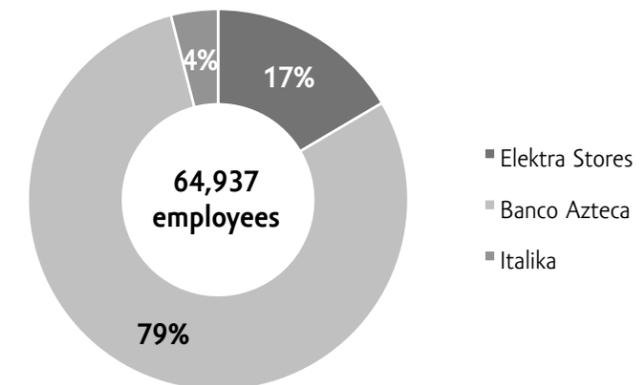
Talent Attraction

G4-DMA Employment

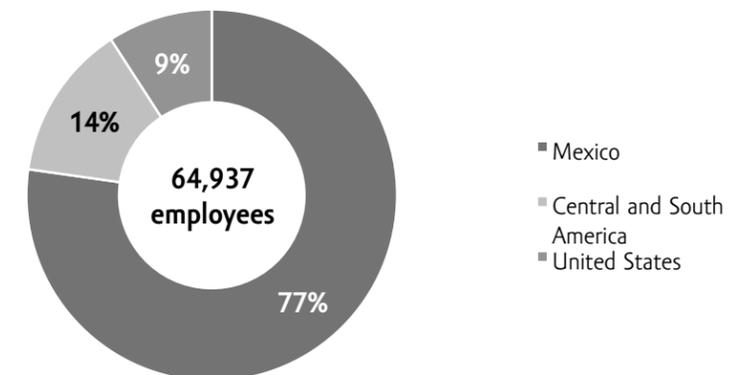
Grupo Elektra is committed to offering high quality products and services, requiring the best talent and solid strategies to attract it, as well as follow-up its selection process and provide the best working conditions.

G4-9, G4-10, G4-11, G4-13

Grupo Elektra's workforce breakdown by company



Grupo Elektra's workforce breakdown by region



G4-11

3% of Grupo Elektra's employees are unionized

Talent

G4-LA1, GA-LA12

Employees in Elektra Stores by gender



69%

Turnover rate in Elektra Stores during 2016

G4-LA1

59%,
turnover rate in Banco
Azteca during 2016

G4-LA12

Employees in Banco
Azteca by gender



43% 57%

Among the initiatives for attracting talent, Italika has the "Exalumno Azteca" Program, which considers high school or bachelor's degree graduates from the Plantel Azteca to fill current vacancies in the company.

G4-LA12

Employees in Italika by gender



25% 75%

G4-LA1

27%,
turnover rate in Italika during
2016

Training and Development

G4-LA9

G4-DMA Training and education, Product portfolio (FSSS)

Grupo Elektra is committed to its employees' comprehensive development, so training is one of the priority mechanisms to contribute to their skills and abilities' improvement, to enhance their performance daily and within reach of business objectives.

G4-LA10, FS4

Elektra Stores has the following courses:

- Tienda Escuela, which provides information on the stores' operation, as well as the values and conduct desired in daily work, in order to guarantee the best shopping experience for the customers.
- Management Certification, whose objective is to prepare new or promoted managers for the precise management of the stores and to obtain the operations' standardization.
- Commercial Certification, which consists of training salespeople to achieve the established objectives, also contributing to the improvement of their quality of life.
- Certification in different product lines, in order to provide all the necessary data to explain the products' benefits to the customers, who will be able to make an informed purchase by choosing the articles that suit them best.

752,333
in-person training hours in
Elektra Stores

716,571
participations in online courses,
equivalent to 119,479
training hours



G4-LA10, FS4

Banco Azteca has:

- New position training with mentor, which aims to have all new and promoted staff trained by a certified mentor, in accordance with a standardized training program.
- Management Development (Managers for the first time), with the purpose of sensitizing new or promoted Managers on Banco Azteca's operation and purpose, instructing them to work efficiently with their staff.
- Schools, whose purpose is for all new entry staff to have the necessary skills to execute their work accurately, through training with a specialized Instructor by business.

G4-LA9

22,987

participants in in-person training workshops of Banco Azteca, i.e., 559,438 training hours

Over two million participations in online courses, i.e.,

374,718

training hours

320

320 in-person trained employees at Italika, equivalent to 13,757 training hours

G4-LA9

As part of the continuous improvement process, in 2016 Banco Azteca established two more initiatives:

- "El Camino para Vender Mejor", a permanent training program to encourage good treatment and quality attention to customers.
- The development program of the Banco Azteca Culture, in order to generate and strengthen the sense of belonging among the employees.

The construction of the bases for the development of the Banco Azteca University is also notable, a project that has emerged with the ideal of reinforcing employee training and promoting their personal and professional development, as well as that of the institution.

Italika places the need for training or certification on a specific topic that supports the performance of functions and brings benefits to the business on areas' leaders and employees themselves, taking advantage of the opportunity to establish them in the team's development plan.

Among the topics addressed by Italika's courses for union members are values, product knowledge, first aid, quality costs, safety at work, material handling, tool operation, leadership and communication, while at corporate level issues addressed are such as problem analysis and decision making, managerial skills and use of different software.

Performance Review

G4-DMA Training and education

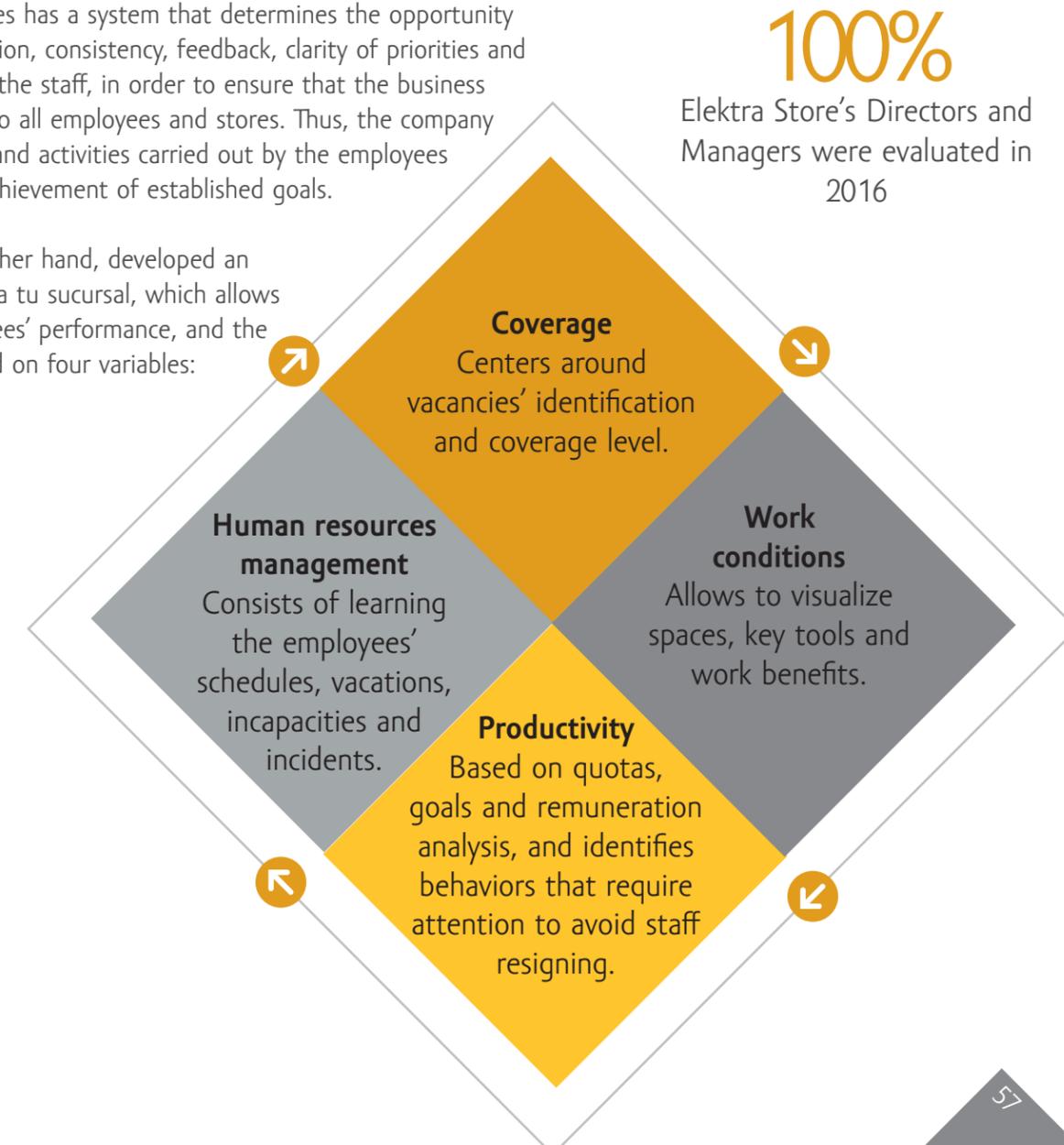
Once Grupo Elektra has contributed to employees' professional development, it carries out performance reviews to identify opportunity areas and support them in the pursuit of their activities.

In the review executed by Elektra Stores, culture attachment, leadership and functional competencies are considered, and it is applied on a quarterly basis to facilitate the establishment of improvement plans and the achievement of objectives

G4-LA11

In addition, Elektra Stores has a system that determines the opportunity areas in terms of operation, consistency, feedback, clarity of priorities and accurate information to the staff, in order to ensure that the business strategy is transmitted to all employees and stores. Thus, the company manages to track tasks and activities carried out by the employees and to determine the achievement of established goals.

Banco Azteca, on the other hand, developed an application called Camina tu sucursal, which allows to diagnose the employees' performance, and the branch's operation based on four variables:



210

people trained in the installation and use of the "Camina tu sucursal" application and 86 visits to branches

This tool consists of two visits to the branches per week, interviewing 50% of the employees, which allows access to detailed information regarding the four variables, as well as recording evidence and relevant measures to solve the problems encountered.

The next step regarding this initiative is the design of a three-colored signal of indicators that allows to establish improvement plans.

22

administrative employees were evaluated in 2016; 12 were promoted

Italika has three processes to evaluate the employees' performance at Ensamblika:

- Administrative staff performance review. It assesses soft skills –concerning aptitudes, values, communication, creativity and relationships, among other topics– leadership qualities, employees' goals, personal and professional goals, education and entertainment. In addition, they are provided with improvement suggestions and training and development needs are identified.

150

administrative employees were evaluated with the weekly Score Card

- Weekly Score Card. Tool that measures staff's performance in daily tasks, through a binary system to determine the execution of activities and delivery in the established time.

152

operators obtained their category

- Category system. A series of theoretical and skills examinations in the operation. It is aimed at unionized personnel.

Quality of Life

Grupo Elektra generates value for its employees through the provision of the best working conditions, both in compensation and social benefits, as well as comprehensive development and working environment.

G4-LA2

Therefore, in accordance to the position they hold and the countries in which the company has presence, employees have access to social security, Infonavit, vacations, end-of-year bonus, vacation bonus, and in compliance with the law, a retirement savings plans (Afore), among other collective-bargain benefits.

