

PROSPERITY TO ALL

2019 SUSTAINABILITY REPORT



grupo elektra

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Grupo Elektra: *A driver of opportunity*

102-1, 102-2, 102-5

Grupo Elektra, S.A.B. de C.V. and its subsidiaries are part of Grupo Salinas, a group of companies engaged in various industries, committed to inclusive prosperity and serving as a forum for administrative development and decision-making by the leaders of its member companies.

The companies that make up Grupo Elektra are known as leaders in their markets, engaged in providing financial services and specialized retailing in Latin America, as well as the largest provider of short-term non-bank loans in the United States.

The Group was founded in 1950 as a manufacturer of radio transmitters, but it was not until 1957 when it began retail operations, with the opening of the first Elektra store.

With close to 70 years of experience, it is a driver of opportunity and progress for millions of families in Mexico, Honduras, Panama and Peru, not just through access to affordable merchandise and world-class financial services, but also an important source of jobs.

Grupo Elektra's structure is complemented by synergies between its financial and retail platforms for origination in the credit business and other services. It consists primarily of two divisions:

102-4

Grupo Elektra

Retail Business

Through this division, Grupo Elektra relies on its extensive store network and online catalog to bring affordable high-quality merchandise to its customers, as well as money transfers and transportation (Italika), which support inclusive prosperity and a better quality of life.

It is made up of Elektra Stores and Salinas y Rocha branches in Mexico; as well as Elektra Stores in Guatemala, Honduras, Panama and Peru.

Financial Business

Through this business, Grupo Elektra works to bring inclusive prosperity to millions of families in segments of the population that are under-served by traditional banking. It does so by facilitating access to financial products and services that effectively meet their needs, and through cutting-edge technology that ensures the highest quality service.

Its businesses are Banco Azteca, Afore Azteca, Seguros Azteca and Punto Casa de Bolsa in Mexico, Guatemala, Honduras, Panama and Peru; as well as Purpose Financial (formerly Advance America) its business unit operating in the United States.

These offer deposit services, micro-finance and other loans –personal, secured and consumer–business, commercial and government banking and other loans, life and property insurance, and retirement fund and investment management.

Retail Business

102-2, 102-6, 102-7

Among the products and services offered by this business are:

Products and Services

- Electronics
- Major appliances
- Small household appliances
- Furniture
- Motorcycles (Italika)
- Car parts and hardware
- Car batteries
- Cell phones
- Computers
- Mattresses
- Entertainment systems
- Fashion and accessories
- Beauty and personal care products
- Sporting goods
- Travel services
- Films, music and books
- E-commerce
- Wire transfers
- Extended guarantees
- Air time
- Long distance
- Mobile Virtual Network Operation (MVNO)

Elektra Stores

www.elektra.com.mx

One of our main channels to clients. Every store has a Banco Azteca branch.



1,314
points of contact
in Mexico

15
distribution
centers: 9 in
Mexico and 5 in
Latin America

Salinas y Rocha

With a 114-year history, these stores offer world-class merchandise; every store has a Banco Azteca module.



Italika

www.italika.mx

A motorcycle brand that allows Mexicans to own their own means of transport, enabling them to move more efficiently, comfortably, safely and enjoyably through their daily activities. Only a few years after its launch, Italika has become Mexico's number one motorcycle brand,



6 industrial bays, making it the largest assembly plant in Latin America

More than **840** Italika Service Centers (CESIT) in Mexico, and 170 in Central and South America

Financial business

102-2, 102-6, 102-7

Among the products and services it offers are:

Products and Services

- Consumer credit
- Personal loans
- Savings and investment accounts
- Debit cards
- Credit cards
- Insurance (Life, Casualty, Medical and Liability)
- Commercial loans
- Retirement fund management (AFORE)
- Credit information
- Lease-financing
- Secured loans
- Short-term non-bank loans
- Group loans
- Financial services to companies and their employees

Banco Azteca

www.bancoazteca.com.mx

Banco Azteca is a bank that offers consumer loans for property, personal loans, group loans and secured loans, as well as credit cards and deposit and investment accounts. Besides its operations in Mexico, it is also found in Panama, Guatemala, Honduras and Peru. In its 17 years of operation in Mexico, Banco Azteca has proven its commitment to developing financial products and services that bring progress and well-being to more than 20 million clients.



2,216
points of contact
in Mexico

Banco Azteca is
Mexico's largest
bank employer,
with more than
58,000
employees

It is Mexico's largest bank in terms of the number of points of contact with clients, and for 170 municipalities in the country, it is the only banking choice. It promotes financial inclusiveness by offering easy-to-use products and services so that people underserved by traditional banking can join the formal financial system.

Its financial products are complemented by a comprehensive array of non-bank services: Seguros Azteca, Afore Azteca, Presta Prenda, Micronegocio Azteca and Dinero Express.

The second largest bank in the country in terms of digital clients, with **7.2 million**

MXN\$2.09 billion in loans for eco-efficient appliances and electronics, helping clients to reduce their carbon footprint.



The largest bank in Mexico in terms of number of branches, with **1,843**

MXN 2.85 billion invested in renewable energy

Banco Azteca branches are staffed **66%** by women; 5 out of every 10 managers are women

Micronegocio Azteca

www.bancoazteca.com.mx/productos/negocio/micronegocio-azteca.html

Since 2010, this Banco Azteca business unit has focused on the aim of offering group credits to entrepreneurs and micro-business owners that want to invest in or grow their operations. Its products include Micronegocio Azteca Mujer, a credit product designed for women entrepreneurs at the base of Mexico's business pyramid.

Micronegocio Azteca supports more than
160,000
 entrepreneurs, 94% of which are women

339 services offices and a staff of more than 1,300 advisers

Presta Prenda

www.prestaprenda.com

The main purpose of this Banco Azteca business for the past 10 years has been offering loans secured by gold and silver in order to provide immediate access to cash for small business owners, independent workers in the formal and informal sectors, and women who manage their household budgets, through pawnbroking, selling, buying and services.



More than
1,000
 Presta Prenda branches across the country, making it the largest pawnbroking network in Mexico

Facilitates access to financial services for more than a million customers

1,826 points of contact in 28 of the United States

Purpose Financial

www.havepurpose.com

A leading supplier of short-term non-bank loans in the United States, focusing on working class families. Offers comfortable and affordable credit options for consumers whose needs are not being met by traditional financial institutions.

Its products are:

- Short-term loans
- Long-term loans
- Title loans
- Lines of credit



Afore Azteca

www.aforeazteca.com.mx

Through Grupo Elektra's extensive distribution network, it offers a range of retirement fund management options.



The **no. 1** AFORE in terms of worker preference based on net transfers of accounts between AFORES

Seguros Azteca

www.segurosazteca.com.mx

Seguros Azteca was created in 2003 to serve a segment of the population previously excluded by the insurance industry. It offers solutions providing effective production to clients according to their needs, at affordable prices in Mexico and Latin America.

Seguros Azteca offers Life, Accident and Medical insurance, the latter encompassing Personal Accident and Major Medical Insurance.

Seguros Azteca supports families at the base of the pyramid, through more than 20,000 claims paid out in 2019, totaling close to

MXN490
million

Punto Casa de Bolsa

www.puntocasadebolsa.mx

Grupo Elektra's brokerage firm, Punto Casa de Bolsa, pursues the mission of encouraging investment as a tool for savings and wellbeing, simplifying financial market concepts with excellent service. Its three business units are:

- Private investment. Aimed at individuals who want to increase their equity through securities investment; offers personalized consulting and investment portfolios consistent with the profile and goals of each investor, through equity and debt market trading.
- Institutional Promotion. Focused on offering trading services to company and government treasuries, AFOREs, mutual funds, repurchase funds, foreign funds and investors, through:
 - Boutique trading: optimum, efficient market trading.
 - Analysis of hedging levels and custom-designed reports.
 - Strategy, with projections on trends and market flows, trading ideas and special reports.
 - One-on-One, bringing clients a closer look at the best Mexican and foreign firms.
 - Innovation in communication through various channels.
- Investment banking: Aimed at small and mid-sized businesses and focused on consulting, structuring and placement of:
 - Securities Certificates and Stock Offerings to the investing public
 - Private Equity
 - Financial Transactions





Message to readers



102-14, 102-15

During 2019, Grupo Elektra fulfilled its firm purpose of promoting inclusive prosperity through the solid creation of economic, social and environmental value, which strengthened the well-being and progress of millions of families in Mexico, the United States, Central and South America.

It generated broad economic value by offering world-class merchandise and cutting-edge financial services that effectively meet the needs of an increasing number of families in the communities in which it operates.

In addition to this, the social value created by Grupo Elektra is evident through more than 80,000 employees, with increasing levels of job satisfaction and well-being.

The company also decisively promotes actions to improve the conditions of society, with its support for programs such as Plantel Azteca, which provided technical excellence secondary and baccalaureate education to more than 2,000 low-income students with outstanding academic performance, fully scholars. The company also supports Freedom Roads, Kybernus and The City of Ideas, initiatives that strengthen freedoms and the dissemination of knowledge, while seeking to create environments conducive to development and a better future.

In terms of environmental value, Grupo Elektra contributes with Un Nuevo Bosque - which in 17 years has contributed to planting 7 million trees - and Limpiemos México, which aim to preserve the environment for future generations. In addition, it encourages the rational use of natural resources in its value chain and uses environmentally friendly energy; Renewable energy consumption in the company currently represents 23% of the total consumed, and it seeks to gradually increase this proportion.



Grupo Elektra is firmly convinced to further boost the dynamism of its activities in the coming years and to contribute increasingly to the well-being of millions of families, as well as to the protection of the environment.

The information presented in this Sustainability Report also reflects our commitment to the 10 principles of the United Nations Global Compact, as well as to the 17 Sustainable Development Goals.

Grupo Elektra is a Grupo Salinas company - a group of dynamic, fast-growing companies at the forefront of technology, with a focus on inclusive prosperity, through the creation of economic, social and environmental value, operating in seven countries in the Americas.

Grupo Salinas' origins in Mexico date back to 1906 and currently its companies compete efficiently in the financial, specialized commerce, media and telecommunications sectors.

We are convinced that such companies are successful when aligned with the needs of the communities in which we operate.

Our commitment is to promote development and well-being at all levels of society.

Under this premise, I am pleased to communicate that Grupo Salinas supports the ten principles of the Global Compact, regarding Human Rights, Labor Rights, the Environment and the Fight against Corruption.

Through this communication, we express our intention to support and develop those principles within our sphere of influence.

We are committed to making the Global Compact and its principles part of the strategy, culture and day-to-day actions of our companies, as well as engaging in cooperative projects that contribute to the broader United Nations Development goals, in particular the Goals of the United Nations. Sustainable development.

We seek to improve our decision-making process aligned to the principles of the Global Compact, guide business planning and make Grupo Salinas a benchmark for sustainability, making significant contributions to our entire value chain.

We want to be a partner in the development of Mexico, as a fair and prosperous company for the nation, and thus promote the United Nations Sustainable Development Goals.

2019 at a glance

102-7, 102-8, 201-1

MXN119,010

million pesos in consolidated revenues at the close of 2019

Grupo Elektra reached **12th** place in Merco Empresas 2019 ranking of companies with the best corporate reputation in Mexico, in the category of Supermarkets and Department Stores.

Elektra Stores, Banco Azteca and Italika earned Mexican Standard **NMX-R-025-SCFI-2015** certification for Workplace Equality and Non-Discrimination.

Grupo Elektra and Banco Azteca ranked **13^{er}** in the "2019 Ranking: 500 companies against corruption" by Expansión Magazine

Italika opened its **sixth industrial bay**, making Ensamblika the largest assembly plant in Latin America

Banco Azteca was ranked **58th** on the list of "Companies with the best reputation in Mexico 2019" and was also included in the list of "Most responsible companies and best corporate governance in Mexico," both by Merco

Elektra Stores and Banco Azteca earned **Socially Responsible Enterprise** (ESR®) distinction for the 3rd year in a row, and Italika for the 5th year in a row

Close to **14.9 million** people benefited from Banco Azteca's "Learn and Grow" financial education program in Mexico and Latin America

Elektra Stores was recognized for the **lowest number of complaints** brought to the consume protection authorities during the "Buen Fin" promotional weekend; 100% of these were settled in the year 2019.

Italika has become the **most powerful motorcycle brand in Mexico**, according to the Brand Dynamics study.

Grupo Salinas took **first place** in the Personal Data Protection Innovation and Good Practices Price from the National Institute for Transparency, Information Access and Personal Data Protection (INAI), for implementation of the website www.datospersonalesgs.com.mx

88,883 Grupo Elektra employees; 35% women

Sustainable Value Creation

Inclusive Prosperity

GRI 405, 406, 408, 409, 412: 103-1, 103-2, 103-3
102-12

Grupo Salinas –the business group to which Grupo Elektra belongs– is a driver of inclusive prosperity, and contributes meaningfully to the development of countries where it is present. It has conveyed this quality to Grupo Elektra, which has become a key player in the push for sustainable development through value creation:

Economic

Through a supply of affordable, world-class merchandise and the creation of jobs.

Environmental

Through initiatives to mitigate the environmental footprint of Grupo Elektra operations.

Social

By promoting inclusion, financial education, and entrepreneurial advancement, and by building ties with communities and civil society.



Grupo Salinas remains an adherent to the United Nations Global Compact, an international initiative that promotes the support of ten universally accepted principles in the areas of human rights, labor practices, the environment and anti-corruption. With more than 12,500 members in more than 160 countries, the UNGC is the largest corporate social responsibility initiative in the world.

The 10 Principles of the UN Global Compact

Human Rights

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2

Businesses should make sure that they are not complicit in human rights abuses.

Labour

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4

Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5

Businesses should uphold the effective abolition of child labour.

Principle 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7

Businesses should support a precautionary approach to environmental challenges

Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies

Anti-corruption

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

The companies of Grupo Salinas, among them Grupo Elektra, have specific procedures in place to guarantee respect for human rights by all its stakeholders, promote digital and financial inclusion and contribute to talent development. Furthermore, through Fundación Azteca, it supports access to educational excellence under a number of different programs.

Grupo Salinas is firmly convinced of the pivotal role companies play on the path to sustainable development, where they become agents of change by creating jobs and building wealth, transforming the communities where they operate.

This conviction led Grupo Salinas to participate in the International Forum on Educational Inclusion and Equity, an event held by the United Nations Education, Science and Culture Organization (UNESCO) and attended by members of Grupo Elektra's General Department of Human Development, Communication and Integration.

In the current context, amid widespread determination to contribute to the international human rights agenda stipulated in the United Nations Sustainable Development Goals (SDG) and the Education 2030 Framework for Action, the event served as a platform for debate and the exchange of ideas on how to ensure inclusive, high-quality education for all sectors of societies.



Sustainable Development Goals (SDG)

SDG	Goal
	End poverty in all its forms everywhere
	End hunger, achieve food security and improved nutrition and promote sustainable agriculture
	Ensure healthy lives and promote well-being for all at all ages
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
	Achieve gender equality and empower all women and girls
	Ensure availability and sustainable management of water and sanitation for all
	Ensure access to affordable, reliable, sustainable and modern energy for all
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
	Reduce inequality within and among countries
	Make cities and human settlements inclusive, safe, resilient and sustainable
	Ensure sustainable consumption and production patterns
	Take urgent action to combat climate change and its impacts
	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
	Strengthen the means of implementation and revitalize the global partnership for sustainable development

In 2019, Grupo Elektra and its companies earned various recognitions and certifications.

Elektra Stores and Banco Azteca earned **Socially Responsible Enterprise ESR®**, distinction for the 3rd year in a row, and Italika for the 5th year in a row

Elektra Stores and Banco Azteca received **Great Place to Work (GPTW)** certification in Mexico, Central America and the Caribbean

Additionally, to strengthen Corporate Social Responsibility management in the companies of the group, the Grupo Salinas Social Responsibility Committee took on various issues in 2019, which gave rise to certain resolutions, among them:

- Review and update of the Grupo Salinas Code of Ethics.
- Drafting and execution of a volunteer plan in the companies of Grupo Salinas, and launch of the "Contigo por México" (Together for Mexico) program by Fundación Azteca.
- Definition of strategies to obtain Mexican Standard NMX-R-025-SCFI-2015 certification for Workplace Equality and Non-Discrimination.
- Planning for compliance with the provisions of the NOM-035-STPS-2018 standard, "Psychosocial Risk Factors on the Job."
- Participation of Grupo Salinas companies in the United Nations Program for Development (UNPD) Youth Empowerment Program



Elektra Stores, Banco Azteca and Italika earned Mexican Standard NMX-R-025-SCFI-2015 certification for **Workplace Equality and Non-Discrimination** from ANCE

Materiality

102-43, 102-46

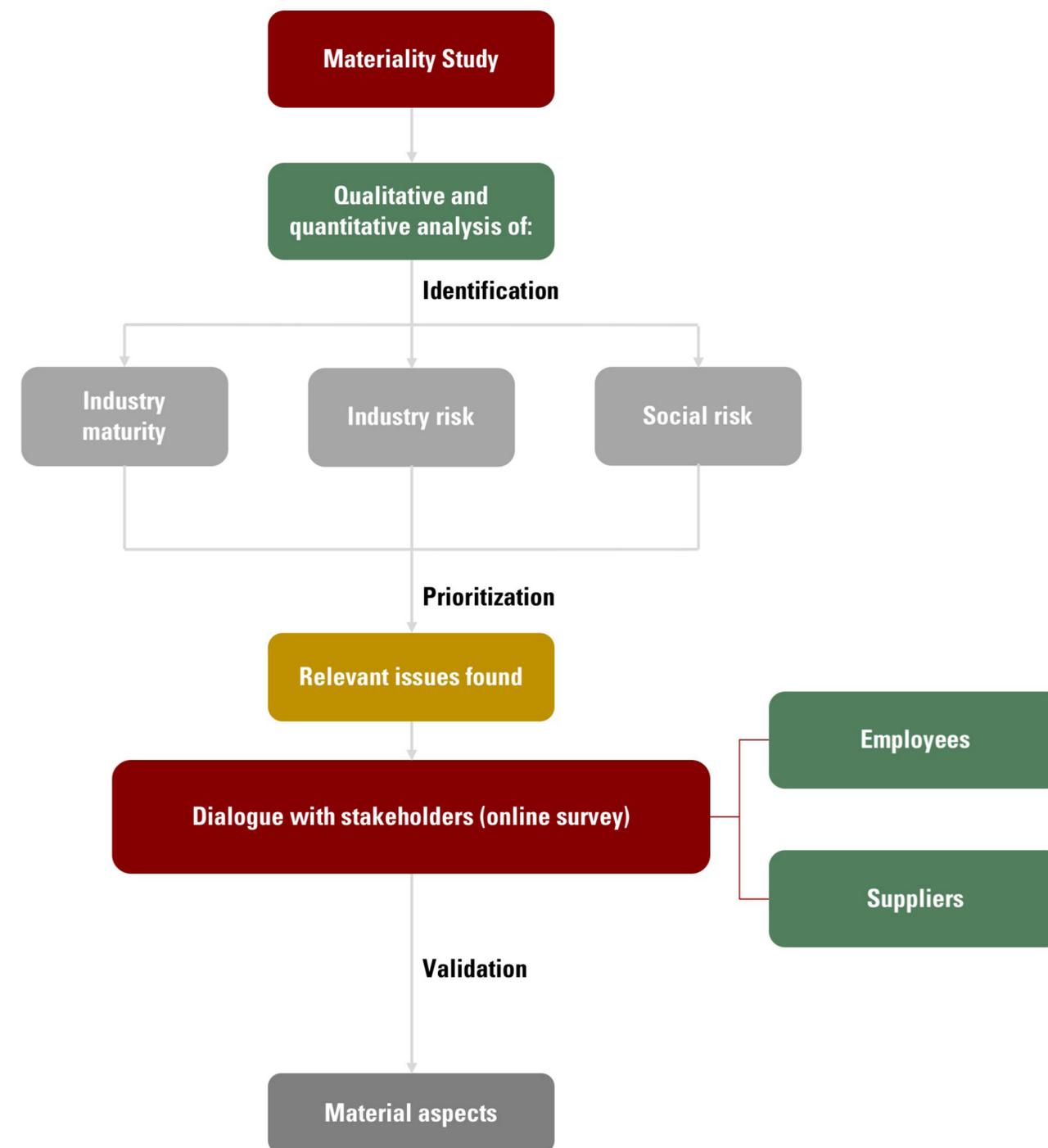
In 2019, Grupo Elektra continued to bolster its management of issues that have the greatest impact on its operations, and on which its operations have the greatest impact. With the help of an independent consulting firm, we conducted a new materiality study to identify the most relevant aspects both for Elektra Stores, Banco Azteca and Italika, and our stakeholders, through the following methodology:



For further information about methodology used and the results of dialogue with stakeholders, see page 175 of section "Annexes" to this Report.