The Corporate Wellbeing Area not only establishes but also spreads the initiatives that contribute to its employees' quality of life, promoting a work-family balance, physical activity and healthy life styles, among other activities fundamental for development. Some of these activities are:



Activity	Program	Targets and achievements
Health 	Kilotón	Team tournament whose objective is to help employees lose weight and adopt healthy lifestyles. 100 Grupo Salinas' employees managed to reach 20% of their set program goal, for a total combined weight loss of one ton.
	Health Week	Promotes internal and external balance among employees and the improvement of healthy habits, allowing for more labor productivity and achievement of goals Approximately 533 employees benefited in Grupo Elektra
	Nutrition	Promotes a healthy lifestyle among employees, reducing the risk of eating habit-related illnesses and fostering follow up and constant health check-ups through attention focused on their needs and goals. 2,455 employees benefited in Grupo Elektra
Lifeline 	Uno más en la Familia	Program for mentoring employees who will become parents during the period of gestation, generating solid bonds with them and their families and fostering Grupo Elektra's values. 1,200 Grupo Salinas' employees registered 62 moms used the lactation accommodation in Grupo Elektra's headquarters
	Actitud Socios	Program focused on strengthening bonds with employees and consolidating a sense of belonging, fostering an attitude of integration, motivation and companionship, always based on the Group's values. 6,500 Grupo Elektra's employees benefited with the program
	Demises	Has the objective of providing support to employees in the difficult moment of the loss of a family member or loved one, through psychological and emotional support. 76 Grupo Elektra's employees were supported
	Mamá es una joya	This program's purpose is to motivate female employees who are mothers, valuing their effort and performance to recognize them as women and professionals, thus promoting family values. Approximately 11,000 female employees recognized by Grupo Salinas
	Papá es un campeón	Recognizes employees who are fathers and who distinguish themselves for their efforts, dedication and perseverance, highlighting the importance of family as one of the company's essential values. Approximately 4,000 employees recognized at Grupo Elektra this year
Family integration 	Pequeños Monstruitos	Campaign to celebrate the employees' children at Grupo Salinas headquarters in April, promoting family wellbeing, sense of belonging and company pride. 300 children participated at Grupo Salinas
	Club Pequeños Socios	Its objective is to create an emotional bond between the employees' children and the company and motivate pride for their parents. Children activities are organized the last Friday of every month in support of parents whose children have days off from school. 550 children whose parents work at Grupo Elektra's headquarters are members of this club
Sports 	Copa Socios	This program seeks to have extracurricular activities that promote integration, fellowship and a better working environment. 2,800 employees participated at Grupo Elektra
	Socios Corredores	Encourages the adoption of healthy lifestyles by providing a club where employees can practice sports, relax and carry out healthy activities. 2,300 participating Grupo Salinas employees
	Juegos Bancarios	Based on the creation of a health care culture through sport, promoting fellowship, teamwork and Group values, and creating a harmonious working environment. 600 Banco Azteca's employees participated
	Tournaments	Promotes practice of physical exercise, discipline and effort as well as Grupo Elektra's values. 100 Grupo Elektra's employees participated in the bowling tournament; 600 in soccer; 300 in basketball and 100 in football.
Culture 	Reading Club	Promotes reading among employees and their families to broaden their knowledge. 1,382 books requested by Grupo Salinas' employees
	Universo Socio	Promotes basic study, reading, music, and art habits for the acquisition of new competences. In 2016 it included museum visits and exhibitions on diverse subjects. 33,280 participating Grupo Salinas employees
	Socios en Armonía	Encourages the desire for knowledge and promotes employee interaction contributing to personal and professional balance through the acquisition of new competences. 31,000 participating Grupo Salinas employees

Banco Azteca Guatemala was recognized by Great Place to Work for the second consecutive year as one of the best companies to work in Guatemala due to the quality of life it provides to its employees

Due to the aforementioned initiatives, the Grupo Elektra headquarters received the "Family Responsible Company" distinction in 2016, granted by the Secretaría del Trabajo y Prevención Social (STPS), which recognizes companies that, in addition to providing employment, have a social responsibility vision in seeking to balance work with family activities.

Thus, actions such as the lactation accommodations, dining room, medical service, dentist, nutritionist, discounts in schools and nurseries, sports promotion, training, layered schedules and the program "Uno más en la familia", among others, generate balance and comprehensive development for employees.

Grupo Elektra's Headquarters obtained the 2016 "Family Responsible Company" distinction

Italika also has several initiatives to improve the quality of life within Ensamblika. Among them is Family Day's celebration, the largest event in the Plant, because in 2016 2,232 people attended, as well as with the "Amamantar y trabajar es posible" campaign, which consisted in the establishment of a lactation accommodation.

Additionally, it promotes healthy lifestyles, through the participation of Ensamblika in the tournament of the Toluca 2000 industrial park, in which the Plant's men team achieved the second championship.

Due to the quality of life provided by Italika to its employees, in 2016 it was certified by Great Place to Work for its excellence in practices and working conditions



Employee Satisfaction

In order to achieve the business objectives, learning employees' feelings regarding their functions and work place is an essential factor for Grupo Elektra. Thus, through the Corporate Wellness Area, the Group measures the level of employee satisfaction through three programs:



In 2016, all Banco Azteca's branches, Micronegocio Azteca and the Contact Center participated

Partner Recognition

Besides rewarding those leaders nominated in the "Jefe con estrella" survey, Grupo Elektra recognizes Banco Azteca's employees who belong to the collection force because of the difficult work they do towards the recovery of non-performing loans.

This is executed through a contest in which they are compared to true warriors. The winners are awarded the "Cabeza de Jaguar" badge and the management to which they belong is awarded \$50,000 pesos.

Also, Banco Azteca held the event "Realízate 2016" in Cancun, Quintana Roo. There, it recognized the efforts, commitment and work of employees who obtained the best results during the year in all countries where Banco Azteca operates.

Equal Opportunities

G4-DMA Diversity and equal opportunity, Equal remuneration for women and men (a/b), Non-discrimination

Since Grupo Elektra is located in different countries, it has the willingness to adapt to each's culture, promoting diversity, freedom, equality and non-discrimination.

Italika bases its daily action on human rights issues addressed by NMX-R-025-SCFI-2015, such as labor equality and non-discrimination between men and women in Mexico. With this, it promotes a labor environment of freedom, respect, non-discrimination and equal opportunities, encouraging personal and professional development.

Furthermore, based on the Universal Declaration of Human Rights and the 9th Article of the Mexican Constitution, it respects the freedom of employees to meet and associate in a peaceful manner.

G4-LA13

At Elektra Stores the base salary is assigned through rates and equality; gender is not a deciding factor

Approximately 20% of Refacciones Italika's employees received training on human rights as part of the induction courses

Occupational Health and Safety

G4 DMA Occupational health and safety
G4-LA5, G4-LA6

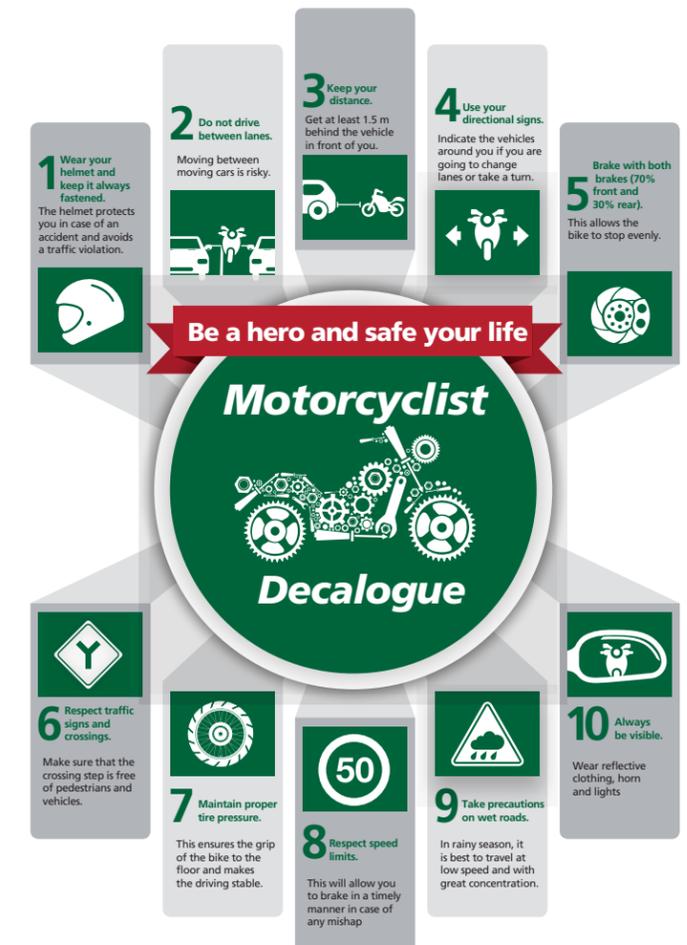
Grupo Elektra considers its employees' health and safety as a priority, both in the Elektra Stores and Banco Azteca branches, as well as at the Headquarters and Ensamblika Plant in Italika.

For that reason, the Civil Protection area has within its faculties the mission of guaranteeing safety in operations and giving courses so that employees have emergencies response capacity –hurricanes, floods, volcano eruption or assault-. The following are the 2016 results:

2016 Civil Protection Indicators		
	Elektra Stores	Banco Azteca
Trained people	845	530
Training man-hours	5,070	3,100
Number of drills	85	30
Brigade members	1,150	

G4-LA7

Some employees from Banco Azteca are exposed to work risks when using motorcycles as a tool to carry out their credit and collection activities. Therefore, the company encourages, through the Motorcyclist Decalogue and communication campaigns, to have a valid driver's license and use the motorcycle only for labor matters, and informs how to act in case of accidents, including reporting incidents to the helpline and keeping the helmet on.



Commitment with Communities

G4-LA6

The system applied by Grupo Elektra for the registration and communication of accidents is in line with the Mexicano del Seguro Social (IMSS), which consists of:

1. Preparation of the initial report of occupational accidents.
2. Investigation of the accident, together with the personnel involved.
3. Establishment of the frequency and severity index on a monthly basis to identify the accident percentage.

Elektra Stores promotes health care by joining the programs and agreements implemented by the Group, for analysis, Pap smears, dental services and initiatives to control overweight.

In addition, during 2016, several environmental, safety and occupational health campaigns were carried out in Ensamblika, including:

- ➔ • Free health care campaign against obesity and overweight. In this study, patients with high and first-time body mass index (BMI) were followed up.
- ➔ • PREVENIMSS campaign. It included weight and height titration, tetanus vaccine, fluoride application, sexually transmitted disease prevention, Pap testing, glucose uptake and cholesterol.
- ➔ • Campaign to prevent urinary tract infections and prostate hyperplasia, including detection of urinary tract infections and prevention of prostate growth.

G4-LA5

In order to safeguard the employees' integrity, Italika has the Safety and Hygiene Commission, whose commitment is to continue working to build a safety culture in Ensamblika. It is comprised by nine people belonging to different work areas, both administrative and operational; among the activities carried out by the Commission are safety courses, accident investigation and monitoring of unsafe conditions.

G4-DMA Indirect economic impacts (b), Local communities (a/b)
G4-SO1, FS1, FS13

Since its inception, Grupo Elektra has been a change agent and has had a clear vocation to generate social value and support communities through its products and services. Thus, it has several mechanisms to analyze the each's situation, such is the case of sociocultural knowledge studies carried out by Banco Azteca, in which it seeks to identify the following factors:



128
people attended

269
people rated

46
people attended

FS13, FS14

In addition to these initiatives, Banco Azteca is firmly committed to providing support schemes to customers located in areas that are vulnerable or that have been affected by natural disasters, either from the point of view of consumption or payment alternatives for the used credit.

G4-DMA Indirect economic impacts
G4-EC8

Likewise, Italika has issued manuals and policies to facilitate the opening of licensed dealers to third parties outside the company who wish to market motorcycles, sharing the business with a new sector in Mexico and supporting the job generation.