This materiality study encompassed new topics of analysis, according to global methodology and evaluation requirements –cybersecurity, social issue management, and financial inclusion.

The relevant issues were presented to two Grupo Elektra stakeholder groups –employees and suppliers– through a dialogue based on online surveys, in order to validate the material aspects to manage in the 2019-2020 period.

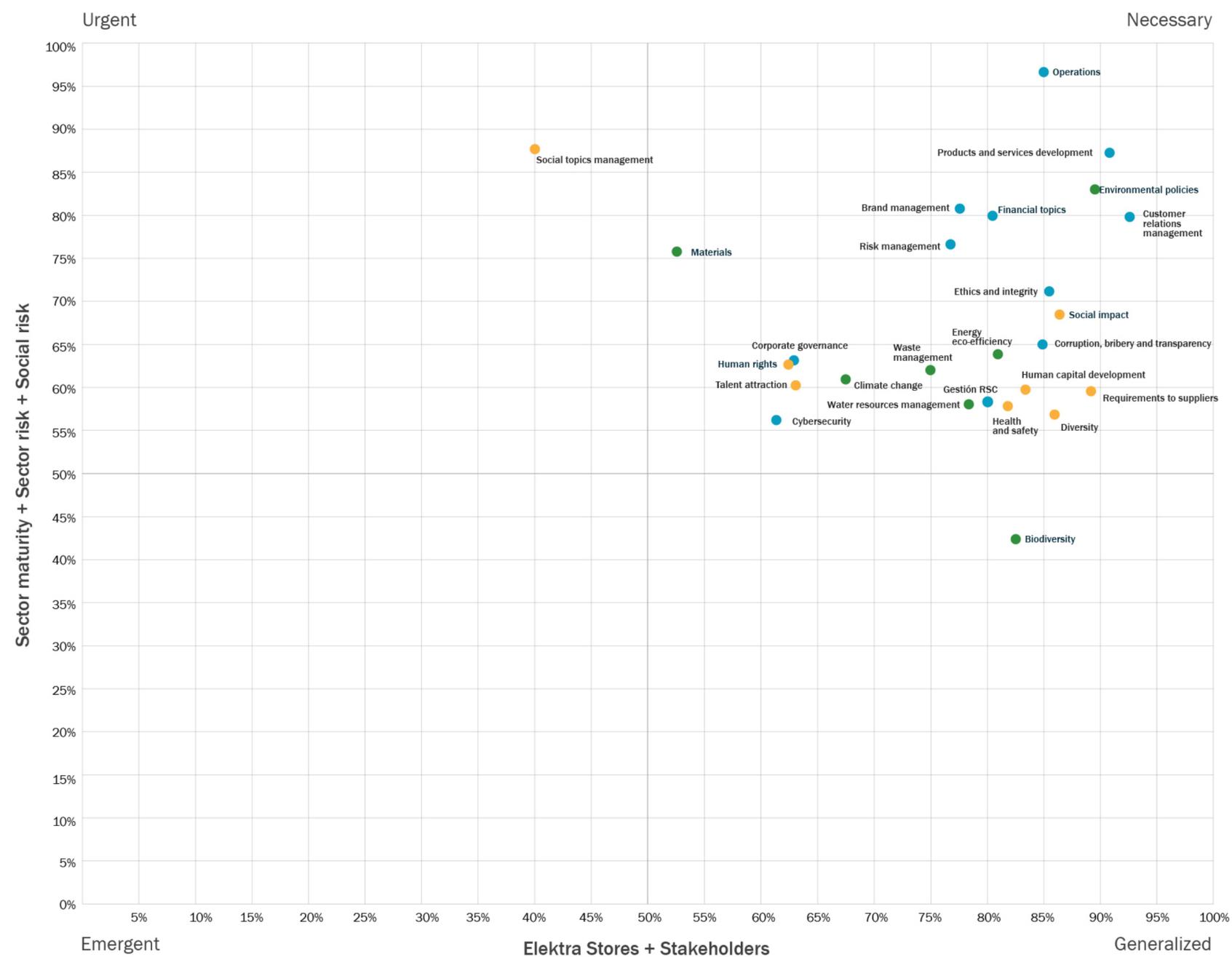


The material issues that resulted from this exercise were the following:

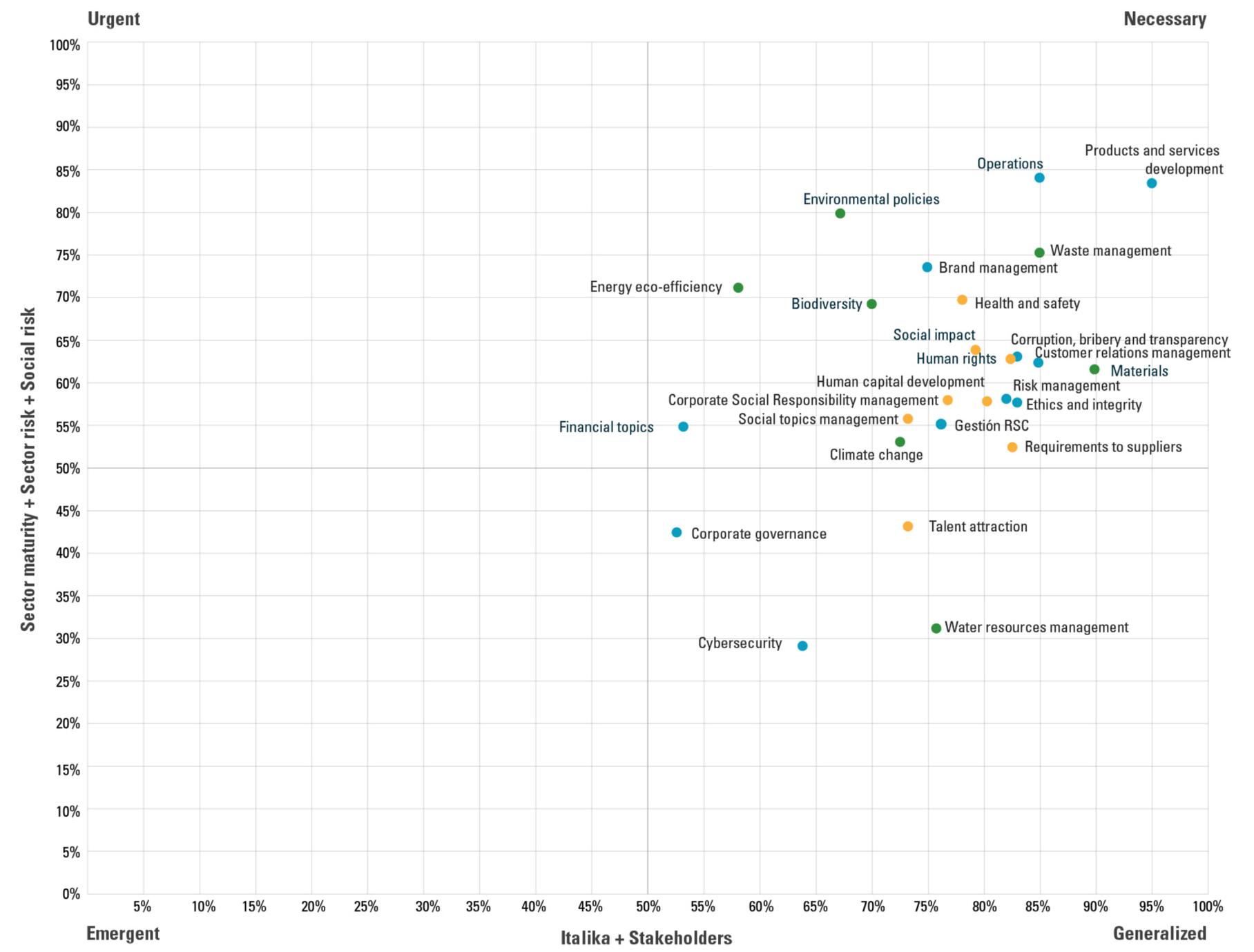
Material aspects

102-47

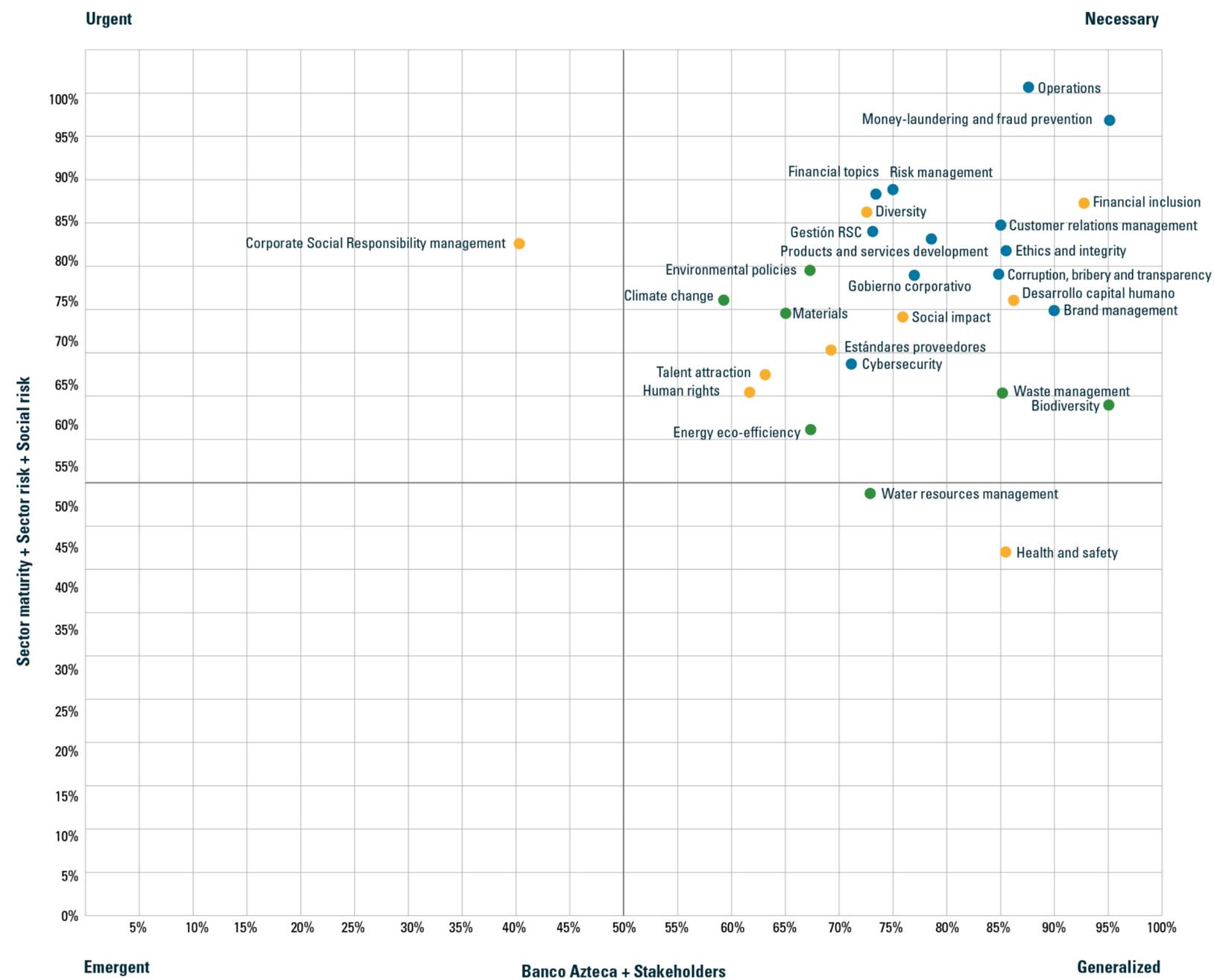
Elektra Stores



Italika



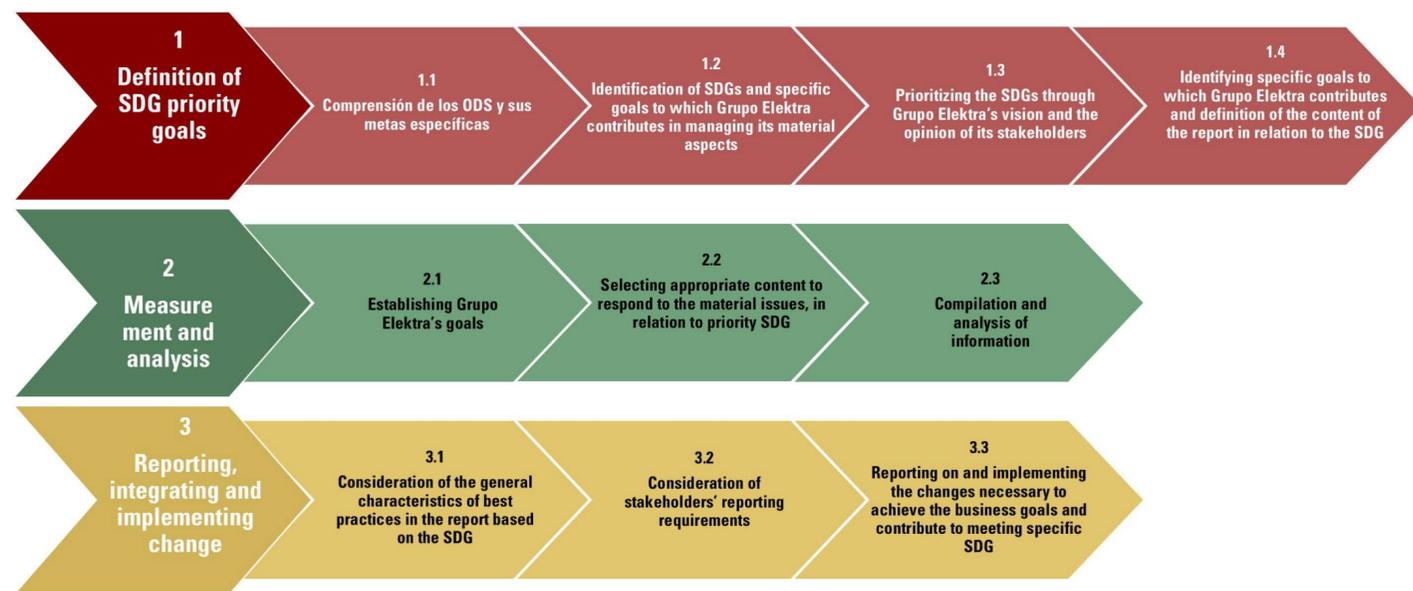
Banco Azteca



102-47

Having validated the material aspects for Grupo Elektra in 2019-2020 through this dialogue with employees and suppliers, these issues were reviewed and translated into Global Reporting Initiative (GRI) standard terms. To learn more about the results of this correlation, as well as detailed information on the company or companies for which each aspect was material, see page 178 of the “Attachments” section of this Report.

In 2019, based on the practical guide for adopting the Sustainable Development Goals (SDGs) in corporate reporting, developed under Global Reporting Initiative (GRI) Guidelines and the United Nations Global Compact, Grupo Elektra took on the task of prioritizing the impact of these matters and identify the SDGs to which it contributes most in managing its material aspects. The process was as follows:



In 2019, based on the tool developed by Evaluación de Impacto B, Grupo Elektra’s business units worked on prioritizing the Sustainable Development goals, and succeeded in identifying three main goals for each of them. The results were as follows:

Elektra Stores			
Italika			
Banco Azteca			

Note: Additionally, as part of Grupo Elektra’s dialogue with stakeholders in 2019, employees and suppliers participated in this prioritization of the SDG. To view the results of this exercise, see page 178 of the “Attachments” section of this Report.