Inclusion

Financial Education

FS16

Grupo Elektra, through Banco Azteca, addresses financial inclusion as a priority issue, as it is determined to incorporate those who have traditionally been excluded into the financial system. However, there is a significant gap between access to financial services and understanding their use.

Therefore, Banco Azteca encourages responsible inclusion through the "Aprende y Crece" Financial Education and Business Program, which aims to educate the population about the correct and adequate management of personal finances, also promoting an entrepreneurial culture.

In order to reach more people and contribute to raising their quality of life, it has various tools to provide valuable and timely information, such as publications, television programs, events, websites and social networks. In addition to the efforts with public and private institutions, financial authorities, academia, civil society and international organizations.

Some of the actions carried out regarding financial education are:

- Message dissemination on screens and distribution of printed educational material in the Banco Azteca's branches.
- Carrying out events, such as:
 - The National Week of Financial Education, in alliance with CONDUSEF and the Asociación de Bancos de México (ABM).
 - Cinema-debates, one of them in the context of the project "Women Move Mexico".
 - Celebrating World Saving Day and Children's Saving Day.
 - Participation in the National Summit of Small and Medium Enterprises (SMEs) aimed at entrepreneurs.
 - Workshops and musical theater for young people of university level.
 - Financial Education and Business Day, directed to employees of Banco Azteca's Headquarters.
 - Global Money Week, jointly with the Banco Central de Reserva de El Salvador and the Superintendencia del Sistema Financiero.
 - Launch of the website "Aprende y Crece" in El Salvador and Honduras.
- Providing financial education for migrants through workshops and printed materials distributed at several Consulates in the United States and Canada.
- Establishment of alliances with the Instituto para la Protección del Ahorro Bancario (IPAB) and the Colegio Nacional de Educación Profesional Técnica (CONALEP).

In June, 2016 the "Aprende y Crece" program was launched in Honduras



Over
11 million
people were benefited with the Financial Education and Business Program "Aprende y Crece" in Mexico, El Salvador, Honduras, Peru, Guatemala and the United States

Approximately
\$8 million
pesos invested in the "Aprende y Crece" program during 2016



Digital Inclusion

FS14

Banco Azteca is a pioneer in digital inclusion, since it has technology that allows people with special abilities, senior citizens and people unfamiliar with the Internet to access all the contents of the Financial Education and Business Program through an inclusive website.

It is a cutting-edge web platform that uses learning media such as apps, series, soap operas and interactive stories; certified by the company Hearcolors, focused on contributing to the accessibility of the Internet for all.

The Center for Financial Inclusion (CFI*) published two studies evaluating the global outlook for innovations in financial capacities in Mexico and other countries around the world. They emphasize the "Aprende y Crece" Program and its Internet portal, by providing information in a massive way through diverse materials and accessible platforms. Banco Azteca is in continuous pursuit for new options for financial capacities' creation.

* The CFI is an international group working with the main players in the financial sector in Latin America and the United States to improve the population's participation in savings, investment and credit issues.

Fundación Azteca

G4-DMA Local Communities
G4-15

Since 1997, Fundación Azteca has promoted social change and environmental awareness inside and outside Grupo Salinas. Thus, Grupo Elektra reiterates its commitment and responsibility towards communities and the environment. The foundation is a non-profit organization that carries out transparent and specific actions in Mexico, Guatemala, El Salvador, Peru and the United States.

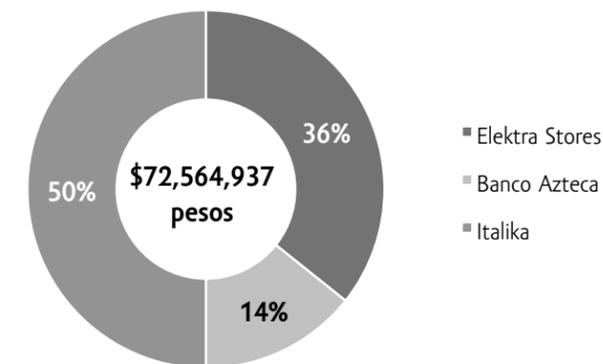
Fundación Azteca identifies urgent problems and social needs and links them to organizations and individuals willing to improve the quality of life of thousands of persons.

G4-DMA Anti-corruption (b)

In order to guarantee the legitimacy and transparency of donations it receives, every month the Foundation reports donations above \$215,000 to the Servicio de Administración Tributaria (SAT), in accordance to the Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita.

Com. FSSS G4-EC1

Grupo Elektra Investment in Fundación Azteca programs



Fundación Azteca's actions are divided into four categories, according to their supported cause. These categories are: Education and Culture, Health, Social Development and Environment.



For more information about Fundación Azteca's initiatives, please visit: www.fundacionazteca.org

G4-EC1, G4-EC8

Over
\$70
million pesos allotted to
Fundación Azteca programs by
Grupo Elektra



Education and Culture

Plantel Azteca

Education is the most powerful tool to improve quality of life; thus, Fundación Azteca grants Plantel Azteca scholarships to young people from low-income families, enabling them to access quality education, technical excellence, values and technological tools.

Achievements in 2016:

Since 1997, we have contributed to the education of excellent young Mexicans awarding scholarships to approximately 2,100 students every year

Generación Bicentenario Scholarships

Within the framework of the activities to celebrate the Bicentennial of Mexico's Independence, in 2010 Fundación Azteca –alongside other organizations and institutions– provided monthly economic aid for the most brilliant children in the country to last throughout their education, as well as scholarships for post-graduate studies at the best Mexican or foreign educational institutions with the support of the Consejo Nacional de Ciencia y Tecnología (CONACYT). Today, this support endures.

Collaborative Learning Model

In collaboration with the Secretaría de Educación del Estado de Puebla, Fundación Aprendizaje Colaborativo and the Centro de Estudios Educativos, Fundación Azteca is carrying out the project “Escuela Nueva para el Mejoramiento de la Calidad de la Educación Básica en Puebla, México”, to adapt the pedagogical model and show that its application improves education quality.

210 benefited schools in Puebla: Multi-degree, Basic, Indigenous, Telesecundarias and Full Organization

México de 10

This program was created in 2016 in order to support graduates from Plantel Azteca who study at any of the five allied universities: The Instituto

Achievements in 2016:

24,993

students benefited and 773 participating teachers

Tecnológico Autónomo de México (ITAM), the Instituto Tecnológico de Estudios Superiores de Monterrey (ITESM), the Centro de Investigación y Docencia Económicas (CIDE), the Universidad Panamericana (UP) and the Universidad Iberoamericana (IBERO). Aid is granted through scholarships for food, transportation and school material.

Esperanza Azteca Symphony Orchestra

The orchestra was founded as a social and musical program seeking to improve the quality of life of girls, boys and teenagers from low-income families, as well as that of their families and communities, through music, while they learn important values, such as discipline, excellence and teamwork.

Today, Esperanza Azteca educates over 17,000 children and teenagers from low-income families through music

Achievements in 2016:

87

symphony orchestras and children and teenager choirs: 84 in Mexico, one in the United States and two in El Salvador

518

concerts with the participation of all the orchestras in Mexico

- Participation of orchestras and choirs at the concerts by cellists Yo Yo Ma and Carlos Prieto, and the concert that took place on occasion of Pope Francis' visit to Mexico
- Master class by conductor Valery Gergiev

Achievements in 2016:



20

university students of excellence were granted scholarships for needs such as transportation, food and school materials





Robótica

This initiative promotes interest for science and technology and multiple skills through local and international Robotics contests and championships.

Health

Parteras profesionales

This program trains women for three years and teaches them to assist childbirths at remote communities where public health services are not available; it contributes to reduce infant-mother mortality.

Social Development

Red social and Donativo Hormiga

The programs provide in-kind assistance to civil organizations for equipping their facilities in support of their social labor. These programs place them in contact with individuals and associations who may assist them and creates valuable synergies.

Achievements in 2016:

- 1,500 items were provided with a value of \$2.7 million pesos to 100 social aid organizations in 2016
- Benefited institutions in 12 states in the country: Mexico City, Coahuila, State of Mexico, Guanajuato, Hidalgo, Morelos, Nuevo Leon, Oaxaca, Quintana Roo, Baja California, Veracruz and Yucatan
- Convention of the NGOs of Red Social Azteca, with the participation of 200 organizations

From the initiative's beginning, **\$20** million pesos have been raised

Bancomunidad Azteca

The purpose of this initiative is to contribute to the fight to overcome poverty by granting micro-credits to groups of women living in unfavorable conditions. Through the Centro de Desarrollo Comunitario Centéotl –a non-profit organization working in favor of marginalized social groups in the state of Oaxaca since 1990– Fundación Azteca has granted \$15 million pesos in micro-credits to support approximately 4,600 low-income women in the state, enabling them to start businesses which will allow the improvement of theirs and their families' quality of life.

Tocando vidas

Through the voice of great personalities, this program presents positive life-changing stories which give hope for a better future. Through the television program in TV Azteca's opinion section, hosted by Esteban Moctezuma, it shows that everyone has something important to contribute.

Achievements in 2016:

Production of 53 episodes of the program "Tocando vidas" in 2016

Environment

Limpiemos Nuestro México

This is the largest waste collection campaign in Mexico; it takes place with the support and alliance of different companies, institutions, governments and millions of volunteers from civil society in order to generate a cultural change in society and reduce water and soil pollution.

Achievements in 2016:

Over **7 million** of volunteers collected approximately 40,000 tons of waste in four hours

For more information about "Tocando vidas", watch the video at: <https://www.youtube.com/playlist?list=PLW9rtYA005xiGMCIcWh-F1x3xe3DLMPNz>



- Beginning of the movement in El Salvador, Peru, Guatemala and China
- Presentation of the official ball to be used in the final round games of the 2016 Mexican Professional First and Second Division Soccer League
- Participation in the mega-brigades “Torreón Orgullosamente Limpio” and “Carmen Orgullosamente Limpia”
- Beginning of the mega-brigade “Desierto de los Leones Orgullosamente Limpio”

¡Que Viva la Selva Lacandona!

This program raises awareness –especially children’s– on the importance of preserving protected natural areas. In addition, complementary initiatives such as the drawing contest ¡Que viva la Selva Lacandona! and productive projects to stop illegal logging, burning and destruction of the ecosystem, take place.

Achievements in 2016:

- 32 contest winners travelled to the Lacandon Jungle
- Photo Expo on the Bosque de Chapultepec gates and railing to raise awareness about the importance of preserving the Lacandon Jungle

40,000
drawings received



Movimiento Azteca

This initiative brings together the four pillars on which Fundación Azteca bases its actions as it supports causes in favor of education and culture, health, the environment and social development. The campaign, broadcasted jointly with TV Azteca, stresses social and environmental co-responsibility, and calls on society to contribute to different organizations.

Through 94 Movimientos Azteca, 330 organizations and 1.5 million persons have been aided.

Achievements in 2016:

32
benefited causes

- Approximately \$135 million pesos raised and donated to different organizations such as OSEA, Renapred, Fundación IMSS and the Cruz Roja Mexicana

Un Nuevo Bosque

G4-15

Ecological day that emerged in 2002 and through which Grupo Salinas reaffirms its commitment with environmental value generation. In 2016, it was carried out in coordination with the Comisión Nacional Forestal (CONAFOR) and the Secretaría de Medio Ambiente y Recursos Naturales (SEMARNAT).