102-47

Through this exercise, the companies of Grupo Elektra together succeeded in linking priority SDGs with some of their material issues, establishing goals for 2020 as follows



Material aspects	Priority SDG	2020 Goals for Grupo Elektra
CSR Management Social impact Financial inclusion		Continue promoting the “Drug-Free Living” program. Reduce the number of Banco Azteca employee accidents by 20% compared to 2019. Complete the second round of certification of 100% of the Portfolio Leaders in Mexico.
		Provide financial education to kids and young people through the “Learn and Grow” program Continue to benefit at least 14 million people through the “Learn and Grow” program
		Promote financial inclusion and contribute to women’s advancement. Hold two courses a year for corporate employees regarding gender equity and women’s empowerment. Provide at least one financial education course or workshop aimed at women, through “Learn and Grow.” Carry out at least 10 projects nationwide on gender equity.
		Keep salaries for Banco Azteca employees in Mexico at least 200% above the legal minimum wage. Provide 180 hours of training to each beneficiary of the “Youth Building the Future” program. Promote financial inclusion by facilitating access to financial services for millions of Mexican families. Benefit 1,200 people through the “Youth Building the Future” program.
		Follow up on the goals established for each material issue for Banco Azteca, in relation to the Sustainable Development Goals. Carry out a study of environmental, social and corporate governance (ESG) risks.
	Risk management Cybersecurity Money-laundering and fraud prevention	

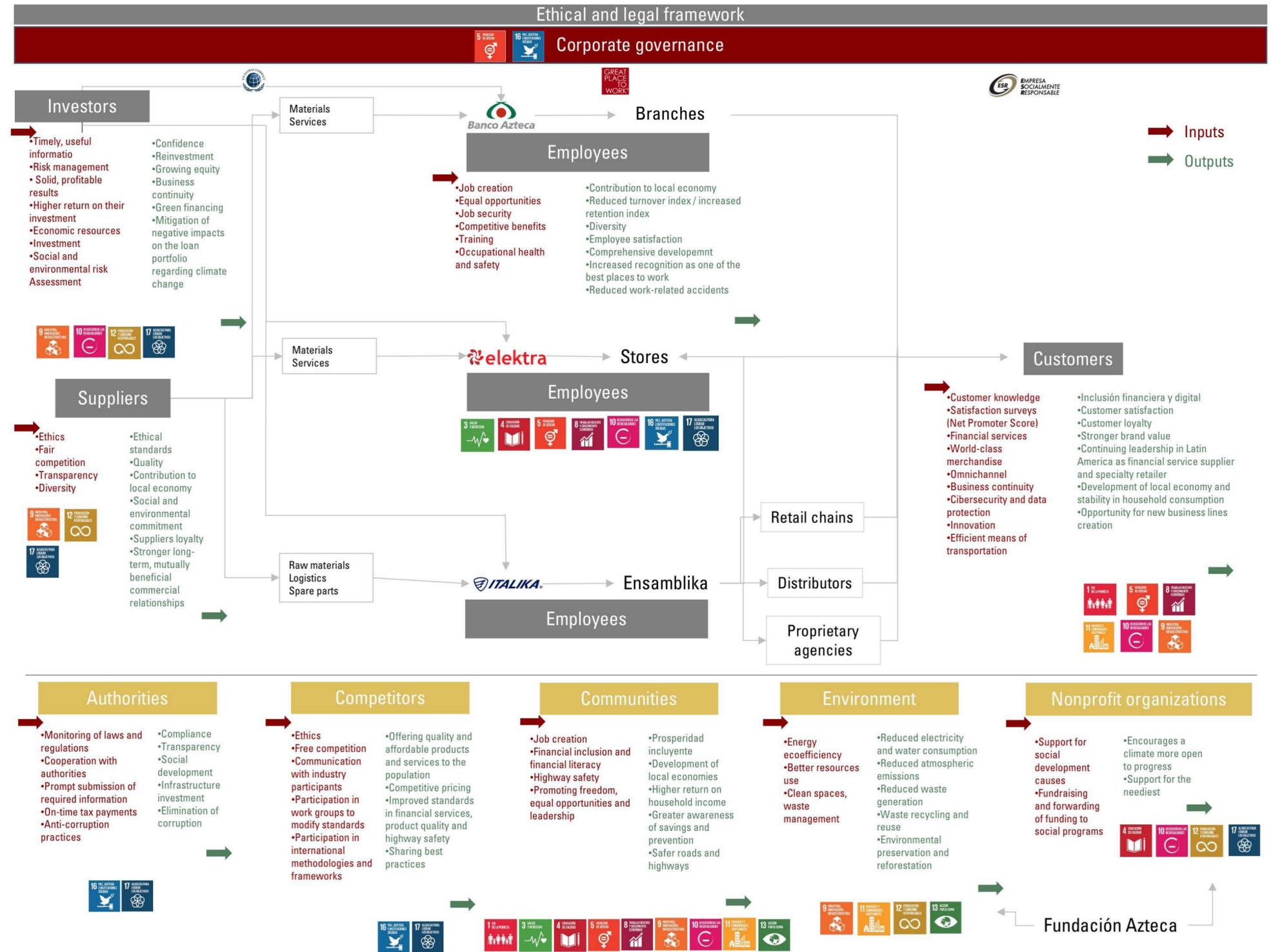
Value Creation Model

102-40, 102-42

As part of its commitment to building sustainable value to ensure inclusive prosperity, Grupo Elektra continually works to identify how its companies impact certain issues and certain stakeholders, and to discover how they in turn affect its operations and its environmental and social performance.

In keeping with the ethical and corporate principles for which this Group is known, we have built a value creation model that ensures long-term value generation for all of our stakeholders, in all the countries where we operate.

The following is a list of the concrete inputs and outputs of Grupo Elektra's value chain and their relationship to each group of stakeholders.



Grupo Elektra Sustainability Strategy

Based on Grupo Salinas' approach to inclusive prosperity and material issues for Grupo Elektra companies, we are constantly working on developing action lines to address stakeholder needs and expectations and to appropriately manage each aspect.

Elektra Stores, Italika and Banco Azteca are also assessing environmental and social criteria and have pledged to generate comprehensive sustainability strategies in the medium term, and align these with the SDGs.

In 2020, the group will devote its efforts to continue the following actions begun in 2019:

- Continue current environmental and social sustainability initiatives for example:
 - **Energy efficient operations:** expand the current pilot program of solar panels at our branches, install efficient lighting, insulation, etc. in existing buildings
 - **Paperless strategy:** continue and potentially expand the current pilot program.
- Develop sustainable investment and financing policies that define principles and targets for environmental and social management of Banco Azteca's loan portfolios, following the U.N. principles for responsible investment (PRI) and best international practices. The latter includes implementation of a policy for including ESG criteria in the investment process at Afore Azteca, which should be complete by January 2022, in compliance with regulations for AFOREs on this matter.

Sustainable finances

To help transition toward a low-carbon economy, sustainable consumption, zero emissions mobility and create new jobs and new businesses, Grupo Elektra's subsidiaries have the following strategic action lines:

Financing for large-scale projects. Investment in green projects that make renewable energy a viable and less damaging alternative for the planet, promoting energy efficiency by financing wind and solar farms and geothermal plants. Green financing in our commercial portfolio in 2019 was as follows:

- Portfolio dedicated to sustainable investment or financing: MXN 2.85 billion 3.1% of the total Banco Azteca portfolio.

Consumer credit. In order to give our clients access to products that make households more energy-efficient through products sold by Elektra, we financed 165 eco-efficient products, meaning they meet certain criteria for low consumption of water, electricity or gas.

- Portfolio dedicated to loans for eco-efficient products in 2019: MXN2.09 billion, 2.3% of the portfolio.

Green mobility. Financing for zero-emissions mobility options, through loans in Elektra store to buy Italika electric bicycles. We also have plans to finance the Italika Voltium electric motorcycle, which will be launched in 2020.

Microbusiness. Group loans to entrepreneurs and micro-business owners who want to invest in or grow their family business. These products include Micronegocio Azteca Mujer, a loan designed especially for women entrepreneurs.

- Portfolio dedicated to Microbusiness in 2019: MXN1.02 billion, 1% of the portfolio.

All totaled, to mobilize capital for halting climate change and achieving the SDGs in Mexico, Banco Azteca extended MXN5.96 billion in credit, or 6.6% of its portfolio.

Banco Azteca's digital strategy is another way we pursue sustainable, profitable growth, with more than 7.2 million digital clients in 2019 and 4,179,351 transactions made by smartphone, compared to just 1,294,594 conducted in person.

...digital banking avoided the emission of **1,880** tCO₂e by our clients



Industry engagement

In 2019, Banco Azteca Peru signed the industry Code of Ethics of the Peruvian Bankers' Association, in support of five principles: Integrity, Respect, Transparency, Non-discrimination and Equality

102-13

In order to promote shared prosperity, Grupo Elektra conveys its commitment to society by engaging actively and continuously with various industry chambers and associations that encourage ethical, sustainable operations.

We also collaborate with various institutions and companies belonging to the industries our companies are engaged in, in order to share best industry practices and supply better products and services for customers, always with a focus on free competition.

Elektra Stores

In 2018, the agreement signed in 2016 between Elektra Stores and the Federal Consumer Protection Agency (PROFECO) remained in force. This year efforts focused on establishing compliance requirements to obtain records and carry out "Buen Fin" sales, for example, and strengthening the work of an interdisciplinary work created in 2008 to immediately address customer complains through PROFECO's *Conciliaexpres* program, considerably streamlining the process of receiving and resolving cases in the year.

Italika

Italika supports the issues of mobility, road safety and advocacy for those who use Mexico's public roads, through various organizations, such as:

- MX Road Community (CVMX)
- Mobility Advisory Council of Delegación Benito Juárez
- Mexico City's Comprehensive Road Safety Program (PISVI)
- Draft of a national standard for motorcycle helmets

Banco Azteca

FS12

For Banco Azteca, being an active member of these Chambers and Associations is a matter of strategic importance, because they allow it to:

- Participate, interact and generate value proposals that involve the banking industry in Mexico and Latin America.
- Participate in industry discussion forms and idea-sharing, to identify best practices
- Support and participate in promoting financial education initiatives.

- Participate in discussion forums to fortify the General Provisions and establish standards that enhance the efficiency of the industry as a whole.
- Discussion and generation of proposals on legislative improvements, regulations, decrees and provisions regarding banking activities, so that they conform more closely to international practices.
- Conduct studies to analyze the impact of possible regulatory reforms in these areas.
- Promote relations with international organizations to strengthen ties and share ideas.

México

- Mexican Bankers' Association (ABM)
- Mexican Insurance Institutions' Association (AMIS)
- Mexican Retirement Fund Managers' Association (AMAFORE)
- Mexican Securities Industry Association (AMIB)
- Mexican Financial Institutions Union (UNIFIMEX)
- Inter-American Development Bank - Multilateral Investment Fund (IDB-MIF)
- Mexican Finance Executive Institute (IMEF)
- American Chamber of Commerce of Mexico (AMCHAM)
- Mexican AFORES Association (AMAFORE) through Afore Azteca

Estados Unidos

- Community Financial Services Association of America (CFSA)

Honduras

- Asociación Hondureña de Instituciones Bancarias (AHIBA)
- Cámara Empresarial Honduras México (CEHM)

Guatemala

- Guatemalan Bank Association (ABG)
- American Chamber of Commerce (AMCHAM)
- Mexican Chamber (AMEX)
- Managers' Association of Guatemala (AGG)
- Chamber of Microfinance
- Chamber of Finance
- Chamber of Commerce
- Chamber of Industry
- Association of Motorcycle Importers (ASIM)

Panamá

- Panamanian Bank Association
- Mexico-Panama Chamber (CAMEX-PA)

Perú

- Peruvian Bankers' Association (AS-BANC)



Economic value

Prosperity that builds confidence

GRI 201: 103-2
102-7, 102-48, 201-1

Financial indicators	2018 Results	2019 Results	% Change 2019 vs. 2018
Consolidated revenues	\$103,876	\$119,010	15%
• Financial Business revenues	\$65,429	\$74,015	13%
• Retail Business revenues	\$38,447	\$44,996	17%
Operating expense	\$45,165	\$50,163	11%
Operating income	\$15,001	\$11,893	(21%)
Total assets	\$277,389	\$348,106	25%
Cash and cash equivalents	\$26,183	\$26,014	(1%)
Total liabilities	\$192,817	\$250,309	30%
Shareholders' equity	\$84,572	\$97,797	16%
Property, plant & equipment and intangibles	\$6,764	\$7,850	16%

Nota: Cifras en millones de pesos.

Economic value generated		Economic value distributed		Economic value retained	
2018	2019	2018	2019	2018	2019
\$103,876	\$119,010	\$85,811	\$99,915	\$18,065	\$19,095
15%		16%		6%	

- Figures in millions of pesos.
- Economic value generated refers to the amount of consolidated revenues.
- Economic value distributed is the sum of costs and general expenses.
- Economic value retained means earnings before interest, taxes, depreciation and amortization (EBITDA).
- This information can be viewed in Grupo Elektra's 2019 annual report at: <http://www.grupoelektra.com.mx/Documents/ES/Downloads/Grupo-Elektra-Informe-Anual-2019.pdf> (p. 313).

MXN119.01
billion pesos in consolidated
revenues at the close of 2019

GRI 201: 103-1, 103-3

A substantial part of Grupo Elektra's strength lies in the solidity of its economic performance. In 2019, Grupo Elektra successfully placed a 5-billion-peso issue of securities certificates expiring in 2022, at a rate of 240 basis points over the TIIE28. The proceeds will be used to refinance liabilities.

This event is proof of the financial markets' confidence in the solidity of Grupo Elektra's financial performance, as well as the positive prospects of the domestic economy.

In 2019, consolidated revenues totaled MXN119.01 billion, a 15% increase over the previous year, spurred by a 13% growth in the financial business and 17% in the retail business.

In 2019, Grupo Elektra will invest MXN8,816 million in opening, improving and maintaining points of contact in Mexico, Central and South America, and the United States.

In 2019, Grupo Elektra will invest **MXN 8,816** million in opening, improving and maintaining points of contact in Mexico, Central and South America, and the United States

MXN45 billion in retail revenues by the close of 2019; 17% more than the year before

Elektra Stores

Sales growth for our retail business was driven largely by the brisk dynamics of Italika motorcycle sales –thanks to their innovative and safe models and their ability to offer fuel-efficient transportation alternatives that shorten travel times– as well as positive performance in telephones and appliances, which are sold under the most competitive conditions on the market.

Retail sales also got a boost from the maturation of the omnichannel strategy and the online store (www.elektra.com.mx), which achieved more aggressive growth, by selling an extended catalog and having an expanding base of qualified vendors under the marketplace system, together with the new larger-format stores that can display a more extensive catalog of products.



Italika

Italika motorcycles increased their presence in various department stores and supermarkets across the country, and with almost 4,000 points of contact, Italika has achieved a market share of more than 60% of the Mexican motorcycle market. It has become known as a 100% Mexican brand that offers superior quality and technical support for its products, and it is the largest competitor in the market, producing upwards of 760,000 motorbikes a year.

Distribution through 30 proprietary agencies and 141 dealerships



760,740
 Italikas assembled in 2019

828,374
 Italikas sold

Presta Prenda, with half a million clients, granted more than **MXN6 billion** in secured loans

MXN74.01 billion in revenues from the financial business at the close of 2019, 13% more than the year before.

In 2019, Micronegocio Azteca's portfolio totaled **MXN1.02 billion**, supporting more than 160,000 clients

Banco Azteca

The financial business achieved satisfactory results, with revenues of MXN74.01 billion, reflecting primarily a 15% growth in interest income at Banco Azteca Mexico thanks to its customer-centric strategy, accompanied by firm growth in gross loan portfolio and the notable vigor of traditional deposits.

F57

Banco Azteca customers opened more than 24 million deposit accounts in 2019, which is significant considering that there are 32 million households in the country. This means the bank is supporting financial inclusion in the communities where it operates.

The total client portfolio grew to total deposits of MXN17.40 billion, a 16% increase in the year, spurred on by an advance of MXN8.40 billion in the Guardadito product family, equivalent to 22%.

The gross portfolio of Banco Azteca México increased 16% to MXN93.25 billion, up from MXN80.35 billion the year before. The bank's loan delinquency rate closed the year at 3.7%, compared to 3.5% in 2018. Loan-loss provisions covered the non-performing loan portfolio 2.27 times over: reserves recorded on the balance sheet totaled MXN7.76 billion as of December 31, 2019, compared to past-due loans of MXN3.42 billion.

The investment family also contributed to results thanks to a growth of MXN9.01 billion, or 13%, in the year. With this the institution gained 39 basis points of market share, equivalent to an 8% increase in the comprehensive client deposit portfolio.

² For more details about Banco Azteca's revenues visit page 181 of the "Annexes" section of this report.

Afore Azteca is the number 1 retirement fund manager in its industry in terms of the number of accounts managed and transferred accounts

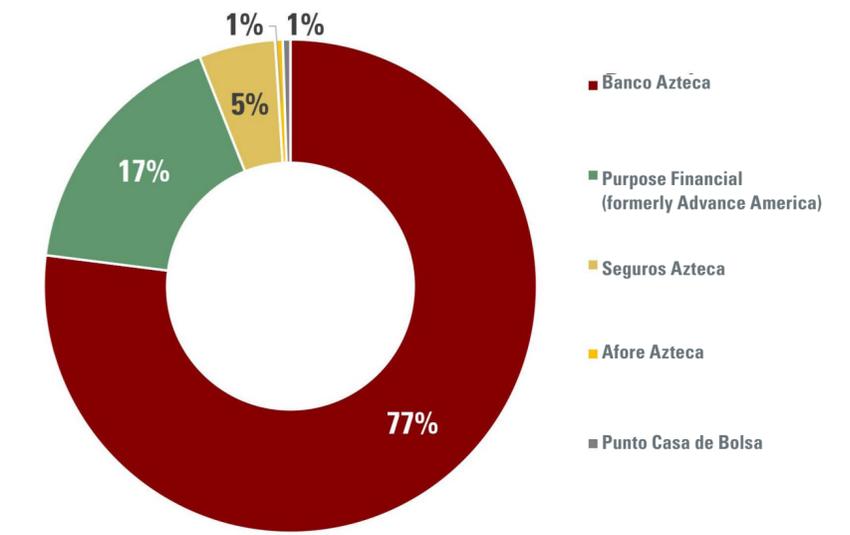
MXN3.61 billion in premiums written by Seguros Azteca in 2019, and MXN1.46 billion in Seguros Azteca Daños

Punto Casa de Bolsa participated in 50 securities market placements totaling **MXN60 billion**

Mexico's third largest bank in terms of personal loan portfolio, with close to **MXN32 billion**

Banco Azteca has **15 million** clients in Mexico and 4 million in Latin America

Breakdown of revenues by business division



Fiscal Principles

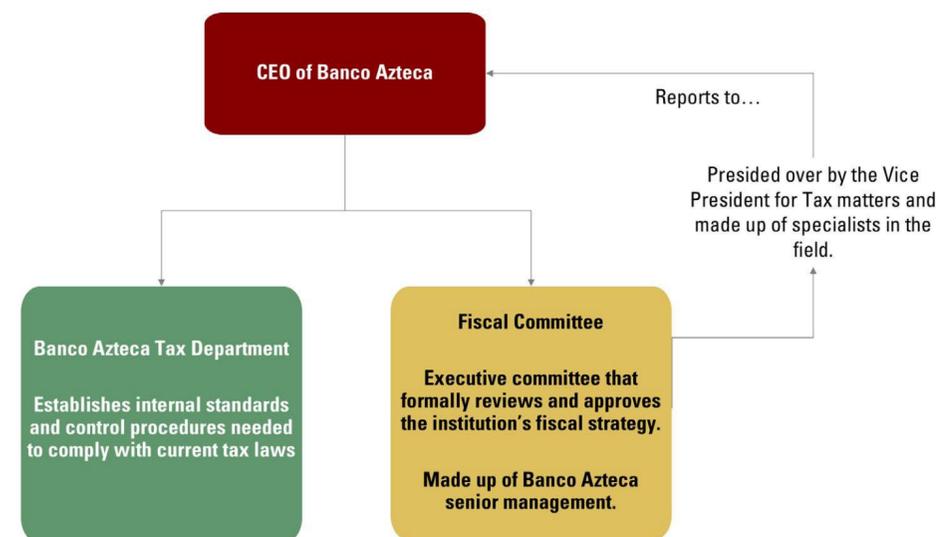
GRI 207: 103-1, 103-2, 103-3
207-1

Banco Azteca has a set of Fiscal Principles that establish that the institution must comply with all the applicable tax laws, based on the guidelines of **transparency, integrity and prudence**.

207-2, 207-3

Correct management of tax matters is fundamental to Banco Azteca's culture, so the institution has developed a solid governance structure in this area. It has also drafted strict policies and procedures that address fiscal matters and are distributed to all the strategic and operating areas, encouraging employees to share this commitment.