- Involvement of approximately 100,000 volunteers in Mexico
- Over 3,000,000 trees planted, foresting about 3,000 hectares

For more information about “Un Nuevo Bosque”, please visit: www.gruposalinas.com.mx/es/un-nuevo-bosque



11,000
participating volunteers

For more information about
"Juguetón", please visit:
www.azteca7.com/jugueton

Juguetón

G4-15

This is the largest toy drive in the world. It began 21 years ago with the help of volunteers, companies, government institutions, civil society, among other groups, and collects toys to be delivered on January 6th (Day of Kings) to children from low-income families, orphanages, children homes, indigenous communities, hospitals, day care centers, community kitchens, prisons and one-day care minor centers.

- Over 16 million collected toys with an approximate value of \$500 million pesos in 2016

Donations

Furthermore, Grupo Elektra supports the A Quien Corresponda program, TV Azteca original content, which has an area dedicated to donations for several causes.

Italika, for its part, donated motors for vehicles to the Escuela Superior de Ingeniería Mecánica (ESIME) of the Instituto Politécnico Nacional (IPN), for university students to carry out research and practice with auto parts and thus, contribute to the formation of future Mexican engineers.

- Italika was recognized by the IPN for the donation of auto parts for university research



Kybernus

G4-DMA Diversity and equal opportunity, Non-discrimination
G4-15

This is a Grupo Salinas program for social value creation, which seeks to build a culture of leadership in Mexico that is based on values such as honesty, freedom, responsibility, justice, solidarity, tolerance and dialogue. The program is carried out in coordination with public, private and social organizations.

The program's purpose is to establish, in every state in the country, a system for identification, formation and promotion of political and social leadership, which must be committed to strengthening a liberal democracy in Mexico, founded on respect for individual rights, human rights and equal opportunity for people.

Caminos de la Libertad

G4-15

This is an effort by Grupo Salinas to promote a correlation between freedom and dignity –the fundamental values– as well as a discussion and reflection on freedom.

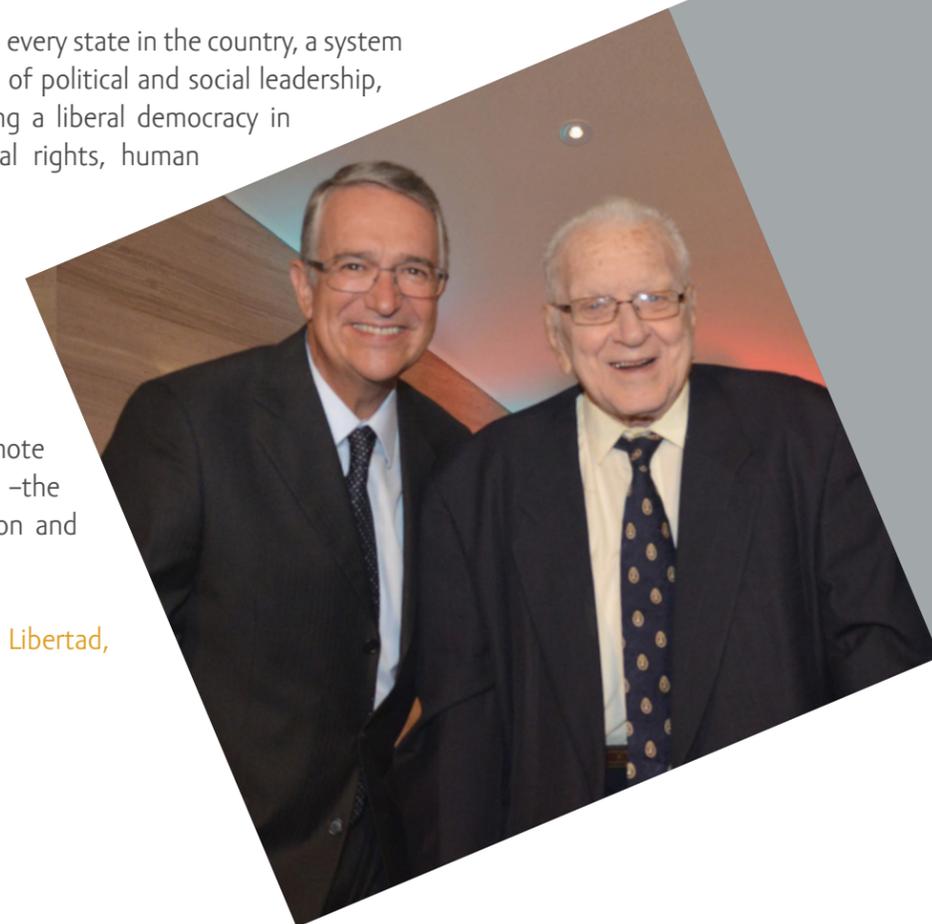
For more information about Caminos de la Libertad, please visit:
www.caminosdelalibertad.com

Ciudad de las Ideas

G4-15

With the theme Play the Game, Ciudad de las Ideas managed to bring together thousands of brilliant international minds at the City of Puebla to present leading-edge ideas to thousands of attendees.

For more information about Kybernus, please visit:
www.kybernus.org



For more information about Ciudad de las Ideas, please visit: www.ciudaddelasideas.com

Environmental Value



Environmental Management

G4-DMA Overall

Grupo Elektra generates environmental value, through the area specialized in energy and environment that operates at Grupo Salinas level, by establishing strategies for optimizing the use of natural resources and increasing the efficiency of energy use in its processes, as well as raising awareness among employees on the importance of caring for the environment and how they can contribute in their daily activities.

G4-PR1

For instance, Banco Azteca avoids the excessive paper use, for which it has implemented strategies to reduce it, for example, the use of the Tarjeta Azteca and other processes do not generate printed statements, so if the customer wishes to consult them, they must visit and institution's branch.

On behalf of Italika, to reduce the negative environmental impact, during 2016 Ensamblika implemented the following measures:

- Replacement of wood and cardboard packaging in merchandise sent to self-services for a returnable one. With this, it was possible to avoid the packaging of over 4,000 Italikas in carton.
- Recycling of non-hazardous waste, such as wood, cardboard, foam, Styrofoam, scrap and plastic, which were delivered to authorized suppliers for an appropriate disposal.
- Charging of equipment batteries in a non-peak time to avoid the increase in the electrical energy consumption.
- Replacement of conventional batteries with new generation ones with charge indicator, achieving 100% reduction in conventional batteries waste generation.
- Campaign for collection of batteries, in which employees participated. In 2016, they were able to collect 26 kg of batteries.
- Change of conventional napkins in the dining room for biodegradable napkins, in addition to reducing their consumption by 30%.
- Elimination of bulletins and circulars mandatory printing for the Service Network.
- Promotion of electronic tablets use in Italikas' reception and delivery operations in the CESIT, avoiding the consumption of one ton of paper.

At Grupo Elektra,
13,442
employees were trained online
on environmental subjects

Energy

G4-EN31

In 2016, Grupo Elektra invested over \$94 million pesos in environmental protection initiatives

In accordance with the regulations of the NOM-082-SEMARNAT-1994, Italika's product is certified by the Procuraduría Federal de Protección al Ambiente (PROFEPA) and the Secretaría de Medio Ambiente y Recursos Naturales (Semarnat).

G4-DMA Energy (a/b)

In order to properly manage its energy consumption, Grupo Elektra bases its operations on:

- The Energy Management System (SIGEN), which verifies agreement with billing by Comisión Federal de Electricidad (CFE).
- The Energy Savings Seal, an internal tool used by all Grupo Salinas companies to evaluate, validate and certify purchases of efficient lighting equipment, air conditioning and any other electrical equipment.

For its operations' development, the Group uses electrical energy as a fundamental input and complies with the guidelines set by applicable standards, such as:

- NOM-001-SEDE-2012, Electrical installation safety
- NOM-030 y 031-ENER-2012, Energy efficiency and minimum parameters for LED lighting
- NOM-025-STPS-2008, Lighting conditions for work centers
- NMX-AA-164-SCFI-2013, Minimum environmental criteria for sustainable buildings

Also, derived from the Energy Transition Law, Elektra Stores generates the annual report of users of high consumption pattern (UPAC) due to the use of the Esmeralda Torre 1 Headquarters, in order to guarantee energy's sustainable use.

In the process carried out by Italika in Ensamblika, it complies with the NOM-001-SEDE-2012, which describes the technical specifications and guidelines to be met by the facilities for the use of electric energy, aiming that working conditions are adequate in terms of safety. Thus, Ensamblika assumes this regulation to guarantee the employees' safety, as it uses the electric current as a source of energy.

Compliance with these standards guarantees Grupo Elektra's employee and operations safety, comfortable work centers and efficient use of electrical energy in all processes; in order to ensure this, in 2015 Grupo Salinas implemented its Energy Management System (SIGEN), a platform for comprehensive energy management whose objectives are:

- Facilitate auditable data for information management
- Analyze trends, issue reports, generate alarms and automatize calculations
- Enable transparent traceability of information regarding consumption, self-supply and energy billing for any period and business unit
- Function as a decision-making tool
- Detect inconsistencies
- Identify potential savings in technological and operating projects

The methodology used to calculate Grupo Elektra's energy consumption is the international protocol developed by the Efficiency Valuation Organization (EVO), whose objective is to measure and guarantee energy savings, reduce costs and systematize the process for measuring and verifying energy performance.

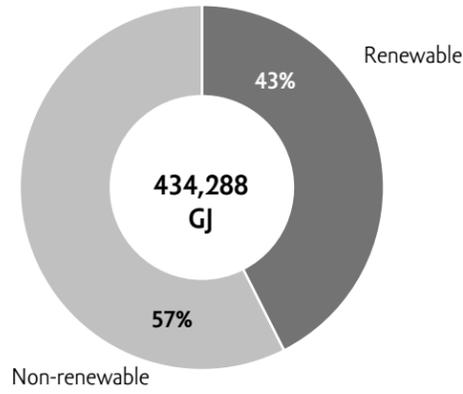


G4-EN3

Elektra Stores
Energy consumption

43%

of energy consumed by Elektra Stores is derived from renewable sources



Notes.

- Distribution of non-renewable energy consumption by source is: 62 GWh of electrical energy; 624,872 liters of gasoline; 25,815 liters of diesel; 166,099 liters of LP gas; and 17,285 m3 of natural gas.
- Distribution of renewable energy consumption by source is: 51 GWh of electricity, of which 16 GWh correspond to Aeolian energy, 35 GWh to geothermal and 0.041 GWh to photovoltaic.

G4-EN5

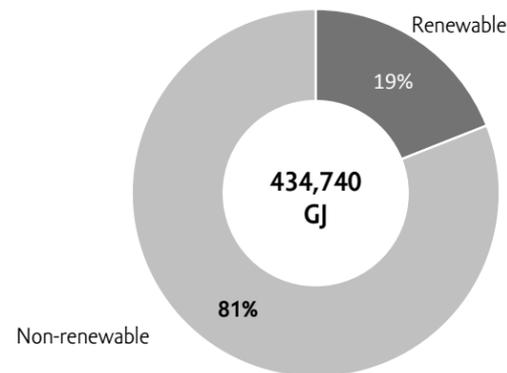
105,904

kWh of electrical energy consumed per store in 2016

Banco Azteca
Energy consumption

19%

of energy consumed by Banco Azteca is derived from renewable sources



Notes.

- Distribution of non-renewable energy consumption by source is: 49 GWh of electrical energy and 5,620,454 liters of gasoline.
- Distribution of renewable energy consumption by source is: 23 GWh of electricity, of which 7 GWh correspond to Aeolian energy and 16 GWh to geothermal.