Governance



3 For further details about Banco Azteca's Fiscal Principles see page 182 of the "Annexes" section of this report.

4 For more information about Principles and Best Practices of Corporate Governance that Grupo Elektra follows, please visit https://www.bmv.com.mx/docs-pub/cmpc/cmpc_925553_2018_1.pdf.

Responsible Leadership

The extensive experience and know-how of Grupo Elektra's leaders, together with the Principles and Best Practices of Corporate Governance that we follow, represent the key factors that guarantee honest and responsible management of the company, and they define the Group's strategic path toward inclusive prosperity, and therefore, sustainability.

Board of Directors

Corporate Governance: 103-1, 103-2, 103-3
102-18, 102-22, 102-23, 102-24

In 2019, The Board of Directors of Grupo Elektra was made up of 10 members, three of them independent (30%). All of the Directors were regular members, and were appointed and/or ratified by the General Ordinary Shareholders' meeting to hold their position for terms of one year.

All board members are selected on the basis of their experience, capacity and professional prestige

The following is a list of Board Members for 2019.

Nombre	Cargo	Consejero desde	Edad
Ricardo Benjamín Salinas Pliego ***	Chairman of the Board of Grupo Elektra	1993	64
Hugo Salinas Price ***	Honorary Chairman of Grupo Elektra	1993	88
Pedro Padilla Longoria **	CEO of Grupo Salinas	1993	54
Guillermo Eduardo Salinas Pliego **	President of Grupo Avalanz	1993	60
Roberto Servitje Achutegui *	President of Grupo Altex, S.C.	2000	66
Luis Jorge Echarte Fernández **	Vice President of International Relations, Grupo Salinas	2003	75
Joaquín Arrangoiz Orvañanos **	General Director of Sales and Business Relations, Grupo Salinas	2008	63
Hugo Fernando Salinas Sada **	CEO of Tiendas Neto	2017	34
Héctor Marcelino Gómez Velasco y Sanromán *	Chairman of the Board of Grupo Netec	2010	62
Gonzalo Brockmann García *	President of Best Western Hotels in Mexico	2010	66

*Independent board member.

** Related member

***Equity related member.

To learn more about Grupo Elektra's Board and its members, visit: <http://www.grupoelektra.com.mx/es/consejo-de-administracion> and <http://www.grupoelektra.com.mx/Documents/ES/Downloads/Grupo-Elektra-Informe-Anual-2019.pdf> (pp. 87-90).

The members of Grupo Elektra's board have remained in office for 18 years on average

When appointed, independent Board Members must submit a written statement to the Chairperson of the Shareholders' Meeting regarding their fulfillment of independence criteria, as established in article 26 of the Securities Market Act, and also stating that they are able to discharge their duties completely free of any conflict of interest and without regard to their own personal, equity or economic interests.

30% of the members of Grupo Elektra's board are independent, which is above the regulatory minimum of 25%

100% of the members of Grupo Elektra's board are leaders of companies with a solid position in relevant sectors of the Mexican economy and, therefore, have extensive experience in risk management

Duties of the Board

To ensure transparent chains of command and responsibility, at Grupo Elektra the activities of the Board of Directors and General Management are separate.

102-19, 102-26, 102-31

The Board of Directors and the General Management meet regularly—at least once a quarter—to address policies, strategies and procedures for managing the business, progress against targets and goals, as well as values, vision, mission and purpose, and to identify those areas that may need to be brought up to date to keep pace with the internal, national and international climate.

Board meetings may be legally called to order when the majority of its members are present or represented.

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

- To establish general strategies for the operation of the company and the corporations that it controls, in order to ensure their permanence over time.
- To supervise the management and operation of the company and the corporations it controls, considering their relevance to the company's financial, administrative and legal situation, and the performance of their executives.
- To ratify –with the opinion of the committee concerned– policies, appointments, operations, guidelines and strategic transactions by the organization.
- To submit all necessary legal information to the General Shareholders' Meeting held at the end of each fiscal year.
- To ensure that all shareholders are given equal treatment, that their rights are respected, their interests protected, and that they have access to information on the company.
- To monitor the primary risks to which the company and its corporations are exposed, which have been identified based on the information presented by the Chief

Executive Officer, the Risk Committee, the Audit Committee and the Comprehensive Risk Management Unit. This evaluation includes management of environmental and social risks, validated by the Risk Committee.

- To approve policies on reporting and communications with shareholders and the market, as well as between board members and senior management, in keeping with the company's bylaws.
- To encourage the creation of internal control mechanisms and information quality assurance.
- To decide on actions to be taken to remedy any irregularities the Board is aware of, and to implement the necessary corrective measures.
- To establish the terms and conditions under which the Chief Executive Officer carries out his duties, under a legal obligation to execute the agreements of the Board of Directors.
- To order that the Chief Executive Officer publish the material events of which the Board is aware, with due regard to the obligations that fall to the Chief Executive Officer under article 44, section V of the Securities Market Act.

102-21, 102-27

To ensure full understanding and accurate decision-making by the Board of Directors on any economic, social and environmental matter relevant to Grupo Elektra, every point addressed in the meeting is explained in detail to all of its members, who may at any moment:

- Request information from the company and the corporations that it controls as is reasonable necessary for making decisions.
- Ask that key executives and others, including external auditors, be present to contribute information useful for making decisions by the Board.
- Postpone meetings of the Board of Directors when there is insufficient information to make a decision.
- Deliberate and vote, with the exclusive presence –if the Board so desires– of its members and Secretary, and/or any expert in the issue to be discussed.
- Resolutions are passed by an absolute majority of votes, present or represented, unless otherwise provided for in the Law or corporate bylaws.

Committees

102-22

Three committees provide support to the Board of Directors in carrying out its duties:

Audit Committee

This committee is made up of three outside board members, and is in charge of:

- Reviewing:
 - Internal financial control systems
 - Procedures for financial reporting
 - Activities and independence of internal and external auditors
- Evaluating internal control policies and systems at Grupo Elektra
- Receiving reports on transactions with related parties.

Members of the Audit Committee in 2019

Name	Member since	Age
Gonzalo Brockmann García *	2010	64
Marcelino Gómez Velasco y Sanromán *	2010	62
Roberto Servitje Achutegui *	2010	66

*Independent Board Member

Corporate Practices Committee

This committee is made up of two independent members and one related member. Its duties are:

- To be informed of:
 - Grupo Elektra investment policies
 - The use of company assets
- Approve and supervise the Capex budget
- Provide an opinion on the performance of key executives.

During 2019, Mr. Roberto Servitje Achutegui - independent director - served as financial expert in support of the functions of both Committees.

Members of the Corporate Practices committee in 2019:

Name	Member since	Age
Gonzalo Brockmann García *	2010	64
Roberto Servitje Achutegui *	2010	66
Guillermo Salinas Pliego **	2010	60

*Independent member

**Related member.

102-26, 102-49

Integrity Committee

This committee is made up of three members who are appointed by the Shareholders' Meeting and who are supported by the General Director of Compliance in discharging their duties. Some of their responsibilities are:

- To draft and review of the Grupo Elektra Code of Conduct and Ethics, in order to keep it up to date, along with the pertinent codes, policies and procedures.
- To design, structure, implement, execute and evaluate the Ethics, Integrity and Compliance Program (known as the Integrity Program).
- To ensure that Grupo Elektra's transactions and businesses are conducted ethically, honestly, and transparently.
- To conduct an anti-corruption training program for executives and employees.
- To publicize the Integrity Program within the Group.
- To address and resolve matters relating to the Group's Integrity Program, including any violations of it, and to investigate them and impose the appropriate sanctions.
- To control, oversee and audit the Integrity Program.
- To monitor any changes in the legal or regulatory framework that affect the Group's Integrity Policy.
- To approve any modifications or adjustments to the program itself.

Members of the Integrity Committee in 2019

Name	Member since
Javier Arturo Ferrer Báez	March 27, 2020
Alberto Javier Bringas Gómez	March 27, 2020
Norma Lorena Contreras Cordero	March 27, 2020

Note: Members may be removed by the Board of Directors at any time.



Creation of the Integrity Program earned both Grupo Elektra and Banco Azteca 13th place in the 2019 ranking of "500 Companies Against Corruption."

Stakeholder engagement and feedback

102-19

The Board of Directors delegates, monitors and evaluates the actions and goals of the Chief Executive Officer through two mechanisms:

Quarterly or extraordinary meetings of the Board with key executives and/or any other person involved, to address priority matters.

Regular meetings of the auxiliary committees with key executives and/or any other person involved.

102-33, 102-34

In addition to these formal meetings, Board Members, committee members and key executives are in constant communication regarding issues that require monitoring or which have been transmitted by stakeholders, through meetings, calls, videoconferencing, text messaging and other media. The Board of Directors thus identifies, evaluates and responds to the needs and expectations of its stakeholders regarding the company and its performance.

Board Evaluation

102-28

As part of the same process, the board undergoes a self-evaluation on the quality of its performance. This is carried out by the Chairman of the Audit and Corporate Practices Committees, and presented in the Annual Ordinary Shareholder’s meeting as the Board’s report on its operations and activities.

Management Team

102-10, 102-19, 102-20

Grupo Elektra is distinguished by the extensive experience of its management team, which helps reinforce its success in managing various business areas, and in meeting organizational goals. In 2019, senior management was as follows:

Name	Title
Alejandro Valenzuela del Río	CEO of Banco Azteca
Fabrice Jack Deceliere Márquez	CEO of Red Única
Luis Niño de Rivera Lajous	Chairman of the Board of the Directors of Banco Azteca
Adriana de la Puente Martínez de Castro	General Director of Wellness, Communication and Integration at Grupo Salinas
Manuel González Palomo	Vice President of Systems
James A. Ovenden	CEO of Purpose Financial
Gabriel Alfonso Roqueñí Rello	Chief Legal Officer and non-member Secretary of the Board of Grupo Elektra
Manuel Delgado Forey	Chief Financial and Administrative Officer of Grupo Elektra
Alejandro Vargas Durán	Vice Chairman of the Board “B” of Banco Azteca
Eduardo Benigno Parra Ruiz	CEO of Afore Azteca
Christian J. Carstens Álvarez	CEO of Seguros Azteca and Seguros Azteca Daños
Héctor Ovidio Romero Tovar	CEO of Punto Casa de Bolsa
Rodrigo Riveroll Otero	CEO of Elektra Comercio
Manuel Gómez Palacio Pin	CEO of Italika

The positions of Chairman of the Board of Grupo Elektra and CEO of Banco Azteca are held by different individuals, each independent of the other

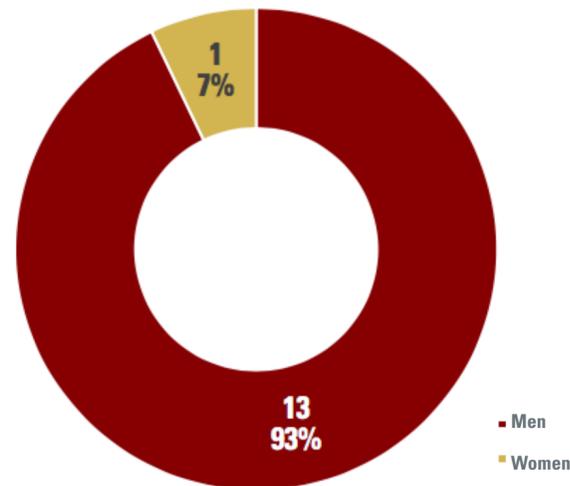
GRI 405, 406: 103-1, 103-2, 103-3
 405-1

Grupo Elektra is serious about its workplace inclusion policy and, through access to education, training and guidance, it continually reinforces an inclusive workplace model, empowering of its people and its management team, as well as members of the Board and the committees that support it.

Through the Code of Ethics and Conduct approved by the Integrity Committee on April 25, 2019 and ratified by the Board of Directors on April 30, 2019, the principles of inclusion and merit-based advancement that the company abides by were ratified, and in June 2019, Elektra Stores, Banco Azteca and Italika earned Mexican Standard NMX-R-025-SCFI-2015 Certification in Workplace Equality and Non-Discrimination.

Our inclusive workplace model is continually reinforced through empowerment of our people and corporate governance bodies through access to education, training and orientation. The Group stresses professional advancement as a direct result of merit, talent, effort, competence or specific aptitude for a given job, without any regard to religion, sex, political preference or other factors.

Breakdown of Grupo Elektra management team by gender



Italika Operating structure

Italika has six Area Departments:

- Marketing
- Operations
- Customer experience and brand
- Administration and finance
- Human resources
- Technology and innovation

Also, to guarantee proper operation of the company, it has three committees –Budget, Product and Executive. To ensure a comprehensive approach, these committees involve the participation of 30 employees from the Product Development, Post-Sale E-Commerce, Supermarkets, Italika in Elektra, Proprietary Agencies, Distributorships, Marketing, Ensamblika, LAM and Quality areas.

The Executive Committee represents the center of the decision-making process, and together with regular meetings to key operational aspects, it is a key channel for managing Italika’s strategy.

Compensation for board members and key executives

102-35, 102-36, 102-37

In 2019, the total amount allocated for board member compensation (including the Chairman of the Board), key executives of the corporation and individuals considered related parties, in return for services rendered, was approximately Ps. 3.13 billion.

This amount was determined on the basis of the services rendered, the company’s achievements in its daily operations –including financial and risk management metrics– and the events that improved its financial structure, as well as its success at generating present and future savings on the financial cost of Grupo Elektra’s resources. Variable compensation was authorized by the Corporate Practices Committee and the Board of Directors. The Company does not provide any benefits for Board Members at the end of their term.

Conflicts of interest

102-25

Grupo Elektra’s Code of Ethics –which applies to board members and senior executives, governing the operations of Grupo Elektra and promotes honesty within the organization– establishes that decisions and actions must inevitably aim for the greatest benefit for the company, independently of personal relations and benefits.

Grupo Elektra has a number of mechanisms and procedures to guarantee that this principle is followed. One of these is the Policy on Related Party Transactions, issued by the board of Directors fifteen years ago. It imposes restrictions and establishes approvals that must be obtained before carrying out any transaction with affiliates, and provides for internal and external controls and sanctions in the event of a breach of this policy.

The updated Code of Ethics and Conduct issued in 2019 addresses situations in which conflicts of interest may arise when personal, family or business interests have the potential to affect the impartiality of decisions, or may compromise an individual’s ability to act efficiently and objectively in keeping with Grupo Elektra’s values and principles and the law.

The Audit Committee is responsible for overseeing transactions with related parties, and it also conducts an independent investigation of whether they are pertinent to the business and whether they are carried out under terms as fair and favorable to the company as would be arrived at in similar transactions with an unrelated third party.

The Corporate Practices Committee must provide an annual report of any dispensations granted for members of the Board, members of senior management or company representatives to pursue business opportunities for themselves, or which might benefit some other party related to the company or to corporations controlled by the company or in which it wields significant influence.

⁶ For more information on Grupo Elektra’s Code of Ethics and Conduct, see page 52 of this report, or visit: grupoelektra.com.mx/Documents/ES/Downloads/Codigo-de-Etica-y-Conducta-de-Grupo-Elektra-2019.pdf

* This system was verified by a third party for more information refer to page 238 of this report.

Risk management*

Risk Management: 103-1, 103-2, 103-3
 102-15, 102-29, 102-30, 102-31, FS2

Risk management is a key process at Grupo Elektra, where we work to create a risk-focused culture and ensure that it is applied in full.

Risk management applies to all of the Group’s business units, but clearly it is most prevalent in the financial business. This is because of this area’s specific activities, which focus on banking intermediation through consumer credit and a funding strategy sustained by traditional deposits.

Risk in the financial business is managed through an internal framework based on the following principles:



This approach enables the institution to continually identify potential risks throughout the organization, through a structure whose first line of defense involves all areas and employees in focusing on risks in every business, operating and support activity they are involved in. The second line of defense encompasses people in charge of risk control and management in the organizational structure. They serve as a counterweight because they are independent and have the authority to strengthen the compliance risk model. Finally, the third line of defense is the Internal Audit area, which reviews the efficacy of the management system and the extent to which it is applied.

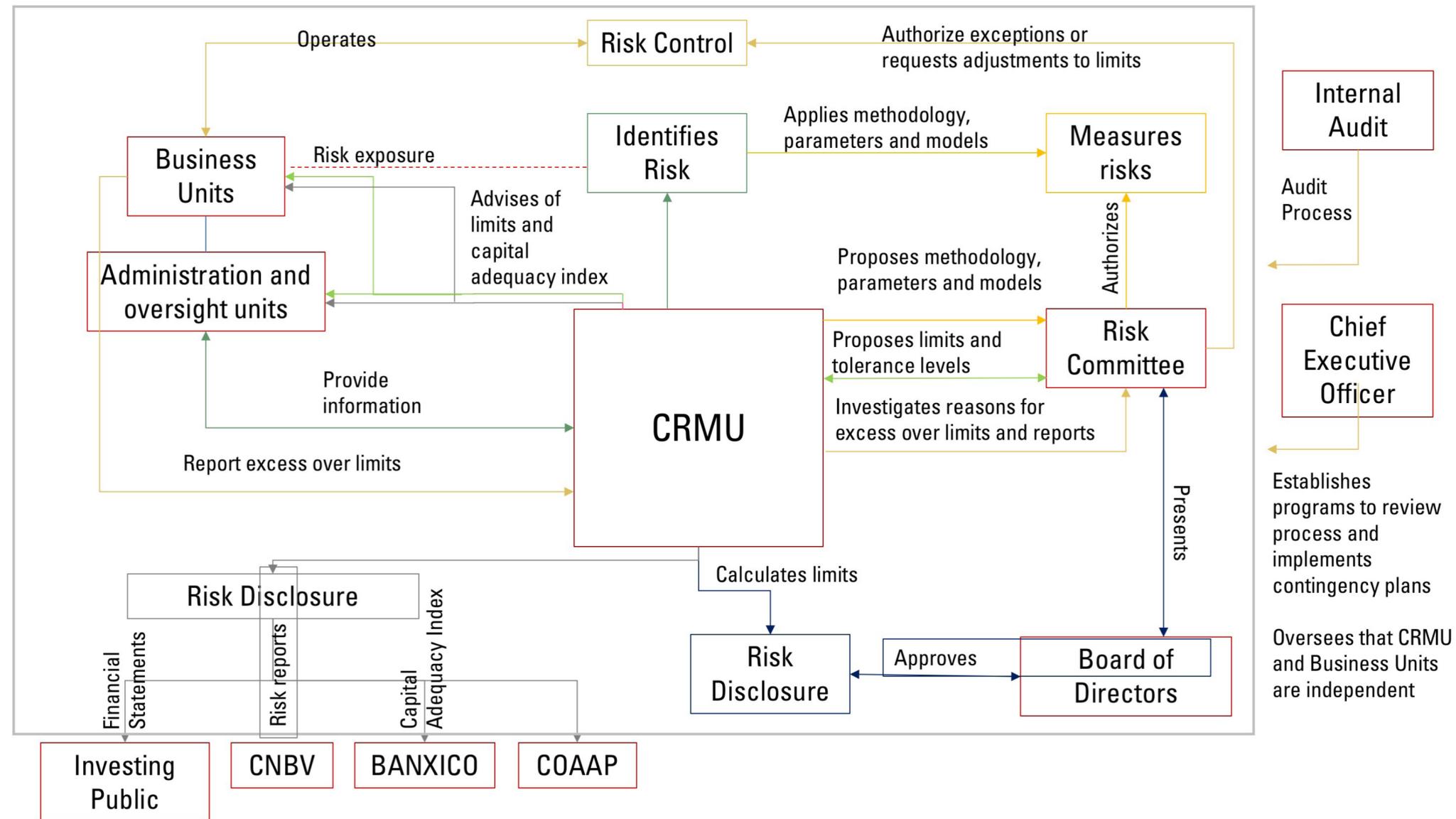
1st Line	2nd Line	3rd Line
Business Area	Heads of control and risk management	Internal Audit
<ul style="list-style-type: none"> Assume risks and are responsible for continually management them in all operations. Identify, evaluate and advise of risk exposure, taking into account the institution's risk appetite, its policies, procedures and controls. 	<ul style="list-style-type: none"> Heads of control and risk management are independent of the business areas. They oversee and evaluate risks and problems independently of the business line. They encourage senior management and area heads to identify and evaluate risks. They routinely keep track of regulatory compliance, corporate governance standards, regulations, codes and policies. 	<ul style="list-style-type: none"> Carries out an independent, objective review of the quality and efficacy of the internal control system, the first and second lines of defense, and the risk governance framework. Members of the Internal Audit team are highly competent and are independent of the first and second lines of defense.