Accordingly, the Group has implemented different projects for energy saving, such as the following:

- Conversion, adaptation and substitution of equipment by higher-efficiency types
- Installation of high-efficiency equipment at new locations
- Fuel substitution, as renewable energy participation increases (Aeolian and geothermal)
- Change of employee attitude, as policies for energy savings are reinforced at corporate offices and branches

G4-EN6

Through these initiatives, Elektra Stores and Banco Azteca have reduced their energy consumption by 20,699 GJ and 29,199 GJ, that means 5% and 7% of their respective energy consumptions.

G4-EN5

23,166

kWh of electrical energy consumed per Banco Azteca branch in 2016



Emissions

G4-DMA Emissions (a/b)

In compliance with current energy regulations, Grupo Elektra elaborates the National Emissions Registry of the Ley General de Cambio Climático through the annual report with its CO₂ and greenhouse gas emissions. Its goal is to contribute to the achievement of Mexico's international commitment on the issue: reduce its emissions 30% by 2025, and 50% by 2050.

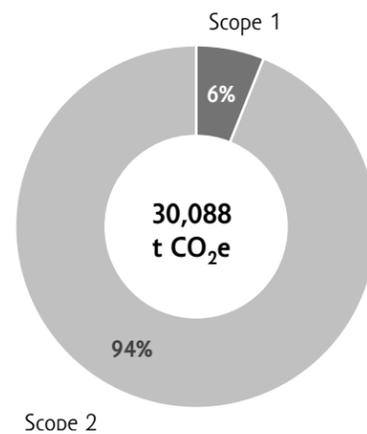
The National Emissions Registry, whose base line is 2014, allows identification of the main sources of emissions and the establishment of programs for consumption reduction and environmental impact mitigation.

Therefore, RENE represents the methodology used by Grupo Elektra to calculate emissions, while the utilized emissions factors are those published by SEMARNAT.

G4-EN15, G4-EN16, G4-EN21

In 2016, Grupo Elektra's emissions were the following:

Elektra Stores Greenhouse gas emissions

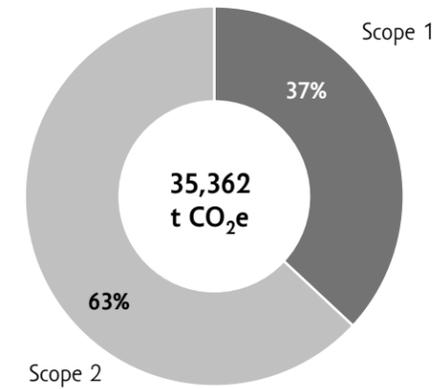


Notes.

- Direct emissions are made up of carbon dioxide (CO₂), methane (CH₄) and nitrogen oxide (N₂O).
- In 2016, Elektra Stores released 1,777 tons of CO₂e of biogenic carbon dioxide.

G4-EN15, G4-EN16, G4-EN21

Banco Azteca Greenhouse gas emissions



Notes.

- Direct emissions are made up of carbon dioxide (CO₂), methane (CH₄) and nitrogen oxide (N₂O).
- In 2016, Banco Azteca released 12,548 tons of CO₂e of biogenic carbon dioxide.

In line with the Group's initiatives for optimizing energy consumption, reductions in indirect emissions –related to electricity– have been achieved

G4-EN19

In 2016, Elektra Stores and Banco Azteca stopped the emission of 2,528 tons CO₂e and 3,765 tons CO₂e, respectively

At Italika, the process performed at the Plant complies with NOM-085-SEMARNAT-2011, which establishes the maximum permissible emission levels of smoke, particles, carbon monoxide (CO), sulfur dioxide (SO₂) and nitrogen oxide (NOx) from indirect-heating combustion equipment using conventional fuels or mixtures in order to protect the air's quality. This is achieved due to Ensamblika's use of adjustable booths that emit combustion gases into the environment at the time of start-up and product's operation tests.

However, the main environmental impact comes from carbon emissions into the atmosphere from product transportation. To mitigate this, trips are made in direct deliveries derived from a secondary delivery project and the increase

G4-EN18

28 t CO₂e
released per store in 2016
(scopes 1 and 2)

17 t CO₂e
released per branch in 2016
(scopes 1 and 2)

5.2
million km traveled
on 9,286 trips

in cubic capacity in shipments is continued. In 2016* the following results were obtained:

- 2.1 million liters of diesel consumed
- 5.5 tons of CO₂ emitted
- 320 trips in direct deliveries resulting from the secondary delivery project, avoiding the emission of 133 tons of contaminating gases
- 94 tons of CO₂ avoided due to increased cubic capacity in shipments

*Calculations based on the carbon emissions practical guide of the Comisión Interdepartamental de Cambio Climático (2.61 kg of CO₂ per liter of diesel consumed) and the average fuel consumption in freight transport (2.5 km/liter).



Grupo Elektra, based on its sustainability commitment, continues to raise awareness on water's responsible use, achieving savings and protection of this vital liquid.

In accordance to Grupo Elektra's environmental policy, no water sources are affected, whether by overexploitation for consumption or by discharge of toxic substances.

192,435 m³
of water consumed by
Elektra Stores* and 230,752 m³
by Banco Azteca*

*Because all branches of Elektra Stores share facilities with Banco Azteca's, the measurement of water consumption is done jointly based on branches' size and their number of employees, on customers per day and cleaning buckets used per day, thus obtaining the total cubic meters. Subsequently, the size occupied by each of the companies in square meters (corresponding to 70% for Elektra Stores and 30% for Banco Azteca) is applied in the calculation of water utilization in cubic meters.

Banco Azteca has independent branches, so water consumption for these is added to the result of the previous calculation to obtain the total for the company.

Finally, we add the actual water consumption of each of the seven Grupo Elektra's corporates.

1,463 m³
of water consumed for use in
restrooms and dining room
at Ensemblika



Water

Waste

Grupo Elektra, in compliance with the Internal manual for classifying solid waste, has a permanent program at all corporate facilities for waste separation into four groups: organic, inorganic, recyclable and hazardous. Waste disposal is carried out by authorized external companies who carry out the collection, transportation and final disposal into landfills, and who at the process' ending, release a statement that verifies a proper handling methodology. In 2016, Grupo Elektra generated over 6,000 tons of waste, mostly, non-hazardous.



Ensamblika

5 tons

of non-hazardous waste recycled (cardboard, foam, wood, Styrofoam, and scraps)

200 kg

of dining room waste sent to compost



Elektra Stores generated approximately 2,500 tons of waste, of which 17 tons were recycled and over one ton corresponded to hazardous waste, which was treated through external people or companies authorized to manage this type of waste.

Banco Azteca generated approximately 3,500 tons of waste, of which seven tons were recycled and over half a ton corresponded to hazardous waste, which was treated through external people or companies authorized to manage this type of waste.

About this Report

G4-3, G4-6, G4-7, G4-13, G4-17, G4-28, G4-32, G4-33

Grupo Elektra is pleased to present its 5th Sustainability Report, which displays the results of the economic, social and environmental performance of the operations of Grupo Elektra, S.A.B. de C.V. for the period between January 1st and December 31, 2016. Once again, we have followed the G4 Guide from the Global Reporting Initiative (GRI), choosing the «in accordance» Core option, including the Financial Services Sector Disclosures (FSSS). This report has not been externally assured.

G4-23

The information presented throughout this report corresponds to the results of Elektra Stores, Banco Azteca and, for the first time, Italika's most outstanding actions. The scope corresponds to operations in Mexico, Latin America and the United States. In the case of environmental data, information corresponds to Mexico only.

Figures herein are reported in Mexican pesos (MXN/MN), unless otherwise specified.

This communication tool, by being a clear, balanced, comparable, precise, detailed and reliable document, fully complies with the Reporting Principles for Defining Report Content and Quality:

Throughout this document, the way Grupo Elektra manages every one of the initiatives developed to benefit its employees, the communities and environment in order to contribute to the achievement of sustainable development are described.

Sustainability context

For this exercise, the materiality study for Grupo Elektra was revised and updated to identify changes in the market or in regulations in order to determine the aspects of greater relevance for the company and its stakeholders, which are reported in this document.

Materiality

As part of its strategy, during 2016 Grupo Elektra permanently interacted with its stakeholders. In addition, and as an essential part of its Sustainability Report, the company established a permanent dialogue with them to identify their opinions and expectations regarding relevant aspects identified by the materiality study, which were considered in this document.

Stakeholder inclusiveness

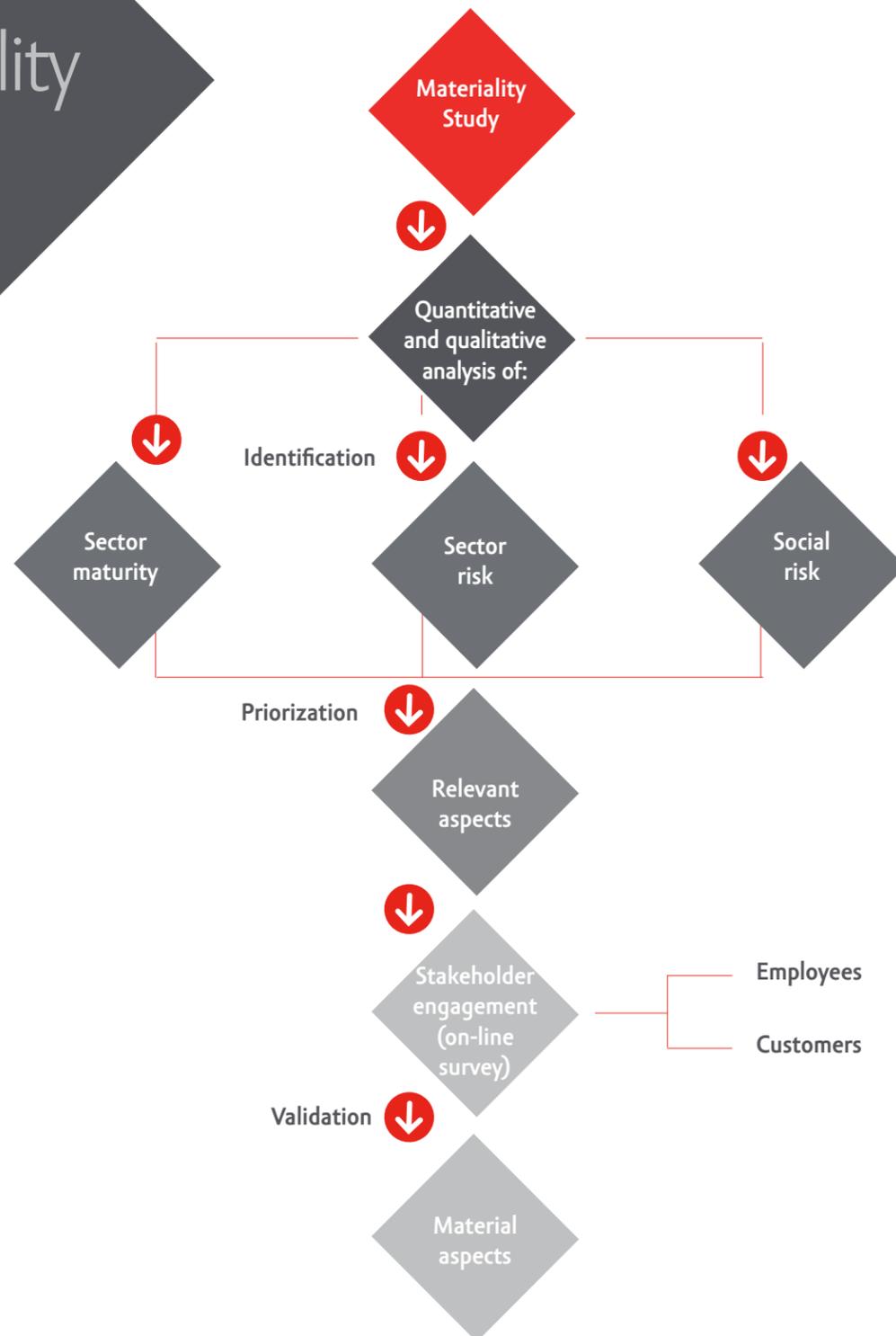
The data contained herein reflects in a comprehensive manner the Grupo Elektra's performance during 2016, and informs of significant impacts on material aspects and on those relevant to the company or its stakeholders, their management and scope.