The risk management system executes this model under a conservative approach through which is prudently administers the balance sheet and operations, in order to guarantee the best use of the company's equity and capex, and also to ensure it operates in a prudent and non-speculative manner, in order to ensure the efficient assignment of resources toward the placement of credit.

FS3
 Apart from credit, liquidity, market and operational risk, the main risks identified in Banco Azteca's operations are:

- Credit origination risks. This occurs when the risk assigned to clients accepted for a transaction is out of keeping with the real counterparty risk. To mitigate this, Banco Azteca developed:
 - An internal model that better captures risk profile by further segmenting the main variables that describe risk by product type
 - An origination model that complements tracking of transition matrixes in evaluating our clients.
- The need for credit risk assessment. The institution introduced new analytical techniques, which help to better evaluate the factors that most influence expected losses in each transaction, taking into account the parameters of the internal model.
- Loan portfolio management. The credit exposure assumed by the institution must be globally analyzed by a more robust risk management.
- Mitigation or transfer of the credit risk assumed.
- Market and balance-sheet risk due to exchange-rate volatility. These were mitigated through hedging strategies to cover open exchange-rate risk.
- Low policy rates. The institution worked toward a portfolio with money-market positions at fixed rates and longer terms, without greatly increasing total portfolio duration.
- Possible failures in:
 - Expanding the product portfolio. Banco Azteca is always looking for innovative options to provide well-being and progress for its clients.
 - Facilitating access to credit for entrepreneurs.
 - Comprehensively promoting the product portfolio through digital banking.
 - Standardizing service in the entire Banco Azteca branch network.
 - Expanding the scope of Banco Azteca's operations in Mexico and ensuring its optimum development.
 - Increasing the sense of identity and belonging among employees –if we cannot transform culture it could negatively affect our turnover index.
 - Bringing higher quality of life to the communities where the Institution operates, and supporting the programs of Fundación Azteca.
 - Promoting eco-efficiency and energy savings at Banco Azteca branches.
 - System-related risks and information theft caused by intrusions and cyberattacks, like hacking, phishing, vishing, smishing, pharming, or skimming. These risks were addressed preventively, through tracking and monitoring by the Information Systems and Security area.

⁷ For more information about Banco Azteca's financial stability, see page 184 of the "Annexes" section of this report..



Current non-executive members of the Board of Directors have received training and are experts in terms of risk management; two of these members participate actively in the Risk Committees

When Banco Azteca identifies potential risks, they are reported to the control areas to ensure correct management and to oversee global risk exposure limits previously approved by the Board of Directors. Furthermore, to strengthen existing measures, the institution reviews risk systems and methodologies annually, including approval of products and transaction limits per client.

The Institution has also established various strategies to create and strengthen a risk management culture throughout the organization, grounded primarily in internal training given to the Risk Area personnel, except for Money-Laundering Prevention (MLP) and Personal Data Protection courses, which are given for the entire institution. Among the issues addressed in these sessions are:

- Risk Management & Trading Conference (Riskmathics)
- Risk Symposium held by the Mexican Banker's Association (ABM)
- Course by the Institute for the Protection of Bank Savings (IPAB)
- Money-Laundering Prevention Course (MLP)
- Personal Data Protection Course (PDP)

Operational risk training and evaluations are also provided to various business and support units of Banco Azteca in order to prevent future losses from fraud, system failures, process management errors, robberies and assaults, regulatory fines and lawsuits by clients or employees.

In 2019, Banco Azteca buttressed awareness of risk management processes through a solid communication campaign made up of e-mails and preventive culture communications on the institutional website, stressing fraud prevention and information security.

Risk assessments were also conducted in new product or service developments, in which, before being submitted for approval by the Risk Committee, a list was drawn up of the various risks to which the new product may be exposed, and other types of risk that may arise in connection with these products.

* The number of participations may exceed the number of employees because one employee may take several courses during the year, either in person or online. For more details on this aspect, see page 211 of the "Annexes" section of this report.

For more information about 2019 achievements and 2020 goals in risk management at Grupo Elektra, and particularly at Banco Azteca, see page 187 of the "Annexes" section of this report..

51,594
 hours of risk management training at Banco Azteca in Mexico and Latin America

58,627 participations* by employees of Banco Azteca in Mexico and Latin America in risk management training courses

One of Grupo Elektra's main goals for 2020, and particularly at Banco Azteca, is to incorporate environmental, social and corporate governance (ESG) criteria into commercial credit analysis risk management and Afore Azteca

Cybersecurity

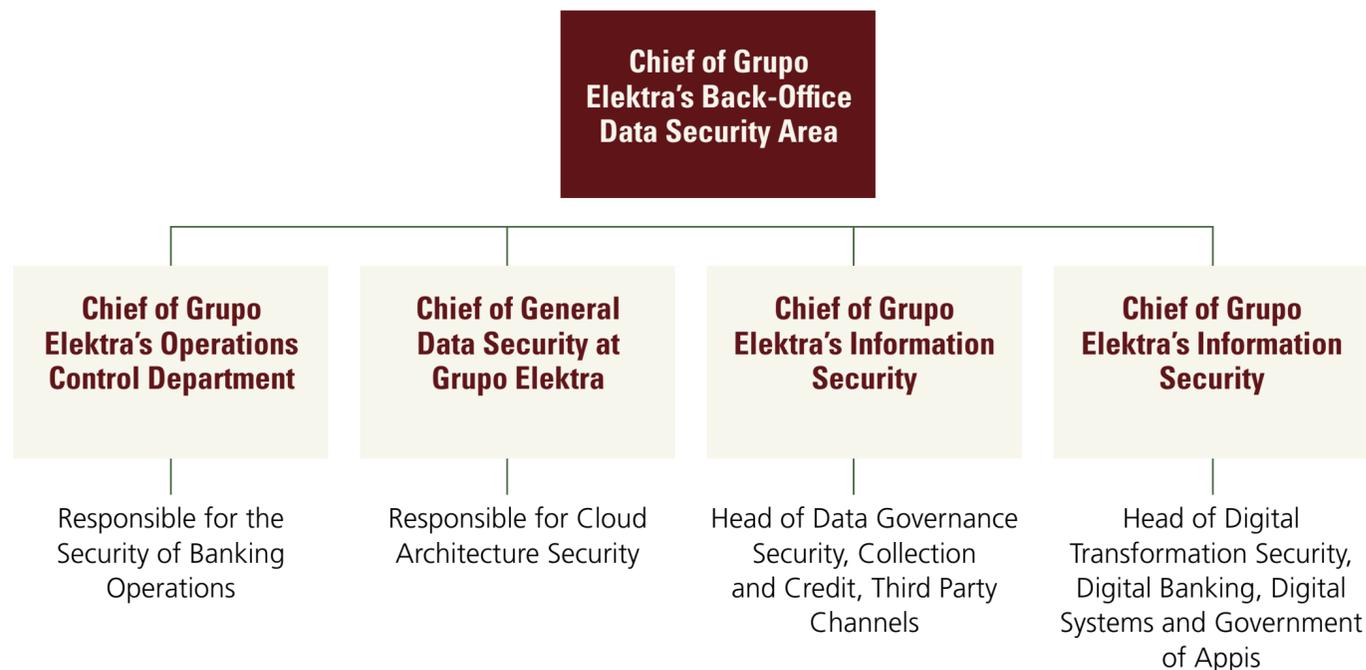
Risk Management, Cybersecurity: 103-1, 103-2, 103-3

In addition to personal data protection, information security and cybersecurity are priorities for Grupo Salinas, which has created a Data Security Office (the DSO) to optimally manage these issues.

Banco Azteca is one of the business units served by this Office. To manage some of the most transcendent risks for the Institution, a Systems Committee was created in 2014, in order to guarantee the security of financial service users' information and ensure that the bank complies with industry standards and existing regulations.

Later, with the entry into force of the Unified Banking Circular on November 28, 2018, the CEO of Banco Azteca, in coordination with the above-mentioned Systems Committee, decided to form a Cybersecurity Committee, which met for the first time on December 11, 2018.

The Data Security Office is structured as follows:



Among the instruments governing the data security/cybersecurity area are a policy based on ISO 27001:2001 standard and the Banco Azteca Institutional Data Security Manual, the latter of which protects data and information against the risk of theft, dissemination, unauthorized access, modification, loss, interruption or misuse, whether intentional or accidental.

The key performance indicators (KPI) we apply in the area of data security/cybersecurity are as follows:

Area	Key Performance Indicator	2019 Result
Data security/ cybersecurity	Design of a cybersecurity model for Grupo Elektra's digital services which manages and minimizes the risk of losses for its companies	Minimized cybersecurity risks in the SPEI ecosystem by installing a control model with a unified risk vision, including fraud prevention, reconciliations, data security and others.
	Creation of an implemented and managed cybersecurity model for ecosystems operated from public and private cloud services.	Designed a security model for services that will operate from the cloud.
	Increase security monitoring capacities through a system of alerts based on core Banco Azteca ecosystems.	Increased monitoring capacities through Artificial Intelligence technology in the bank's core ecosystems, to detect and analyze any attempted or possible security breach.
	Increase specialists' technological capacities and bring new people on board with complementary skills, all under an efficient management model	Provided specialized training to people directly in charge of data security management.
	Introduce new encryption systems to guarantee the integrity of Banco Azteca's ecosystem data	Defined system architecture and point-to-point process for cybersecurity controls in ATM installation, including cybersecurity controls from the time of initial installation, password management, disk encryption, device identification, maintenance, and other procedures.

In order to be released into production, all Banco Azteca ecosystems must pass an international process of certification designed by the DSO, involving 200 separate controls with an ecosystemic vision:

- Application security
- Network security
- Database security
- Server security
- Data security
- Information transmission security

According to the Banco Azteca Institutional Data Security Manual, all employees and external personnel must abide by data security policies and procedures and must submit to any sanctions resulting from violations they commit. To mitigate the risk of non-compliance with the guidelines, personnel receive appropriate training in data security, stressing the responsibilities and obligations they incur according to these policies and the applicable regulations.

Employees have access to a data security course through the Grupo Salinas institutional website. Every year employees must pass this course to prove they have been effectively trained. With this, we can instill a work culture fully aware of the importance of data security. Employees assume their responsibility for reducing human error and avoiding abuses in the handling of data assets and associated systems. In addition, people directly in charge of security management receive specialized training.

* The number of participations may exceed the number of employees because one employee may take several courses during the year, either in person or online. For more details on this aspect, see page 211 of the "Annexes" section of this report.

62,558 participations* by Banco Azteca employees in Mexico and Latin America in cybersecurity training courses

55,948 hours of cybersecurity training at Banco Azteca in Mexico and Latin America



Apart from their training, employees have an obligation to stay abreast of information security rules, provisions and practices, which they demonstrate by passing exams that test their knowledge of data protection.

The DSO involves all employees in identifying and managing cybersecurity risks, through an incident reporting process that provides six different channels:

- Help Desk
- External e-mail to dsi@gruposalinas.com.mx
- Internal e-mail to the "Data Security" account
- Online support through the corporate website.

Every cybersecurity breach must be reported. To ensure the situation is managed optimally, the information should be as complete as possible, supported by documented evidence. All reports are managed in complete confidentiality, and incidents may not be disclosed to people outside the company except for service needs or by express provision of the law.

Data security incidents are evaluated according to certain parameters and assigned the necessary scale and treatment. The DSO has procedures for handling incidents that take into account situations of service loss or failure, unauthorized system access, malware, or violations to data security measures, as well as a process for analyzing root causes in order to plan the appropriate preventive and corrective measures.

The Banco Azteca Institutional Data Security Policy has a section regarding physical and environmental security, which provides a series of provisions for preventing data from being lost, damaged, stolen or compromised, or an interruption of company operations relating to physical equipment or hardware. The policy establishes that idle computer equipment must be appropriately protected, meaning an auto-lock is triggered after a certain amount of inactive time and when the user leaves his or her desk.

The policy also describes a Safe Desk Review protocol: workplaces must be neat and orderly, free of paperwork and sensitive information, and screens clean, for information processing facilities. The use of removable storage media is permitted depending on the level of responsibility of the user. An administrative procedure exists for cases in which, during execution of this protocol, if sensitive information is found to be exposed, depending on its criticality, sanctions are determined together with the head of the business unit in question and the Internal Audit area.

Grupo Salinas does not at present have an insurance policy covering its data security system, but it is negotiating to obtain one through Seguros Azteca and a multinational reinsurance firm in the short term. The first negotiations were conducted only to cover Banco Azteca's cybersecurity needs, but the strategy was refocused to obtain comprehensive coverage for various Grupo Salinas companies.

 INSTALA Y/O ACTUALIZA UN ANTIVIRUS	Mantén tus REDES SOCIALES PRIVADAS	 DESACTIVA TU UBICACIÓN en redes sociales	 NO DESCARGUES APLICACIONES de sitios no oficiales
REVISAR LOS TÉRMINOS Y CONDICIONES DEL SERVICIO Y/O APLICACIÓN	A TRAVÉS DEL DSI TE DAMOS 10 TIPS PARA PROTEGER TU IDENTIDAD PERSONAL		SIEMPRE CIERRA TODAS TUS SESIONES de correo y redes sociales
NUNCA PRESTES TUS DISPOSITIVOS PERSONALES	 EVITA CONECTARTE a redes WiFi públicas	NO ABRAS CORREOS de remitentes desconocidos	 UTILIZA UNA CONTRASEÑA DIFERENTE para cada una de tus cuentas

LA PRIVACIDAD Y PROTECCIÓN DE TU INFORMACIÓN ES TU DERECHO

¡PREVÉ, INFÓRMATE, ACTÚA! CUIDAR TU INFORMACIÓN ES LA MEJOR DECISIÓN



More than
MXN300,000
 credits issued to
 Banco Azteca and
 Micronegocio
 Azteca client
 accounts
 in 2019 in
 connection with
 contingencies
 that occurred
 during the year

Environmental risk management

Risk management process

GRI 201; Risk Management: 103-1, 103-2, 103-3
 102-11, 102-15, 102-29, 201-2

The procedures for identifying, evaluating and managing aspects of climate change are integrated into multidisciplinary risk management processes across the entire organization and embedded in the Business Continuity Plan. Banco Azteca has policies to calculate the impact of contingencies in two ways:

- Qualitative: customer service, operations, regulatory noncompliance and reputational damage.
- Quantitative: operational volumetrics, amounts and assignment of criticality level.

Having identified the impacts according to both criteria, the Institution decides on the measures to take, those responsible for executing them, and how they will be implemented.

In addition to internal risk management processes, Banco Azteca supports clients who have suffered damages or lost property due adverse climate events.

In 2019, for example, Banco Azteca had to close some branches either preventively or because of weather damage, from events that included tropical storm Narda (28 branches closed); cold front 19 (5 branches affected), tropical storm Ivo in Los Mochis; hurricane Lorena, and flooding in Monterrey, Nuevo León.

In response to these contingencies, Banco Azteca and Micronegocio Azteca supported their clients through direct credits to their account balances.

Currently, the institution is in the process of improving its internal environmental and social policies and procedures. As part of this effort, it is deciding on a strategy for incorporating the principles of the Task Force on Climate Related Financial Disclosure into all its business units, and expects to have progress to report to stakeholders in the next two years.

Main risks identified

102-11, 102-15, 201-2, FS1, FS2

Investment portfolio: Banco Azteca's investment portfolio currently has a low exposure to climate factors, because its Treasury invests primarily in highly-liquid, low-risk government instruments. In foreign-currency trading, the excess is invested with leading international banks, and always at short terms. In 2017, 2018 and 2019, treasury transactions remained within established market and liquidity risk limits, as well as maximum limits on foreign-currency exposure.

Loan portfolio: The following environmental risks have been detected in Banco Azteca's performing loan portfolio:

- Geographic location of funded projects. The Bank has credit currently placed in projects susceptible to physical change due to climate events, because of their proximity to coastline and other regions that are highly exposed to weather-related risks.
- Potential loss or impact on the value of assets linked to industries and projects that operate high-carbon business models.
- Impact on the operations and revenues of energy-intensive industries or which consume or emit other substances (carbon, water, etc.) due to the transition toward a lower-carbon economy.
- Reputational impact. Banco Azteca may be considered responsible for the environmental performance of its long-term investments, damaging image and relations in the communities where we operate.
- Changes in client preferences and new demands for products and services with environmental value.

To reduce these risks within the Banco Azteca Risk Management System, the following actions have been established:

- Case-by-case review: Before creating a contractual relationship in either the loan or investment portfolio, we assess the companies' situations on a case-by-case basis to determine their environmental, social and corporate governance risk.
- Exclusion lists: as part of internal credit origination processes, we may rule out investment in industries involving high risks of negative social and/or environmental impact.
- Environmental legislation compliance check: Clients in every funded corporate project are expected to be fully compliant with all environmental laws and regulations (including licenses and other social and/or environmental instruments).

- Physical visits: On-site visits are conducted of projects to check that they are in compliant with the applicable regulations.
- ESG certifications and recognitions: to reduce reputational risk in investment in large-scale, long-term projects, companies are reviewed in order to check that they have obtained recent recognitions, distinctions, awards and mentioned by leading institutions in the area of labor, environment, brand value, ESR, ethics, and corporate government assessment.

Banco Azteca is currently in the process of developing a methodology to incorporate ESG risks into credit assignment scores.

At Afore Azteca, to comply with the regulatory requirement that ESG policies be included in retirement fund investment policies, a work program has been developed, consisting of two phases:

- First phase (concluding in December 2020): establish general ESG policies for each asset class.
- Second phase (concluding in December 2021): create and standardize specific criteria for investment portfolios.

Afore Azteca plans to work on the following points in the first half of 2020:

- Personnel training and awareness-building. Talks and courses with PRI regarding inclusion of ESG strategies in investment portfolios, international context and situation, and implementation of these strategies in other parts of the world.
- Analyzing carbon footprint of the investment portfolio. Afore Azteca will conduct a carbon footprint analysis of retirement fund investment portfolios.
- Tools. Reviewing and analyzing platforms for access to information and ESG scores.

In 2020, we will continue evaluating international standards for implementation in investment portfolios and to define the first general policies.

In addition to these new efforts, Banco Azteca has always remained alert to the risks of extreme weather phenomenon related to climate change, such as hurricanes, flooding, droughts, etc. The bank has insurance coverage against material losses or damage to the physical infrastructure and property of its 1,843 branches due to natural phenomena (Multi Business Policy). Banco Azteca also has reserves to cover catastrophic risk, which consist in coverage against earthquake and/or volcanic eruption, hurricanes and other hydro-meteorological risks.

To learn more about Banco Azteca's environmental risk management process, see page 188 of the "Annexes" section of this report.



Corporate Culture

GRI 205, 415, 419: 103-2

Grupo Elektra is firmly convinced that operating according to the highest ethical standards and integrity is key to maintaining the sterling reputation it has always been known for. With this, it has been able to increase its profitability and its productivity, and to meet its business goals.

In this process, stakeholder engagement has been fundamental, which is why Grupo Elektra conveys to and strengthens among all stakeholder the principles that have made its companies and organizations successful.

In 2019, Grupo Elektra made a public commitment to ethical conduct in business and zero tolerance for bribery and commitment. This commitment is embodied in the creation of the Ethics, Integrity and Compliance Program (EICP). Its purpose is to bolster application of the principles, general foundations and policies of the Mexican National Anti-Corruption System, along with best domestic and international practices in fighting corruption and bribery in all its forms, ensuring the group's accountability and transparency.

The Integrity Committee oversees compliance with this program, which it does in strict keeping with Mexican laws and best international practices established by the United Nations Organization, the World Bank, the World Economic Forum, the Organization for Economic Cooperation and Development, the International Chamber of Commerce, Transparency International and the Asian Pacific Economic Cooperation Forum. The Integrity Committee presents and annual report to the Board of Directors on the state, operation and functioning of the EICP.

9 For more information on this program, visit: <http://www.grupoelektra.com.mx/Documents/ES/Downloads/Programa-de-Etica-Integridad-y-Cumplimiento-de-Grupo-Elektra-2019.pdf>

10 For more information on the Grupo Elektra Code of Ethics, visit: <http://www.grupoelektra.com.mx/Documents/ES/Downloads/Codigo-de-Etica-y-Conducta-de-Grupo-Elektra-2019.pdf>

* This data was verified by a third party for more information refer to page 238 of this report

Code of Ethics

102-16

The Code of Ethics of Grupo Salinas –the corporate group to which Grupo Elektra belongs– is the instrument that governs employee conduct and promotes a conduct grounded in honesty, integrity and respect for the law in the course of its operations.

In 2019, as part of the EICP, Grupo Elektra drafted a Code of Ethics and Conduct which applies to all shareholders, board members, consultants, senior management, contractors and, in general, anyone acting in the name of or on behalf of Grupo Elektra, including those outside the company, such as suppliers, contractors, partners, affiliates and subsidiaries, or agents.

This instrument establishes a framework of conduct aligned with the group's principles and values, and with current applicable laws. It serves as a basic guide for identifying possible ethical conflicts and offers guidelines to be followed in professional activity and in the business world.

To oversee compliance with the precepts of both the Code of Ethics and Conduct and the legal provisions applicable to its operations, Grupo Elektra has control policies and procedures, such as audits, that provide for a regular assessment of risks. These are regularly updated to mitigate the detected risks, as part of a process of continuous improvement.

The Group also provides specific orientation and training to all levels of the organization as a way to continually reinforce knowledge and commitment to the values, the provisions of the Code, and the policies and procedures of the EICP, thus guaranteeing that it remains informed of the effectiveness, efficiency and sustainability of all these mechanisms.

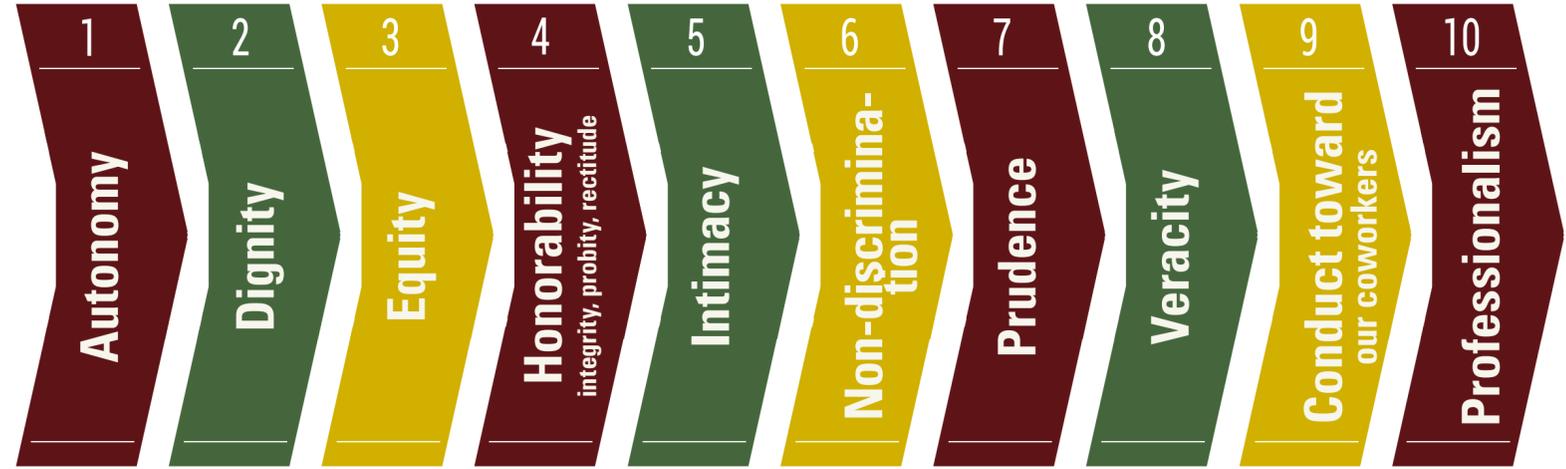
The Code of Ethics and Conduct is also reviewed regularly by the Integrity Committee in order to make the necessary modifications and keep it up to date with best domestic and international practices.

100%* of Grupo Elektra subsidiaries' employees are informed of the Code of Ethics and Conduct

100%* of Grupo Elektra's suppliers are aware of and have signed the Code of Ethics and Conduct

<p>Honesty</p> <p>To be honest is to have integrity. It implies a consistency between one's thoughts, words and actions. Honesty allows us to form relationships of mutual trust and respect, which are indispensable to teamwork.</p>	<p>Loyalty</p> <p>Loyalty to the company goes hand-in-hand with honesty. It means being faithful to people and to the organization. It means never turning one's back and staying together for better or for worse.</p>
<p>Execution</p> <p>Personal work must be directed toward the fulfillment of concrete goals, and we must own those goals. We need to commit to turning in our work on time, within budget and with quality. This is the only way we can build the mutual trust and respect that teamwork demands</p>	<p>Respect</p> <p>This means being tolerant and listening to the opinions of others even when we do not agree. It means being willing to learn, which obligates us to complement lessons, styles and experiences to maximize results.</p>
<p>Cooperation</p> <p>This is equal to teamwork, integration and respect.</p>	<p>Trust</p> <p>Exists when two or more people share a common interest.</p>
<p>Customer-centric</p> <p>The customer must always be the center of our attention. We must permanently research the various market segments to know them better and to always fully satisfy the needs of each customer</p>	

* The number of participations may exceed the number of employees because one employee may take several courses during the year, either in person or online. For more details on this aspect, see page 211 of the "Annexes" section of this report.



Human Rights

GRI 405, 406, 408, 409, 412: 103-1, 103-2, 103-3

Grupo Elektra promotes a culture of respect for Human Rights and rejects any conduct that infringes upon the dignity and quality of life of all people involved in its operations, including child labor, forced labor, human trafficking, workplace harassment, sexual exploitation, and discrimination on the basis of race, religion, ethnic origin, gender, age, socioeconomic level, marital status, sexual preference, political inclinations, nationality, health, physical disability or other factors.

Battle against corruption

GRI 205, 415: 103-1, 103-2, 103-3

In keeping with its philosophy, Grupo Elektra prohibits requesting, accepting, granting promising or offering, directly or indirectly, any gratification, bribe or benefit of any type –gifts, courtesies, donations, commissions, etc.– to any person, company, public servant or authority.

It also prohibits any facilitation payments to domestic or foreign public servants –understood as any economic benefit offered to expedite some routine proceeding, even when the party making the payment fully meets all requirements to obtain it

59,404
 participations*
 by employees
 of Banco Azteca
 in Mexico and
 Latin America in
 anti-corruption
 training courses

205-1

Additionally, all Grupo Elektra operations, particularly those involving Banco Azteca, are subject to the *National Banking and Securities Commission's Guide on Prevention and Identification of Transactions with Illegal Resources in the Financial System Resulting from Acts of Corruption*.

205-3

Failure to comply with these provisions is severely sanctioned and may be grounds for termination of the contractual relationship, whether labor, commercial or any other kind. If a situation of this type arises, the competent areas are informed to take the corresponding measures.

205-2

To ensure that all employees are aware of anti-corruption procedures, Grupo Elektra provides training on the matter, particularly in the business units of Banco Azteca.

In 2020, the Ethics Committee will review Grupo Elektra's Anti-Corruption Policy in order to complement and update it. The issues to be addressed are:

- Donations Manual
- Third-party relations and due diligence
- Anti-corruption with contractors
- Anti-corruption clauses in contracts
- Recruitment and selection
- Training
- Internal Fraud Prevention
- Transparency
- Whistleblowers' System
- Audit Control

¹¹See page 191 of the "Annexes" section of this report for more information on Grupo Elektra's compliance with this law..

Donations and sponsorships

GRI 205, 415: 103-2

Grupo Elektra has a Policy on Donations and Sponsorships, as well as a number of procedures for guaranteeing that the request, approval and granting of donations, contributions and sponsorships are all done for legitimate purposes and do not conceal acts of corruption or bribery.

In keeping with Mexican law, the policy establishes that donations or sponsorships may not be granted to organizations or projects in support of political candidates, organizations or parties, nor union or religious groups; much less to organizations that do not conform to the Group's values and business principles or to existing laws, or which practice discrimination.

Involvement in political activities

GRI 415: 103-2

Grupo Elektra does not participate in political activities, but it respects its stakeholders' involvement in this type of activity, provided it reflects their opinions, is conducted outside of company property and business hours, and do not involve the use of the assets, services, brands or logos of Grupo Elektra and its companies.

Furthermore, Grupo Elektra prohibits political activities that may be conducted in representation of this group which may jeopardize its reputation.

166,085
hours of
anti-corruption
training given at
Banco Azteca in
Mexico and Latin
America

Free competition

GRI 206: 103-1, 103-2, 103-3

Pursuant to the Mexican Federal Law on Economic Competition, and in keeping with the foundations of Grupo Elektra, no member or employee of this group may participate in agreements whose purpose is to transgress, bias or restrict free competition and open markets, in other words openly monopolistic practices.

Grupo Elektra's actions in the markets where it operates are based on legal, integral, legitimate and ethical practices. The Group opposes any attitude that would give it an unfair advantage over its competitors, or vice versa.

In the Code of Ethics and Conduct, Grupo Elektra and its companies have made it a Basic Rule of Conduct "to do business in good faith, with absolute honesty and in strict conformity with the Law," expressly prohibiting their board members, officers and employees from engaging in any conduct that might constitute an openly monopolistic practice, specifically establishing that membership in business associations and forums may not be used as a pretext to enter into agreements with the competition, and specifying that the only information obtained on our competitors should come from public sources.

Banco Azteca in particular competes in various markets in the financial industry, which are highly concentrated. It is therefore even more important to ensure free competition in these markets, because by doing so we avoid Banco Azteca being unfairly displaced by anti-competitive practices.

Grupo Elektra has an area that specializes in economic competition, which is open to any officer or employee who has a question or matter to consult, so that they can analyze internally whether a certain action entails anti-competitive practices, and thus to avoid it. This area is also responsible for fielding requests for information from the economic competition authorities, which in the past have always been made to Grupo Elektra as a competitor, and not as the subject of any investigation into anti-competitive practices. This is proof that the institution never fails to act in support of free competition.

206-1

Banco Azteca has not been the subject of any lawsuit or fine for unfair competition between 2015-2019*

Banco Azteca us currently not the subject of any type of investigation into unfair competition, consistent with the content of the Grupo Elektra Code of Ethics and Conduct*

* This system was verified by a third party for more information refer to page 238 of this report

Internal fraud prevention

Internal fraud means any act or deliberate omission that may mislead or tend to incline the balance in someone's favor to receive an improper benefit, or for them to fail to discharge their obligations.

All members of Grupo Elektra are duty-bound to prevent this type of action. They must also protect the Company's assets by ensuring they are correctly and efficiently used, according to legitimate business purposes, prohibiting any use for the private benefit of oneself or others.

Confidentiality

GRI 418: 103-1, 103-2, 103-3

The Grupo Elektra Code of Conduct and Ethics defines confidential information as all information that is not considered public, and which may be used by the competition, or which, if disclosed, could affect the group or any of its stakeholders. This information may be handled by anyone whose job gives them responsibilities for obtaining or holding it, but this does not give them the right to use or disseminate it.

Thus, the confidentiality of such information must be preserved. As a general rule, all company information should be considered confidential unless there are clear indications that it is public.

Any violation of the provisions contained in the Code will result in sanctions as stipulated in the Industrial Property Law, the Federal Copyright law, the Federal Labor Law and the applicable Criminal Code, independently of any other decision that Grupo Elektra may reach.

Whistleblowers

102-17

Anyone who becomes aware of a breach of the Code or violation of the law is obligated to report it to the Compliance Office or the Integrity Committee, through the following media:

- contactanos@honestel.com.mx
- www.honestel.com.mx
- Letter to the Integrity Committee

All these channels are anonymous and confidential, and they allow employees, commercial partners and society at large to be an integral part of the solution to any problem that arises in connection with Grupo Elektra operations.

All employees must cooperate in internal investigations into this type of noncompliance.

Similarly, anyone who has a question or a concern about the content of the Code of Ethics and Conduct, or regarding what is considered improper conduct, can consult with their area head, the Audit and Compliance Department, or the Ethics Committee.

Sanctions

Sanctions for violations of the Grupo Elektra Code of Ethics, of EICP policies and procedures, or the applicable laws, can include the following:

- Private warning or admonishment
- Administrative action
- Termination of labor or contractual relationship
- Any other sanction decided on by the Integrity Committee based on a catalog of sanctions.

These sanctions are applied having concluded the following disciplinary process:



These sanctions are also applied to anyone who authorizes, approves, permits or participates in actions that violate the Code; who intentionally neglects to report or inform of violations of the law or the Code; who conceals information that might be of value in the investigations; who conducts reprisals, prevent or threaten anyone, either to encourage them from filing a report of some violation, or does not take the necessary measures when an infraction is committed by some member of the team they are responsible for.

If any of the suppliers, contractors, or other individuals or corporations that have a commercial relationship with Grupo Elektra violate the law or the provisions of the Code, their contract may be rescinded.

Personal data protection*

GRI 418: 103-1, 103-2, 103-3

In this digital age, data have rapidly become essential assets for any company, and their protection is an inalienable human right. On this premise, and in compliance with the applicable laws –such as the Federal Law on Protection of Personal Data Held by Private Parties and its Regulations, the Self-Regulatory Guidelines on Personal Data Protection, the Privacy Notice Guidelines, Guidelines on Procedures to Protect Investigation and Verification Rights, and Imposition of Sanctions, the Guide for complying with the principles and duties of the Federal Law on Protection of Personal Data Held by Private Parties and the Guide for Implementation of Personal Data Security Management Systems– together with the tenets of the Code of Ethics and Conducts and Grupo Salinas directives, Grupo Salinas, and therefore Grupo Elektra, handle personal data that come into their possession according to the highest standards of confidence and in keeping with the principles of lawfulness, consent, information, quality, purpose, loyalty, proportionality and responsibility. Both Groups have mechanisms in place to guarantee this, which include:

¹² For more information about the coverage of privacy protection mechanisms that Banco Azteca provides to its clients, see page 192 of the “Annexes” section of this report..

* This system was verified by a third party for more information refer to page 238 of this report

The Personal Data Security Management System, documented through five manuals or internal policies that must be followed by all employees, and which are available through the internal website:

1

Privacy and personal data security management system policy. Establishes the privacy policy and defines the principles, duties, obligations and processes for implementing the System according to the Federal Law on Protection of Personal Data Held by Private Parties, its Regulations and other applicable regulations, under a Mandatory Self-Regulatory Scheme

2

Manual for addressing requests to exercise the rights of Access, Rectification, Cancellation or Opposition (ARCO Rights). Contains guidelines and procedures for fielding such requests from clients and users according to law, and resolving grievances or objections relating to personal data protection. This manual defines the responsibilities of the Personal Data Departments and handling areas.

3

Manual for managing the opt-out list. Establishes control of the database of clients who have opted out of the treatment of their personal data for marketing or advertising purposes. This process is done automatically within Grupo Elektra and connected to other channels, in order to ensure that clients’ rights are respected at all times.

4

Manual for responding to INAI requirements. Guidelines for addressing various official procedures regarding the Protection of Rights, Investigation and Verification, and Imposition of Sanctions, to instruct areas on how to provide the required information on time and in the form required, and to allow the Personal Data Department to provide an appropriate response to the authorities.

5

Manual on remittance and conveyance of personal data. Regulates and defines the way in which the companies of Group Salinas, and therefore Grupo Elektra, must document information that is transmitted to parties outside the Groups, always checking first with the Personal Data Department.

The Data Security Office, a department that is common to all of Grupo Salinas.

Privacy notes, available on the websites:

- <https://www.grupoelektra.com.mx/es/terminos-legales>
- <https://www.elektra.com.mx/aviso-de-privacidad>
- <https://www.bancoazteca.com.mx/content/dam/azteca/docs/footer/aviso-de-privacidad/19-03-12/aviso-de-privacidad.pdf>
- <https://italika.mx/Pagina/Aviso-de-Privacidad/>

Website with information on personal data protection: <https://www.datospersonalesgs.com.mx/DerechosARCO/views/ng/Bienvenido>.

More than MXN600,000 invested by Grupo Salinas' Personal Data Protection Department in audits to recertify its companies, and in training and specialization courses in this area

For more information about Grupo Elektra's 2020 goals in personal data protection, see page 192 of the "Annexes" section of this report..

All of these manuals have a section on sanctions, depending on the severity of the cases.

Personal data protection is a matter of Mexican law. Nevertheless, in order to facilitate the flow of information among organizations, the Personal Data Department works hand-in-hand with the Latin American Legal Affairs Area to standardize and apply the same privacy and personal data protection policies, and to comply with specific legislations in countries where privacy laws may differ.