Completeness

G4-18

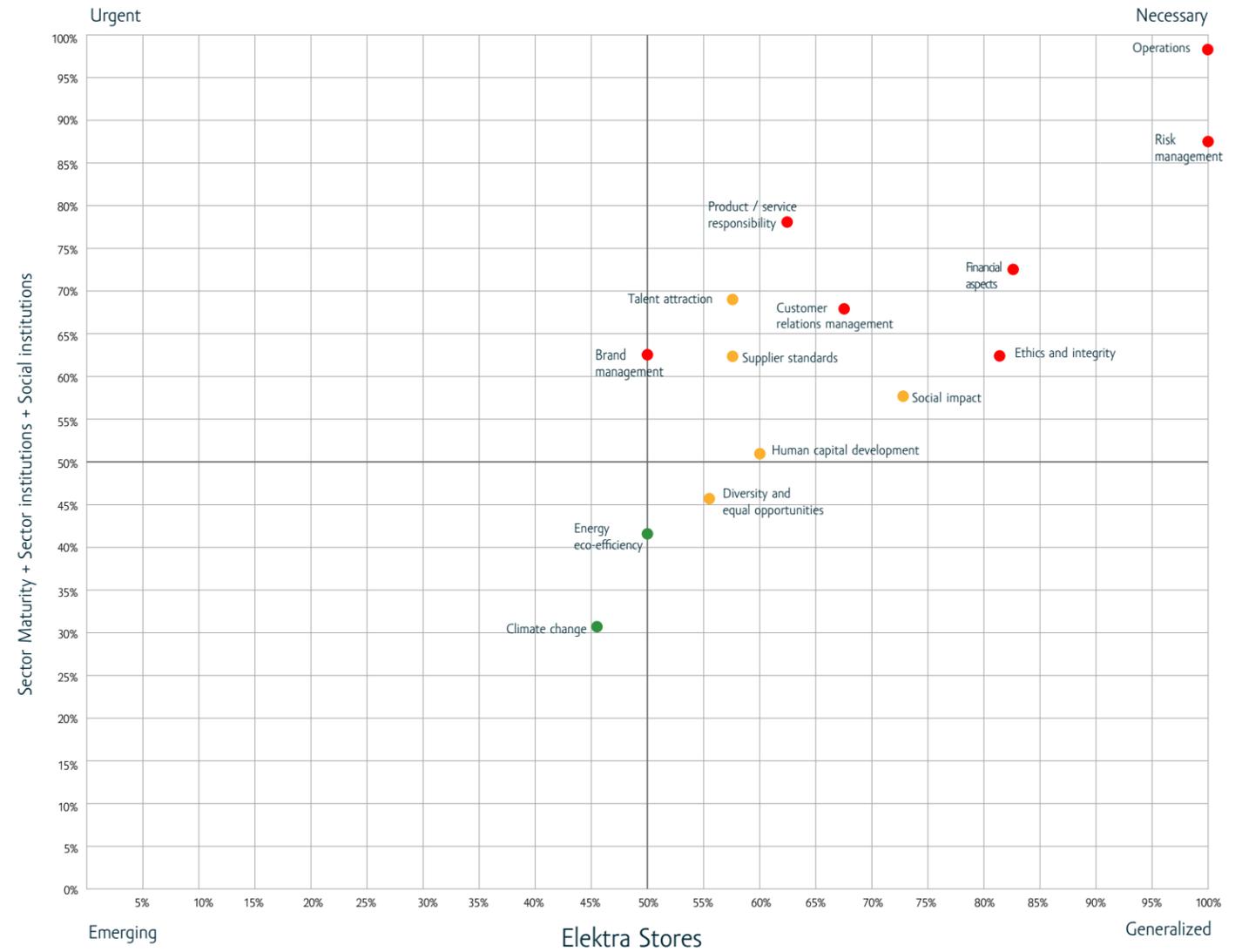
As part of its process for continuous improvement, in 2016 Grupo Elektra, together with *milenio3genera* –a sustainability consultant– carried out the review and update of the materiality study to identify materials aspects for both the company and its stakeholders, using the methodology below:

Materiality



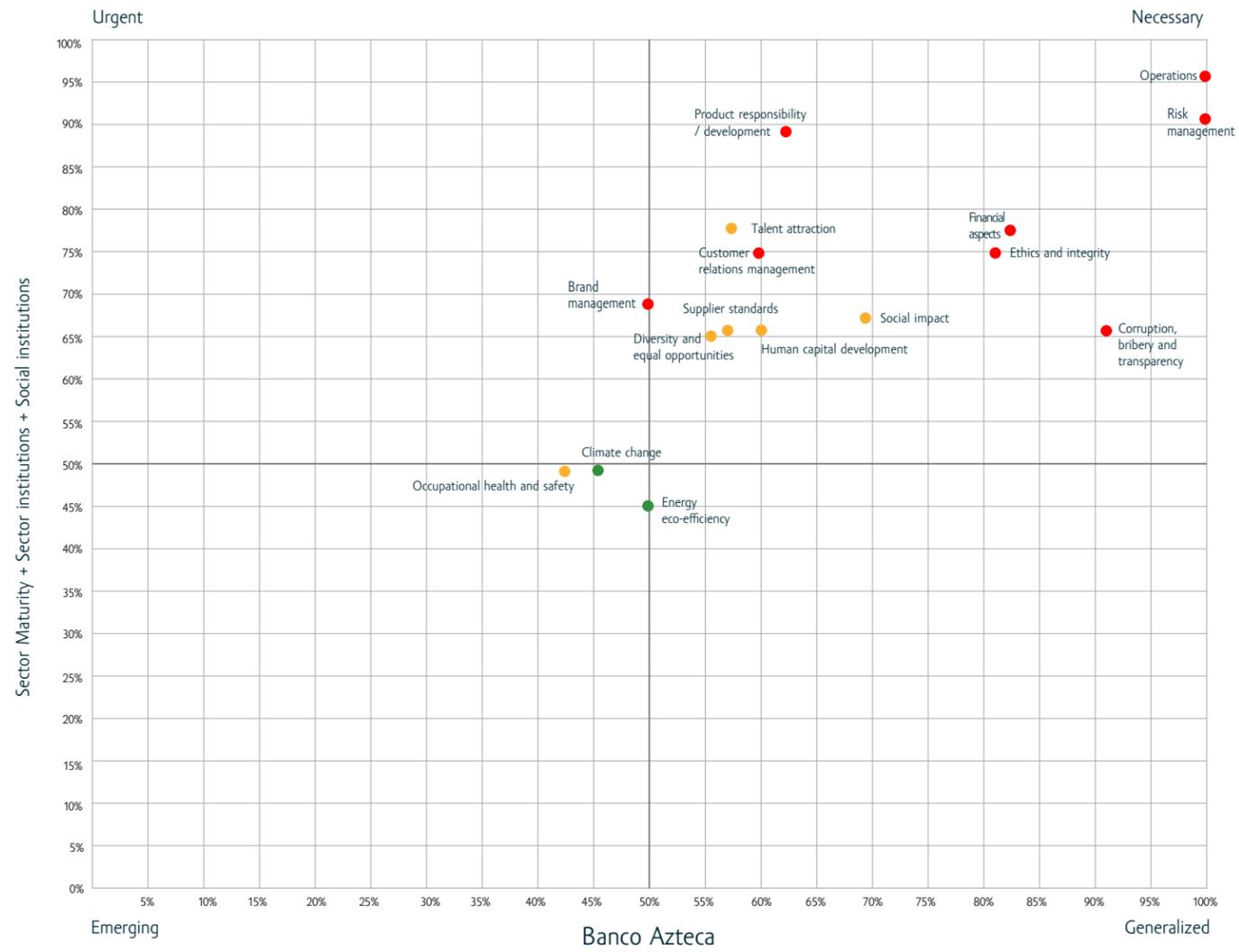
Relevant Aspects for Elektra Stores

G4-19



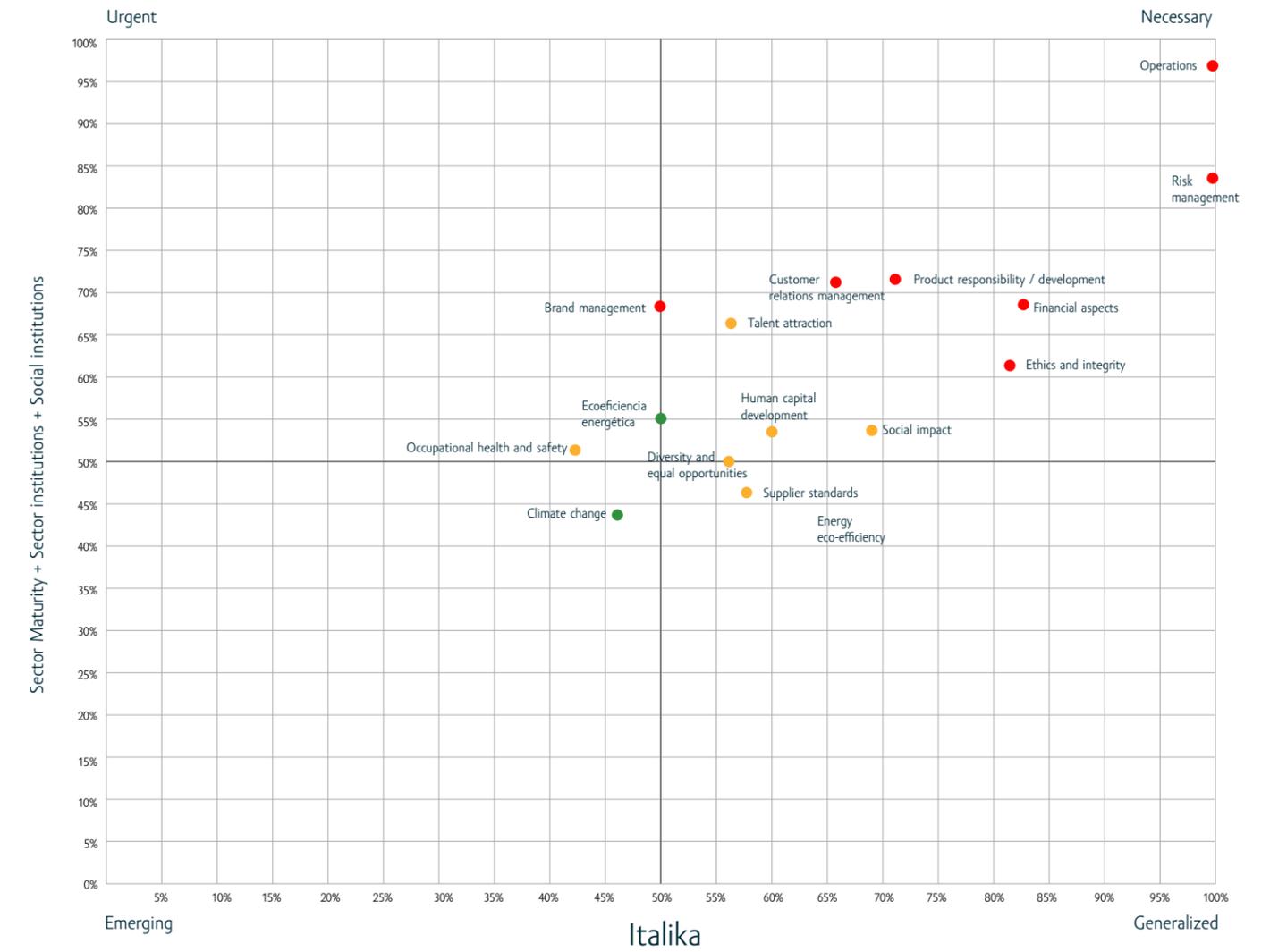
Relevant Aspects for Banco Azteca

G4-19



Relevant Aspects for Italika

G4-19



Stakeholder Engagement

G4-23, G4-26, G4-27

Relevant aspects were subsequently presented to stakeholders through online and in-person surveys. The main results are shown below:

Results

Elektra Stores

The most important aspects for Elektra Stores' employees and customers were:

Employees	Dimension	Customers
Product responsibility / development Ethics and integrity	Economic	Product responsibility / development
Human capital development Diversity and equal opportunities	Social	Diversity and equal opportunities
Climate change and other atmospheric emissions	Environmental	Climate change and other atmospheric emissions

Additionally, a large number of clients expressed that the development of human capital, talent retention programs and social benefits are of paramount importance for employees to have a high level of satisfaction and therefore provide a quality service.