Managing data privacy has become a key element for Grupo Elektra, so its strategy focuses on building client awareness and keeping them informed of how their information is being used, so that they can control and decide on its handling themselves. This builds greater trust with clients, employees, landlords and suppliers, bolstering their loyalty to the Group and fortifying our position as a conglomerate of companies that is a compliance benchmark for the National Institute for Transparency, Information Access and Personal Data Protection (INAI).

In 2019, Grupo Elektra based its management on various strategy lines and specific goals, with the following ends:

- Complete internal and external audits by the independent firm Normalización y Certificación NYCE, S.C., for recertification of Grupo Salinas companies.
- Second Personal Data Protection Week involving legal firms specializing in Personal Data Protection, INAI officials and executives of Group companies, who shared experiences and discusses current topics of interest for raising employee awareness about the importance of protecting customers' privacy and data.
- Cooperation agreement signed with the INAI to provide training to employees and senior management.
- 100% of ARCO rights requests and INAI requirements addressed, and continuing to operate free of fines and sanctions.

Grupo Elektra fully meet every one of these goals, except for the cooperation agreement with the INAI, due to changes in administration at that authority; we plan to complete this process in 2020. We continued to build a culture of personal data protection among our employees, however, through four types of training:

- Online training
- Specialized training by the NYCE –the only organization authorized to certify companies for personal data protection– together with the Grupo Salinas Personal Data Department. In 2019 training courses were provided on Legal Foundations.
- In-person training by the Personal Data Department. Provides orientation for new employees on basic personal and privacy concepts; lasts for one hour a week.

- Additional training for members of the Personal Data Department, which consisted of a certification course on "Cybersecurity and Cloud Computing," given by NYSE, lasting twenty hours and effective for one year.

Because of the importance Grupo Elektra places on strengthening standards of compliance regarding Personal Data Protection, the company has approached INAI to request its interpretation of existing laws in order to adopt its criteria and apply it within the companies. This enables us to avoid noncompliance through a preventive rather than a reactive approach, and has resulted in an improvement in current processes for various business areas.

In 2019, Grupo Salinas won first prize in the Personal Data Protection Innovation and Good Practices Award from the National Institute for Transparency, Information Access and Personal Data Protection (INAI) in recognition of its website www.datospersonalesgs.com.mx

In 2019, Grupo Salinas earned recertification from NYCE for two years regarding its compliance with legal provisions on personal data protection

The improvement in the Data Protection System is permanent. If there is any update to operating processes, creation of new businesses or products the use of new technologies, or the modification of legal provisions, the manuals and other documents must also be updated to incorporate the changes.

One of the main goals of Grupo Salinas in 2020 is to resume efforts to sign a cooperation agreement with the INAI for that institute to provide training to employees and senior management

52,893
employees
received online
training in
Personal Data
Protection,
equivalent to 91%
of our workforce

Money-laundering and terrorism financing prevention

GRI 205, 419; Risk Management, Money-laundering prevention: 103-1, 103-2, 103-3

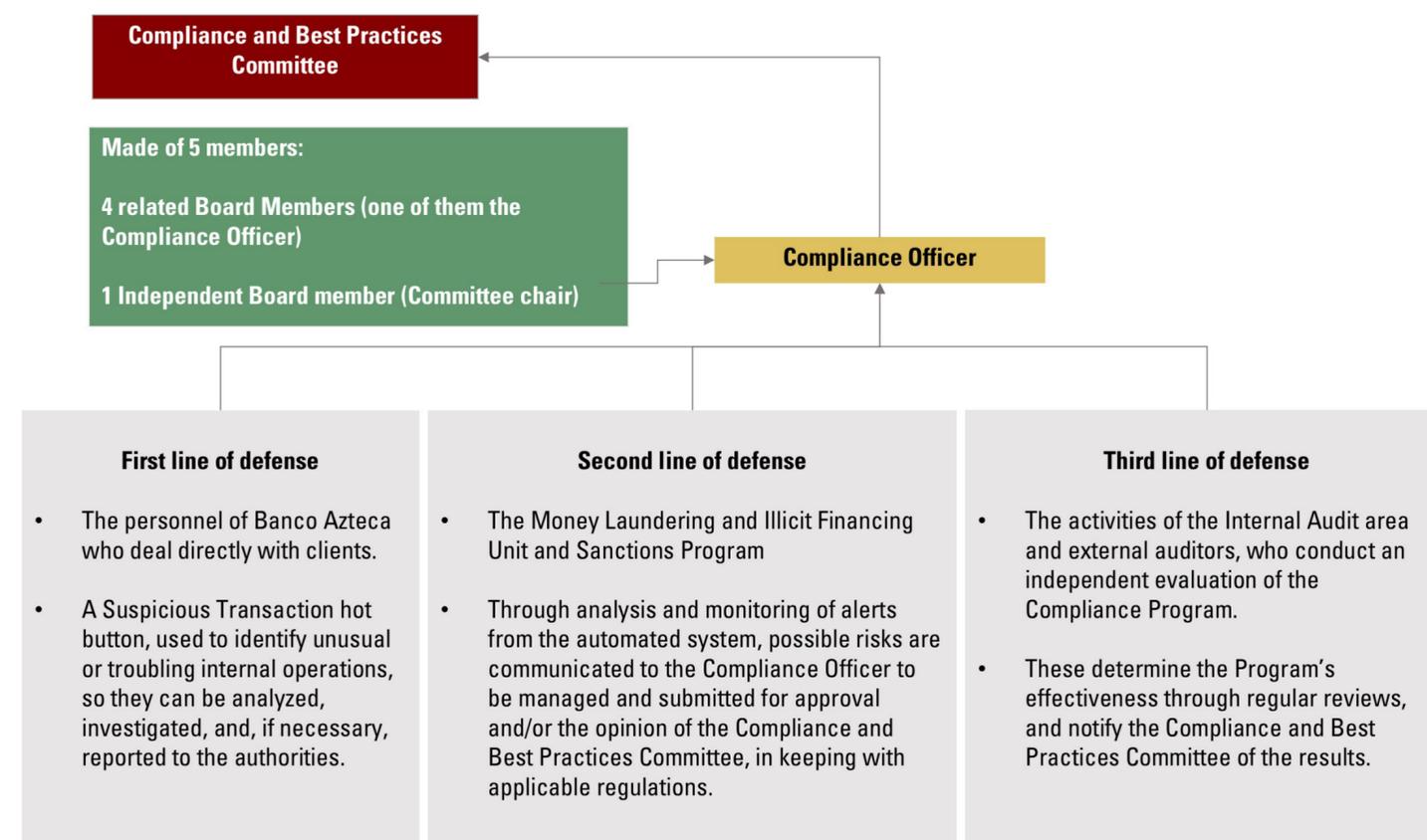
Grupo Elektra's Code of Ethics and Conduct embodies the company's commitment to abiding by money-laundering and terrorism financing prevention laws, which include the following:

- In México:
 - Credit Institutions Law
 - Federal Law on the Prevention and Identification of Operations from Illicit Sources
 - The General Provisions referred to in article 115 of the Credit Institutions Law
 - Other guidelines and guides issued by the regulatory authorities.
- In Guatemala:
 - The Law Against Laundering Money or Other Assets and their Regulations.
 - The Law to Prevent and Repress Terrorism Financing and its Regulations.
 - The Guide on Risk Management, notices and instructions issued by the Special Inspection Department (SVE)
- In Honduras:
 - Decrees no. 170-95, 241-2010 and 144-2014.
 - National Banking and Insurance (CNBS) Circular no. 019/2016
- In Panamá:
 - Agreements 02-2017, 02-2019, 2-2005, 10-2000 and 10-2015
 - Law 23 and its Regulations.
- In Perú:
 - The General Law on the Financial System and the Insurance and Organic System of the Department of Banking and Insurance (Law No. 26702).
 - The Law to create the Financial Intelligence Unit (Law No. 27693).
 - The Law to incorporate the Financial Intelligence Unit as a specialized unit of the Department of Banking, Insurance and Private Pension Fund Managers (SBS) (Law No. 29038).
 - Circular G-131-2007, which establishes standards for presentation of Biyearly Reports by the Compliance Officer (ISOC).

- Supreme Decree No. 057-2011, to approve the National Plan to Fight Asset Laundering and Terrorism Financing and Create a Multisectoral Executive Commission against Asset Laundering and Terrorism Financing.
- SBS Resolution 2660-2015, Regulation on Asset Laundering and Terrorism Financing Risk Management.
- SBS Resolution 816-2005 and its modifying rules – Sanction Regulation
- SBS Resolution 2755-2018 – SBS Regulation on Infractions and Sanctions

The Grupo Elektra Code of Ethics and Conduct prohibits anyone involved in the development of the Group and its companies acting on its behalf, from participating in any act that constitutes money laundering, terrorism financing or other financial crimes, or engaging in acts to facilitate such crimes.

Governance



This is a highly important aspect in Banco Azteca's operations, because by nature of the business, the bank must apply control measures to strengthen the Money-Laundering and Terrorism Financing Prevention (ML/TFP) regime and develop new products while keeping sight of the possible risks, proposing what is necessary to keep product offering and channels healthy.

To manage ML/TFP matters, Banco Azteca has a Compliance and Practice Improvement Committee, a collegiate body that serves as a Communication and Control Committee. It is made up of five members, appointed by the Board of Directors.

One member serves as Compliance Officer, and their job is to develop and execute ML/TFP policies at Banco Azteca, and to ensure that regulations are respected and that mechanisms are sufficient and effective. The Compliance Officer has various national and international ML/TFP certifications, such as those given by the National Banking and Securities Commission (CNBV) and the Association of Certified Anti-Money Laundering Specialists (ACAMS).

In 2019, Banco Azteca created an ML/TFP strategy in Mexico and Latin America, based on three pillars:

- Implementation of new control measures to support the ML/TFP regime and avoid allowing banks to be used to commit this type of crime.
- Assistance to business units in developing new products and services, considering the risks they face in terms of ML/TFP and proposing measures necessary to mitigate them and keep channels healthy.
- Building a culture of compliance and encouraging advanced knowledge among leaders of the various business units and control areas.

To optimally pursue this strategy, Banco Azteca developed various action lines:

ML/TFP in Mexico	ML/TFP in Latin America
<p>Restructuring of the MLP Unit for an optimal, cross-divisional administration of the risk facing Banco Azteca in ML/TFP matters, and to guarantee compliance with international standards and those of the US Treasury Department, as well as executive order of the Office of Foreign Asset control (OFAC) and the Magnitsky Law, stemming from international correspondent banking relations.</p>	<p>Due diligence for clients, employees, suppliers and counterparties.</p>
	<p>Monitoring and addressing 100% of the alerts generated in the ML/TFP system.</p>
	<p>Prompt response to requests by supervisory authorities and to internal and external audits.</p>
	<p>Update to ML/TFP Manuals, Regulations and Codes of Conduct, according to the needs of each country.</p>
<p>Response to requests by corresponding partners who helped to establish and maintain new commercial relations.</p>	
<p>Prompt assistance to business units in the development of new products and services, guaranteeing compliance with regulations and management of ML/TFP risks</p>	
<p>Training personnel to strengthen their capacity to identify and mitigate ML/TFP risks, and to establish and calibrate alerts according to the needs of the regulatory framework and threats to which the institution is exposed, actions that are fundamental for improving the quality of reports sent to the regulatory authorities.</p>	

Mexico Latinamerica Both

4 hours of specialized training given to every member of the Board on average in 2019

8 hours of specialized training given to every member of senior management on average in 2019

Training

GRI 205, 404: 103-1, 103-2, 103-3
 404-1, FS3, FS4

All Banco Azteca employees undergo training sessions, from advisors, tellers and managers up to the highest echelons of management. Training is divided into four levels, and each of them culminates in a certification.:

- Level 1: Given to all employees during the onboarding process.
- Level 2: Intended for employees directly involved in operation, this course is given at least once a year.
- Level 3: Given to members of the MLP unit and senior management at least once a year.
- Level 4: Specifically for the Compliance officer, at least once a year.

In 2019, courses were given in two forms: in person and online. The course content was developed by a team certified in ML/TFP, in collaboration with audiovisual media experts, to ensure optimum learning levels. Both formats conclude with a final exam to measure the level of knowledge acquired. The minimum passing grade is 80%; if an employee cannot pass the exam, disciplinary measures are applied, and the employee is given two more chances to pass.

55,228 Banco Azteca employees in Mexico and Latin America received ML/TFP training in 2019

For more information on ML/TFP processes, see page 193 of the "Annexes" section of this report.

The number of Banco Azteca employees trained and certified in Mexico in 2019 was equivalent to 99.3% of the workforce

220,912 hours of ML/TFP training were given in Mexico in 2019, an average of 4 hours per employee

Training levels 3 and 4 constitute specialized training for the Board of Directors, members of the Communication and Control Committee, the Compliance Officer and other high-level officers of the company. The matters addressed on these levels in 2019 were the following:

Issues addressed in training for Board members	Issues addressed in management training
<ul style="list-style-type: none"> • What qualifies as a money-laundering crime • What qualifies as a terrorism financing crime • Elements of the Compliance Program • Lines of defense • Onboarding and its importance • Blacklists • Classifications • Reforms to MLP Provisions • Guide to Preventing Terrorism Financing • Anti-Corruption Guide • Correspondent relations 	<ul style="list-style-type: none"> • Money-laundering and terrorism financing as crimes • International and Domestic Framework for Money Laundering and Terrorism Financing Prevention • Know your client and user • Transactions and conducts associated with money-laundering and terrorism financing • Regulatory classifications and reports • Money-laundering and terrorism financing risk management • Corporate governance

Honesty

102-17, 102-44

Grupo Salinas encourages employees and executives to use the various communication channels available in order to keep the whole team up to date; to keep senior management aware of situations that arise in the organization; to address concerns, ideas and suggestions, and to investigate grievances and reports shared by these media. They are:

Communication channels (available 24/7)

Honestel

A confidential whistleblowers' hotline through which employees can file complaints and report breaches of Grupo Elektra's Code of Ethics and Conduct, of the principles, policies and procedures of the EIPC, and the applicable laws.

Ideas

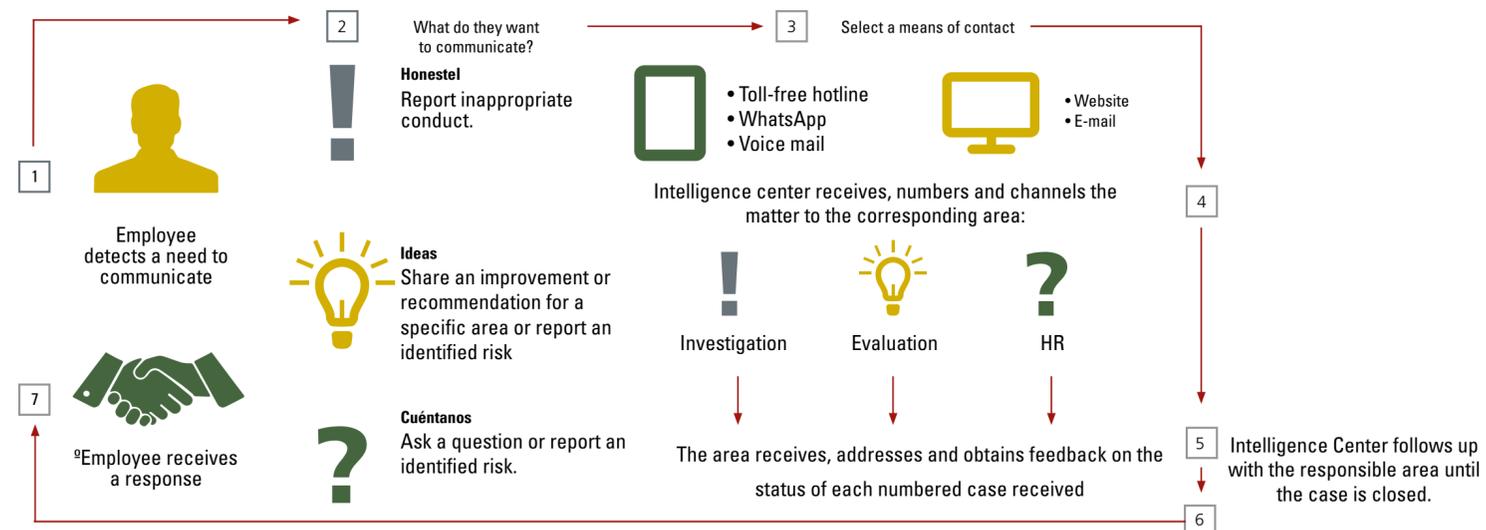
A forum where employees can share their proposals, projects and improvements about any issue that might help positively transform their jobs, improve the working environment and mitigate risk in the organization

Cuéntanos

An internal channel for dialogue where workers can speak freely about any event or issue, including the identification of risks in order to correction manage them.

These media are managed by a specialized external call center called Dialogus, which has an effective toolkit consisting of:

- A defined general process
- Specific procedures for each channel.
- People assigned to receive, channel and follow up on the result of each call.
- Operations manual and business rules to govern the flow of case numbers entered, as well as policies for entering the call center, storing information and measuring service quality.
- Customer service team, which tracks compliance with the call center's operating rules and manages the operation and flow of information with each area head.
- Databases and reports.
- System for handling case numbers
- Voice messages checked daily
- Key performance indicators for Honestel:
 - Cases received
 - Complaints:
 - Received
 - Verified
 - Not verified
 - Under investigation
 - In standby
 - Pending action
 - Reassigned



Furthermore, Dialogus monitors key performance indicators that attest to levels of:

- Trust. Based on the percentage of anonymous case numbers received; a lower percentage indicates greater trust on the part of users, because it means they are confident enough to identify themselves when filing a complaint.
- Volume. The number of case numbers received is crossed against the headcount for each business; existing variations may be attributed to awareness-building initiatives and publicity campaigns through “Socio” magazine, wallpaper, posters, screen savers, corporate websites and banners, as well as business decisions and management changes.
- Effectiveness. Percentage of effective investigations, projects introduced and questions answered.
- Time to attend to each case number. This is the period between the time the case is assigned to a staff member for resolution, until the time a conclusive response is received.

In 2019, Dialogus made some improvements to its channel management mechanisms, which included:

- Process simplification:
 - System processing automation –too much time was being spent manually filling out fields, so autofill macros were developed.
 - Accounting of reports made by digital channels.
- Shortening investigation times by:
 - Developing process support materials –flashcards and notebooks– and distributing them to investigators with a summary of the most relevant information, for quick and easy consultation.
 - Continuing to provide training to investigators in first level Certification, bolstering their knowledge of the methodology for addressing internal reports and their ability to act efficiently and optimally, providing absolute security to users.
 - Incorporating a second certification level on “detecting signs of deceit”, which teaches investigators how to conduct an appropriate interview, identify key points of observation and pay attention to alert signals.

302
Grupo Elektra
investigators
trained in 2019;
75 in first-level
certification and
227 in second-
level certification

144 hours of
training given;
48 in first-level
and 96 in second-
level certification

Close to **MXN215,000**
invested in both certification
levels in 2019

Also during the year, 16 talks were given in an equal number of Mexican cities, along with an onboarding course for new hires at Grupo Salinas. These events covered details on how Honestel works, and were attended by 901 Grupo Elektra employees.