Also, within the topic Product Responsibility, they affirmed that the most relevant area is that sellers correctly explain the products' conditions to make an informed purchase.

Banco Azteca

The main results from Banco Azteca's stakeholder engagement were:

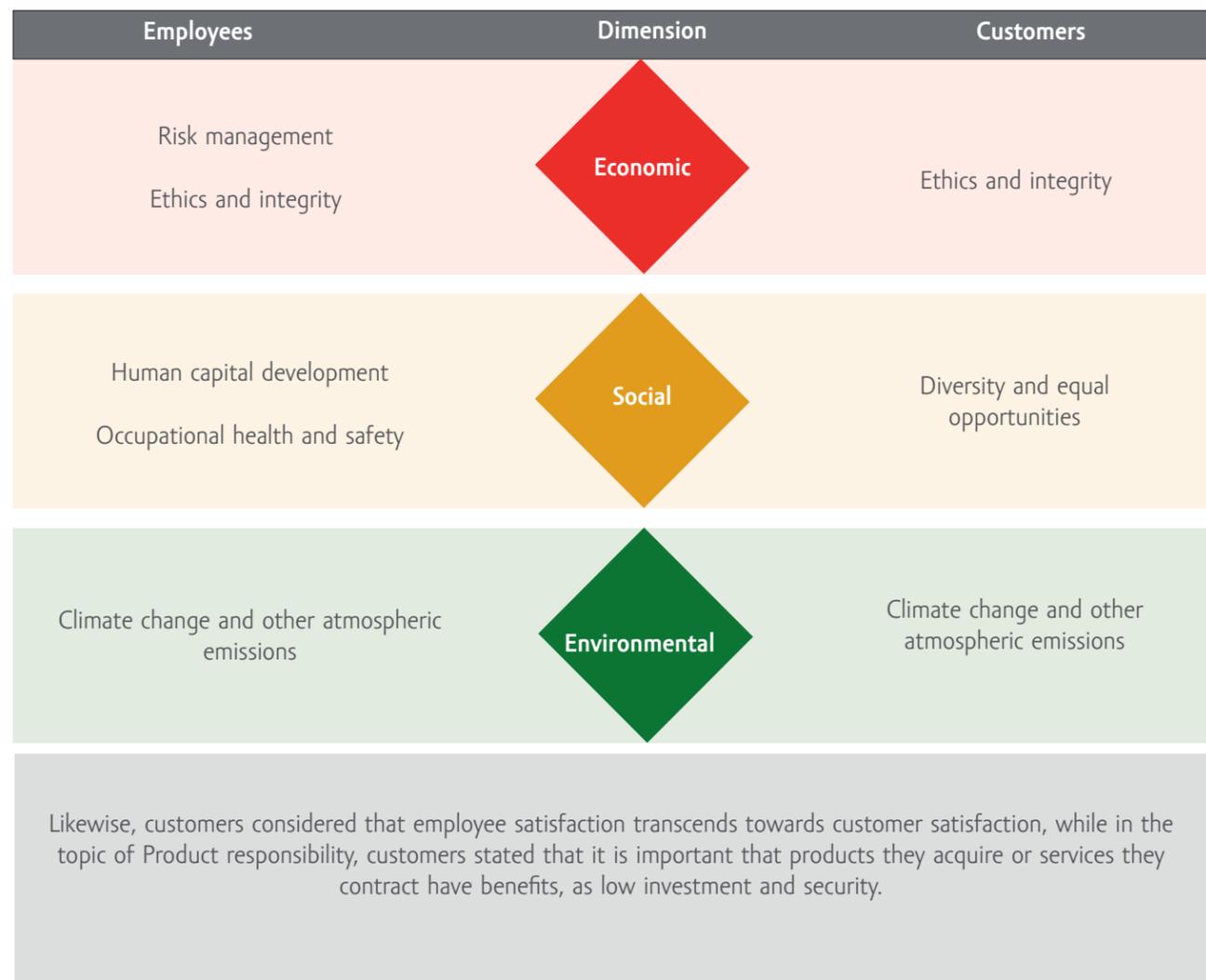
Employees	Dimension	Customers
Corruption, bribery and transparency Ethics and integrity	Economic	Ethics and integrity Product responsibility / development
Human capital development Occupational health and safety	Social	Diversity and equal opportunities
Climate change and other atmospheric emissions	Environmental	Climate change and other atmospheric emissions

Customers conveyed that the implementation of attractive retention programs and benefits allow employees to provide quality service.

In the subject of Product responsibility, they affirmed that the most relevant area is that the executives have an adequate training to explain to customers all the products' conditions, in a clear and understandable way, and that these, in turn, have the necessary information to choose the best product or service.

Italika

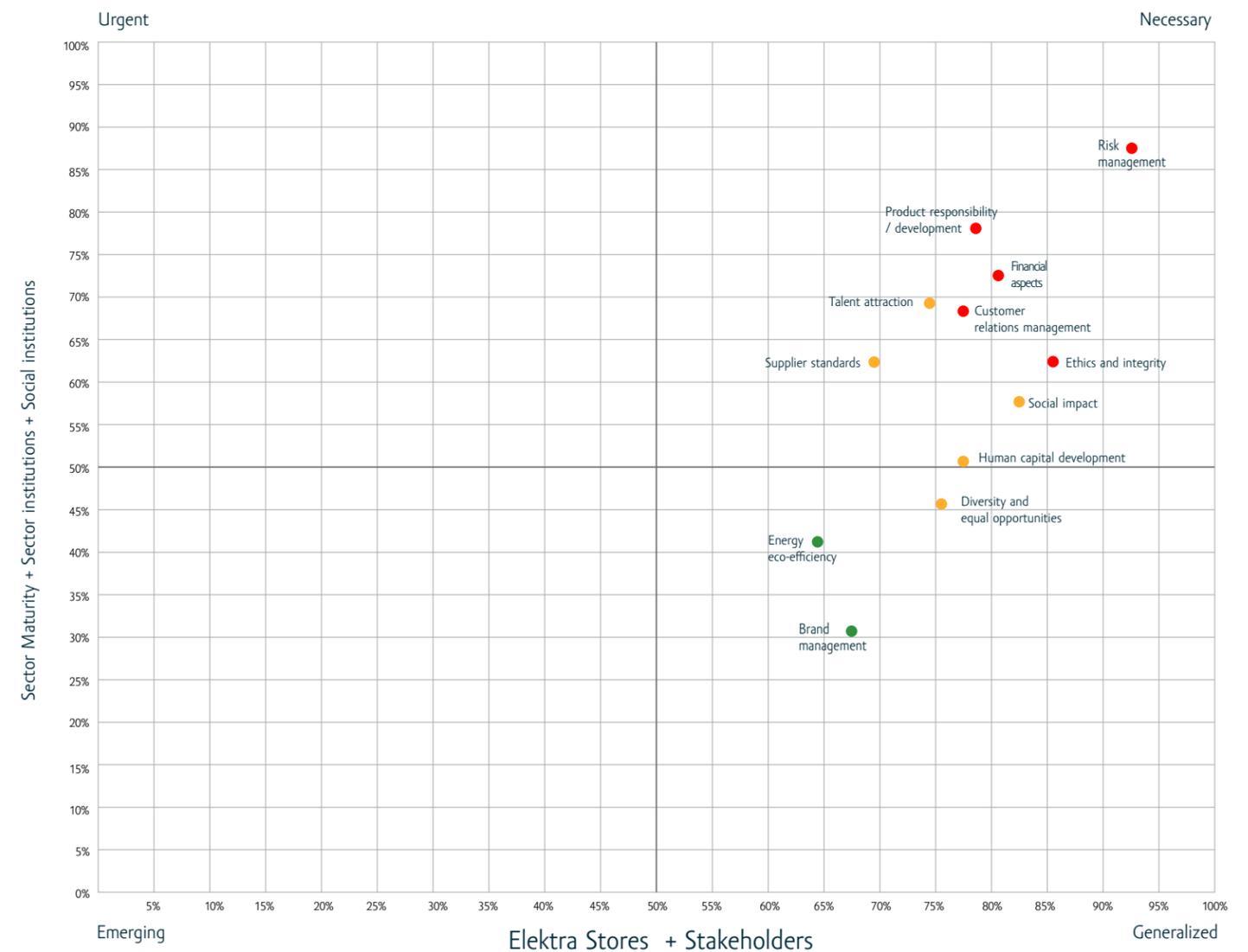
Italika's employees and customers expressed the following:



Material Aspects for Grupo Elektra

At the end of the stakeholder engagement, the correlation between the data and the results of sector maturity and sector and social risks analysis was identified, obtaining thus validation of stakeholders' material aspects:

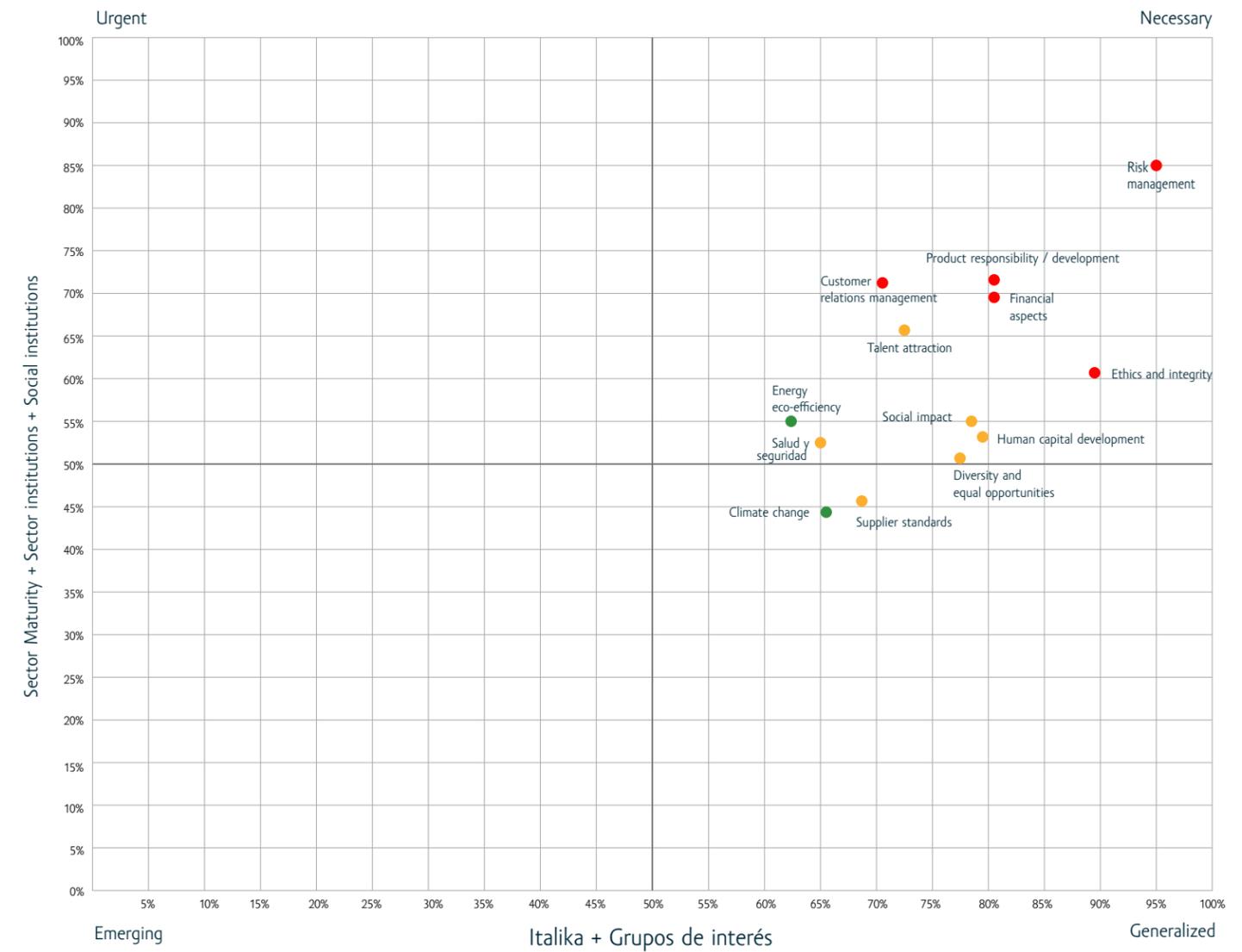
Elektra Stores



Banco Azteca



Italika



G4-19, G4-20, G4-21

Once the material aspects were validated, they were reviewed and translated into aspects established by G4 GRI Guidelines; furthermore, scope and boundaries were analyzed as shown in the table below:

Material aspect	GRI G4 Aspect	Scope		Boundaries
Risk management	Strategy and analysis / Organizational profile / Economic performance	●	●	Employees, Customers, Authorities and Investors
Ethics and integrity	Ethics and integrity	●	●	Employees, Customers, Authorities, Competitors, Community, Investors, CSOs and Suppliers
Corruption, bribery and transparency	Anti-corruption	●	●	Employees, Customers, Authorities, Competitors, Investors, CSOs and Suppliers
Financial aspects	Organizational profile / Economic performance / Overall	●	●	Authorities, Competitors, Investors and Suppliers
Product responsibility / development	Customer health and safety / Product and service labeling / Marketing Communications / Compliance	●	●	Employees, Customers, Authorities, Competitors and Community
Customer relations management	Customer health and safety / Product and service labeling / Customer privacy	●	●	Employees, Customers and Authorities
Energy eco-efficiency	Energy	●	●	Employees
Climate change and other emissions*	Emissions	●	●	Customers, Authorities, Community and CSOs
Talent attraction and development	Organizational profile / Employment	●	●	Employees and Customers
Human capital development	Training and education	●	●	Employees and Customers
Occupational health and safety	Occupational health and safety	●	●	Employees
Diversity and equal opportunities	Diversity and equal opportunity / Equal remuneration for women and men / Non-discrimination	●	●	Employees, Customers, Authorities, Community and CSOs
Social impact	Local communities / Indirect economic impacts	●	●	Community and CSOs
Supplier standards	Procurement practices / Supplier environmental assessment / Supplier assessment for labor practices / Supplier human rights assessment / Supplier assessment for impacts on society	●	●	Employees, Authorities and Suppliers

* Note. Climate change and other atmospheric emissions was not material within the study; however, this subject is very significant for Grupo Elektra due to current regulations.

- Material for Grupo Elektra
- Material within the Grupo
- Material outside the Grupo
- Material within and outside the Grupo

G4-32

GENERAL STANDARD DISCLOSURES

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G4-22	There are no re-expressions of information.
G4-23	93, 98-100

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G4-41	23, 27
G4-42	21
G4-43	22
G4-44	26
G4-45	27
G4-46	27
G4-47	21
G4-48	All areas participate in approving the Sustainability Report; the Sustainability area meanwhile, carries out a permanent monitoring of the process..
G4-49	26
G4-51	26
G4-52	26

Specific Standard Disclosures				
DMA and Indicators	Page number or link	Identified omission(s)	Reason(s) for omission(s)	Explanation for omission(s)
Ethics and integrity				
G4-56	32, 33			
G4-57	34-36			
G4-58	34-36			
CATEGORY: ECONOMIC				
Material aspect: Economic performance				
G4-DMA	7, 10-13			
G4-EC1	18, 17			
G4-EC1 (Comentario FSSS)	71			
G4-EC4	Grupo Elektra's companies do not, in any way, receive financial aid by the government.			
Material aspect: Indirect economic impacts				
G4-DMA	27, 43, 67-68			
G4-EC7	43			
G4-EC8	43, 68, 71			
Material aspect: Procurement practices				
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CATEGORY: ENVIRONMENTAL				
Material aspect: Energy				
G4-DMA	30, 82			
G4-EN3	84			
G4-EN5	84-85			
G4-EN6	85			
Material aspect: Emissions				
G4-DMA	30, 86-87			
G4-EN15	86-87			
G4-EN16	86-87			
G4-EN18	87			
G4-EN19	87			
G4-EN21	86-87			

Specific Standard Disclosures				
DMA and Indicators	Page number or link	Identified omission(s)	Reason(s) for omission(s)	Explanation for omission(s)
Material aspect: Overall				
G4-DMA	81			
G4-EN31	82			
Material aspect: Supplier environmental assessment				
G4-DMA	40			
G4-EN32	41			
G4-EN33	41			
CATEGORY: SOCIAL				
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK				
Material aspect: Employment				
G4-DMA	40, 53			
G4-LA1	53-54	Number and rate of new employee hires.	Information not available.	In order to standardize the reporting level among the three companies that comprise Grupo Elektra, only the turnover rate is communicated.
G4-LA2	59			
Material aspect: Occupational health and safety				
G4-DMA	65-66			
G4-LA5	65-66			
G4-LA6	65-66 24 mortal victims in Banco Azteca's operations.			
G4-LA7	65			
Aspecto material: Capacitación y educación				
G4-DMA	55-58			
G4-LA9	55-57	Average training hours by gender.	Information not available.	During the year, there was no accounting that considered gender. We will seek to communicate it in future reports..
G4-LA10	55-57			
G4-LA11	57-58			

Specific Standard Disclosures				
DMA and Indicators	Page number or link	Identified omission(s)	Reason(s) for omission(s)	Explanation for omission(s)
Material aspect: Diversity and equal opportunity				
G4-DMA	64-79			
G4-LA12	24, 53-54	Workforce breakdown by employee category and age.	Information not available.	In order to standardize the reporting level among the three companies that comprise Grupo Elektra, we communicate each's percentage of employees and breakdown by region.
Material aspect: Equal remuneration for women and men				
G4-DMA	64			
G4-LA13	64			
Material aspect: Supplier assessment for labor practices				
G4-DMA	40			
G4-LA14	41			
G4-LA15	41			
SUB-CATEGORY: HUMAN RIGHTS				
Material aspect: Non-discrimination				
G4-DMA	64, 79			
G4-HR3	During 2016, there were no discrimination incidents in Grupo Elektra.			
Material aspect: Freedom of association and collective bargaining				
G4-DMA	41			
G4-HR4	Grupo Elektra has not identified operations or suppliers in which the right to exercise freedom of association and collective bargaining may be violated.			

Specific Standard Disclosures				
DMA and Indicators	Page number or link	Identified omission(s)	Reason(s) for omission(s)	Explanation for omission(s)
Material aspect: Child labor				
G4-DMA	41			
G4-HR5	Grupo Elektra has not identified operations or suppliers with child labor risks, since in compliance with current regulations, child labor is prohibited.			
Material aspect: Forced or compulsory labor				
G4-DMA	41			
G4-HR6	Grupo Elektra has not identified operations and suppliers as having significant risk for incidents of forced or compulsory labor, due to its prohibition in accordance with applicable regulations.			
Material aspect: Supplier human rights assessment				
G4-DMA	40			
G4-HR10	41			
G4-HR11	41			
SUBCATEGORY: SOCIETY				
Material aspect: Local communities				
G4-DMA	47-48, 67, 71			
G4-SO1	67			
FS13	67, 68			
FS14	68, 70			
FS16	68			
Material aspect: Anti-corruption				
G4-DMA	37, 71			
G4-SO3	37			
G4-SO4	37			

Specific Standard Disclosures				
DMA and Indicators	Page number or link	Identified omission(s)	Reason(s) for omission(s)	Explanation for omission(s)
G4-SO5	In accordance with provision 52 of the General Provisions referred to in article 115 of the Ley de Instituciones de Crédito and provision 41 of the General Provisions referred to in article 95 bis of the Ley General de Organizaciones y Actividades Auxiliares del Crédito, absolute confidentiality must be maintained regarding information related to money laundering reports.			
Material aspect: Supplier assessment for impacts on society				
G4-DMA	40			
G4-SO9	41			
G4-SO10	41			
SUBCATEGORY: PRODUCT RESPONSIBILITY				
Material aspect: Customer health and safety				
G4-DMA	30, 42, 44			
G4-PR1	42, 81			
G4-PR2	There were no fines for regulation non-compliances regarding customer health and safety during the reporting period.			
Material aspect: Product and service labeling				
G4-DMA				
G4-PR3				

Specific Standard Disclosures				
DMA and Indicators	Page number or link	Identified omission(s)	Reason(s) for omission(s)	Explanation for omission(s)
Material aspect: Labeling of Products and Services				
G4-DMA	42, 45-46			
G4-PR3	46-47			
G4-PR4	Given the procedure for implementing preventive measures, continuous improvement and regulatory compliance before offering a product or service by Grupo Elektra, during the reporting period there was no incidents of non-compliance.			
G4-PR5	45			
FS15	27-31, 33			
Material aspect: Marketing communications				
G4-DMA	48			
G4-PR6	Grupo Elektra does not sell banned or disputed products.			
G4-PR7	Grupo Elektra had no regulation non-compliances regarding marketing communications.			
Material aspect: Customer privacy				
G4-DMA	49			
G4-PR8	In 2016, Grupo Elektra received no complaints regarding violations of confidentiality and leaks of personal data.			

Specific Standard Disclosures				
DMA and Indicators	Page number or link	Identified omission(s)	Reason(s) for omission(s)	Explanation for omission(s)
Material aspect: Compliance				
G4-DMA	42			
G4-PR9	There were no regulation non-compliances regarding supply, distribution or offer of products and services at Grupo Elektra			
FINANCIAL SERVICES SECTOR SUPPLEMENT				
Material aspect: Product portfolio				
DMA	55			
FS1	67			
FS2	31			
FS3	47			
FS4	55-56			
FS6	19			
FS7	19			
Material aspect: Audit				
DMA	31			
FS9	31			
Material aspect: Active ownership				
DMA	51			
FS12	51			

Contact

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For more detailed information about this report or Grupo Elektra's sustainability initiatives, please contact:

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grupo elektra