901 Grupo Elektra
employees attended
onboarding talks and
sessions in 2019

More than
MXN182,000
invested in talks and new
entry sessions aimed at
employees
by Grupo Elektra

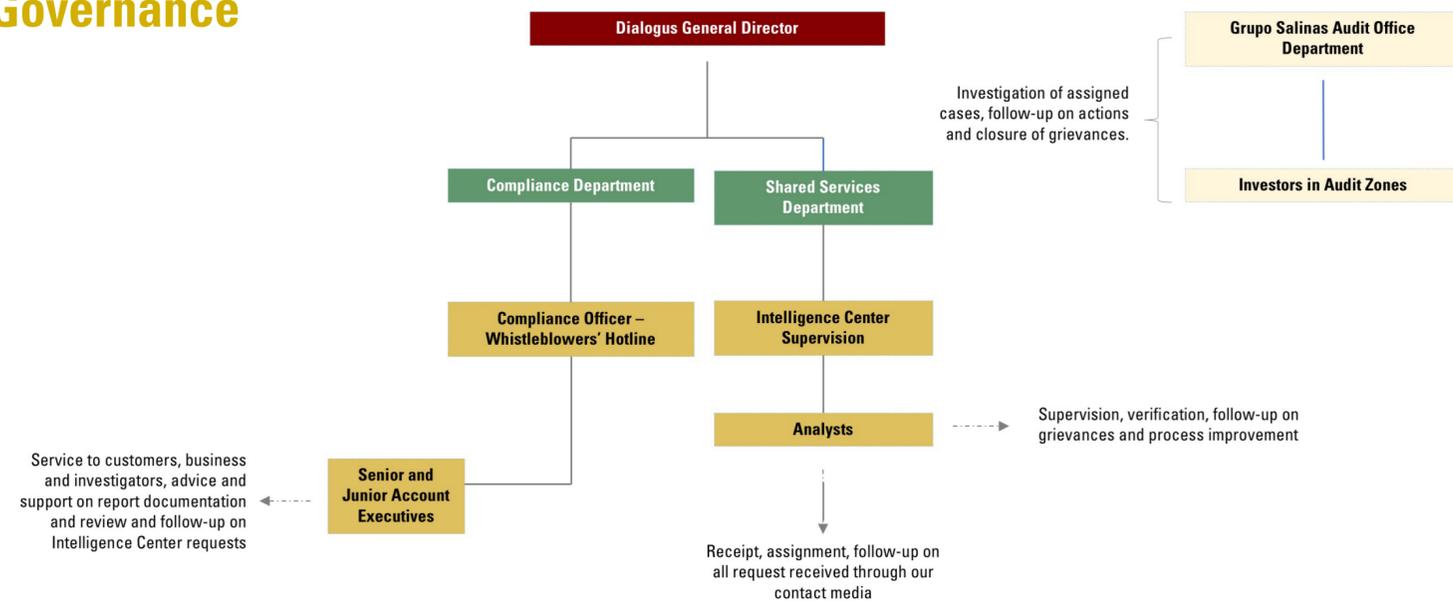
To continuously improve management and respond to areas of opportunity identified in 2019, Grupo Elektra proposes to address the following processes in the short term:

- Progressive automation of the management system and process redefinition for improved efficiency.
- New process documentation for better operational control
- A robust communication campaign planned for 2020, aimed at strengthening the channel positioning and employee perceptions.

Honestel*

Honestel plays a key role in internal talent development and turnover, because in some cases information on background is requested through this Dialogus channel to promote employees or extend some other benefit. Dialogus can let us know whether the employee has any proven grievances or findings from an investigation, and can provide details on the sanction applied and a stoplight code indicating the seriousness of the case. Any grievances brought against an employee that have not been proven are not taken into account.

Governance



This channel has various contact media¹³ through which users can file their grievances and complaints:

- Website: a form on the corporate website and the public website honestel.com.mx.
- Handheld: a form on mobile devices for employees to fill out.
- E-mail: honestel@gruposalinas.com.
- Voicemail: Users who do not wish to speak to a representative in person can leave a recorded message by calling outside of service hours (from 7 p.m. to 9 a.m. Mexico City time)
- Phone: Free hotline open Monday to Friday, 9:00 a.m. to 7:00 p.m. Mexico City time
- Zeus App: A form that can be filled out on the Zeus application contact center, available to all active Grupo Salinas employees
- Comments/Management: Complaints and grievances sent by e-mail to senior management, channeled to Honestel for follow-up
- Other media: Like social media or Ricardo Benjamin Salinas' blog, communications forwarded by administrators to Honestel for follow-up

The increase in the number of complaints is attributable, among other factors, to a restructuring of business units, a fuller awareness of the Honestel channel among employees, an increase in the media available and their extended scope, and a greater level of trust in the channel.

¹³ For further details on the number of complaints received through the various contact media, see page 200 of the "Annexes" section of this report.

¹⁴ For information on Honestel key performance indicators, see page 200 of the "Annexes" section of this report.

¹⁵ A complaint may encompass one or more issues, so the number of interactions differs from the number of complaints.

* These data and process were verified by a third party for more information refer to page 238 of this report

In 2019, **5,360*** complaints¹⁴ were filed with Honestel, with 8,516 interactions¹⁵

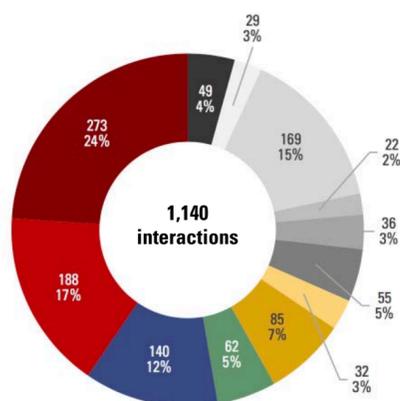


Issues addressed

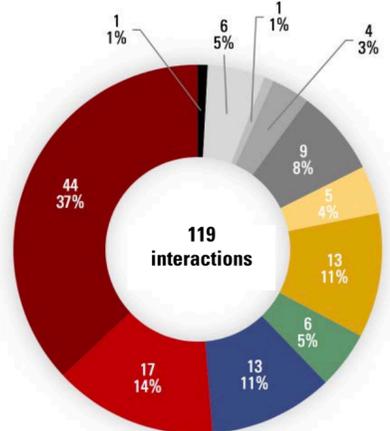
Once complaints are received, the cases are classified and assigned to the team of investors in the Dialogus Intelligence Center, who investigate and gather evidence of the matters reported. These were the subjects of complaints filed in 2019:

- Poor customer service
- Sexual harassment
- Dishonesty
- Theft
- Unjustified dismissal
- Operating failures
- Lack of execution
- Conflicts of interest
- Verbal abuse
- Breach of regulations
- Abuse of power
- Workplace environment

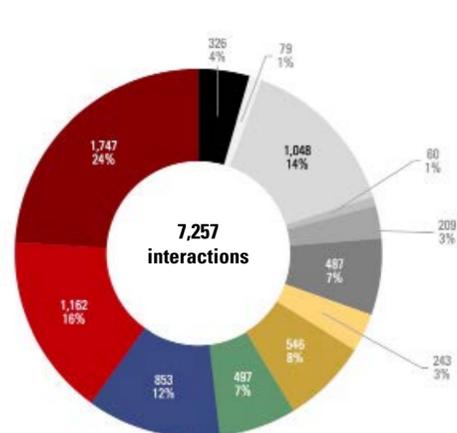
Elektra Stores



Italika



Banco Azteca



When grievances are filed against company executives, they are reported to the Chief Executive Officer of the business in question and, depending on the delicacy of the matter, may be escalated to the special affairs committee. This type of case may involve:

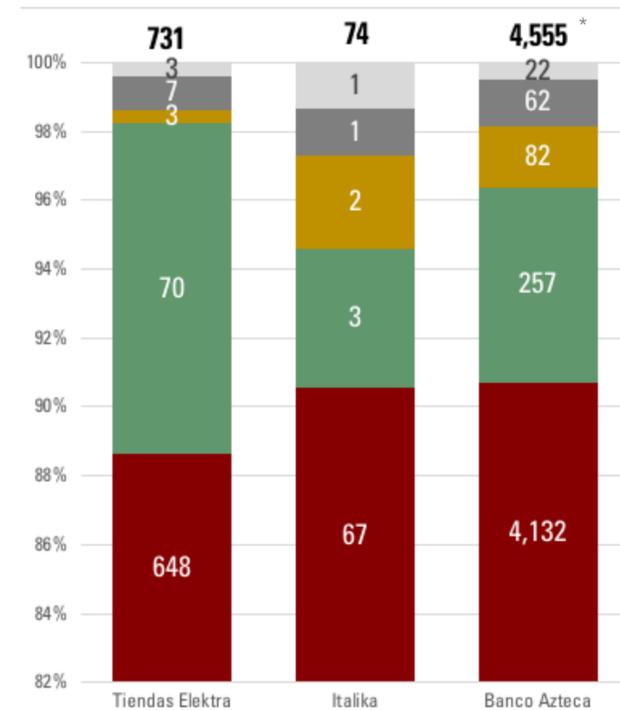
- Sexual harassment
- Conflict of interest
- High-profile fraud
- Consumption of toxic substances
- Cases received directly by senior management¹⁶

Status of grievances

When a grievance is filed, it is assigned a folio and then a case number, so that investigations can be controlled and monitored. Dialogus can thus identify the phase each case is in, and the next measures to take.

Status of grievances*

- Reassigned
- Pending actions
- Stand by
- Under investigation
- Closed



The status of a case is classified as follows:

- Closed. The case –consisting of one or more grievances– was investigated and appropriate action taken; or the case was not proven and the corresponding report was issued with no further action.
- Under investigation (pending). The case –with its respective grievances– is being addressed.
- Standby. The case requires more time to attend to, is awaiting information, or for some other reason the investigation had to be suspended temporarily (approximately two weeks).
- Pending action. The case was investigated and the appropriate action decided upon, but these actions have not yet been taken and/or are not reflected in the system.
- Reassigned. Because of its nature or some finding, the case is turned over to another area of investigative zone.

¹⁶ When a grievance is brought directly to Ricardo Benjamin Salinas, it is forwarded to the Audit Office and to Honestel for investigation and documentation, respectively. The result of the investigation is forwarded directly to the Chief Executive Officer of Grupo Salinas and the CEO of the business unit in question.

¹⁷ Actions that are registered in the system for tracking are administrative sanctions and dismissal.

* This data was verified by a third party for more information refer to page 238 of this report

When a case is closed, Dialogus checks that the investigation contains information that proves or disproves the facts reported. In other words, if a case file does not include the results of investigation into the issue reported, it remains open.

Sanctions

The heads of each Grupo Elektra business unit receive a report of findings from each investigation. Based on policies, regulations, and internal and external codes, the report includes a series of recommendations on an action plan and target dates, and with this the grievance is considered addressed.

The action plan in some cases may include sanctions to be imposed on the responsible parties, which are generally defined together with the Human Capital and Audit area, and sometimes with the Legal and Labor Relations departments.

Sanctions may entail:

- **Administrative record.** A document narrating the identified events, administrative failures or breach of policies committed.
- **Dismissal.** The employee responsible is fired.¹⁸
- **Transfer.** The employee responsible is transferred to another area, location or position.
- **Criminal complaint.** Applies to employees who will be remanded to the corresponding authorities. Given the nature of this violation, the sanction also involves dismissal.¹⁸
- **Restitution of damage.** The employee responsible must make reparations for the damage caused.
- **Feedback.** A verbal admonishment is given to the employee responsible.

The investigative team is responsible for verifying that the actions have taken, including administrative records and dismissals.

1,728* grievances constituted breaches of the Code of Ethics and Conduct, equivalent to 32% of the total

¹⁸ This information is verified in the system..

* This data was verified by a third party for more information refer to page 238 of this report

Ideas

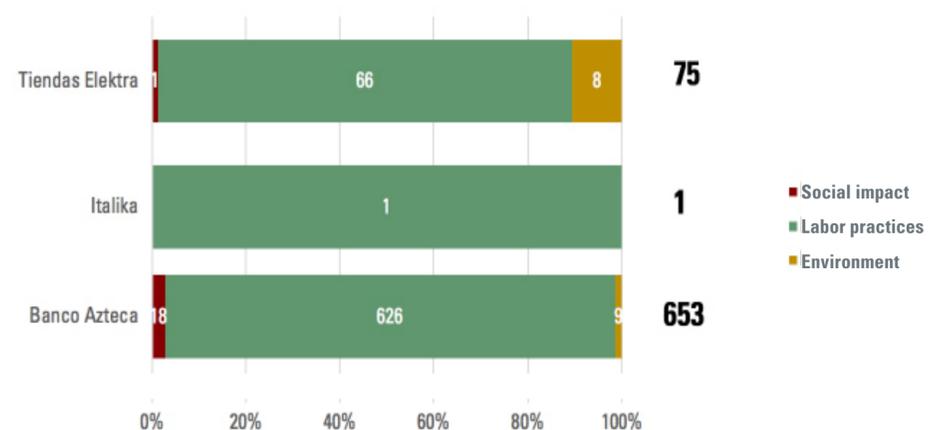
This channel of communication is important as a way for all employees to innovate, express their ideas, propose solutions and suggest improvements to simplify daily work.

Contact media

100% of interactions in the "Ideas" channel were received through the corporate website



Issues addressed



729 interactions received through the "Ideas" channel

Cuéntanos

“Cuéntanos” (tell us about it) is a communication channel open to all employees who want to ask questions, share experiences, make requests or comments.

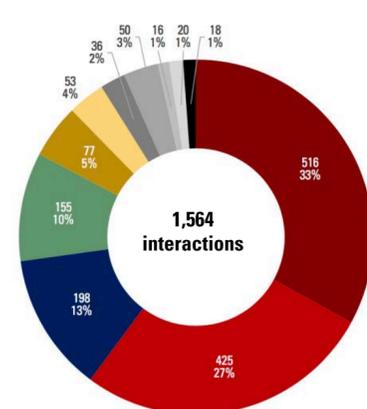
Contact media

Close to **100%** of the interactions in the “Cuéntanos” channel were received through the corporate website

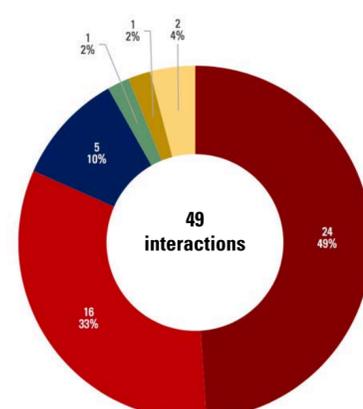
Issues addressed

- Contests and participations
- Business
- Human capital and Human resources
- Issues and metrics
- Health and sports
- Culture
- Línea de vida
- Revalora
- Pride and belonging
- Communities
- Thanks and recognitions
- Health and wellness

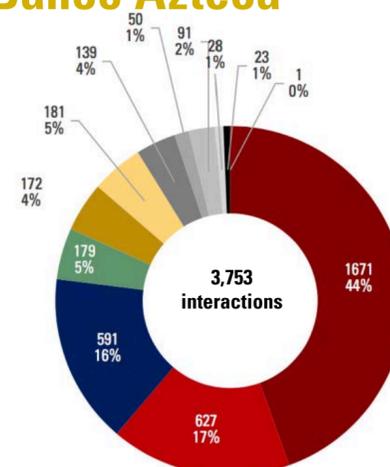
Elektra Stores



Italika



Banco Azteca



5,366 interactions through “Cuéntanos”

Tú estás viviendo algo importante...

Exprésate en **Cuéntanos**

Es un espacio en el que puedes compartir tus inquietudes, experiencias, momentos y vivencias importantes.

Descubre más en tu Portal Socio.

HPONESTEL | CUÉNTANOS | IDEAS

Todo empieza contigo **Exprésate**

Shared prosperity

GRI 204: 103-1, 103-2, 103-3

Grupo Elektra is firmly convinced that in order to ensure a solid and well-connected supply chain, it is crucial that we support sustainability and inclusive prosperity in all the places where we operate. In keeping with the Grupo Elektra Code of Ethics and Conduct, supplier selection adheres closely to the law and is impartial and transparent, based on the criteria of quality, value and service, always in the Group's best interests and to its benefit.

To guarantee this, Grupo Elektra has a Central Purchasing Area –specialized in supplier management– which sets the criteria for vendor approval according to the needs of each purchasing category.

2019 was the first year that the Central Purchasing Area adopted an eight-pillar culture based on price, quality, service, innovation, safety, human capital development, values, sustainability and inclusive prosperity –which together with the Objectives and Key Results (OKR) model, enables it to focus its efforts on the following:

- Regulatory compliance.
- Business profitability.
- Meeting the annual budget
- Creating value for clients (users) and increasing their satisfaction.
- Acquiring innovative products and services.
- Optimizing the catalog of suppliers
- Standardizing purchase processes in order to make them more agile and efficient.
- Maintaining an optimum level of motivation among area personnel.
- Encouraging employees to compete and improve themselves in order to maintain an optimum team.
- Ensuring the use of reliable data system to optimize performance.

To address these strategic guidelines and meet the OKRs, the Central Purchasing Area followed two parallel processes, each made up of a set mechanisms:

1. Acquisition process:

- **Purchasing System and Tender/Auction Portal.** This system receives requests from each business unit, and negotiators for each category evaluate them to define and execute the purchasing process.
- **Policies.** These govern the internal regulatory and commercial framework to be followed by business units, users, purchases and anyone else who interacts with the Central Purchasing Area. There are policies on:
 - **Purchase requests**
 - **Delivery of materials and services**
 - **Order assignment**
 - **Negotiation of materials and services**
- **Electronic releases.** Once the purchase release process strategy is complete, the various leaders are asked to authorize it, depending on the total amount of the acquisition.

2. Supplier selection:

- **Supplier lifecycle module:** This mechanism brings together a set of master data on both prospective and active suppliers in the Central Purchasing area's registry list, along with legal documentation and other records within Grupo Salinas.
- **Supplier activation process** (application and registry)
- **Supplier Ethics Policy.** The rules of conduct that govern the relationship between Grupo Salinas and its suppliers. It covers:
 - **Conflicts of interest**
 - **Confidential information**
 - **Sanctions**

Furthermore, to guarantee the proper functioning of the supply chain, the Central Purchasing Area has developed a series of complementary processes:

- **Performance evaluation**
- **Prospective supplier recruitment platform**
- **Process documentation**
- **Certification**
- **Performance bonds**
- **Comprehensive risk management**

Besides the comprehensive risk management process, each year the Central Purchasing Area identifies suppliers that are critical to Grupo Salinas, which means they rank among the top 20 orders recorded on the website by billing amount.

Also every year, the Central Purchasing Area evaluates the success of its efforts based on various criteria, which include:

- System reports: Reduce acquisition costs and improve efficiency, as well as to monitor controls and compliance.
- Internal audits: Reviews of various purchasing categories by the Grupo Salinas Audit Office
- Analysis sheet: Shows market conditions in the main categories –suppliers, expense level, main business units served, and possible risks.



2019 Actions

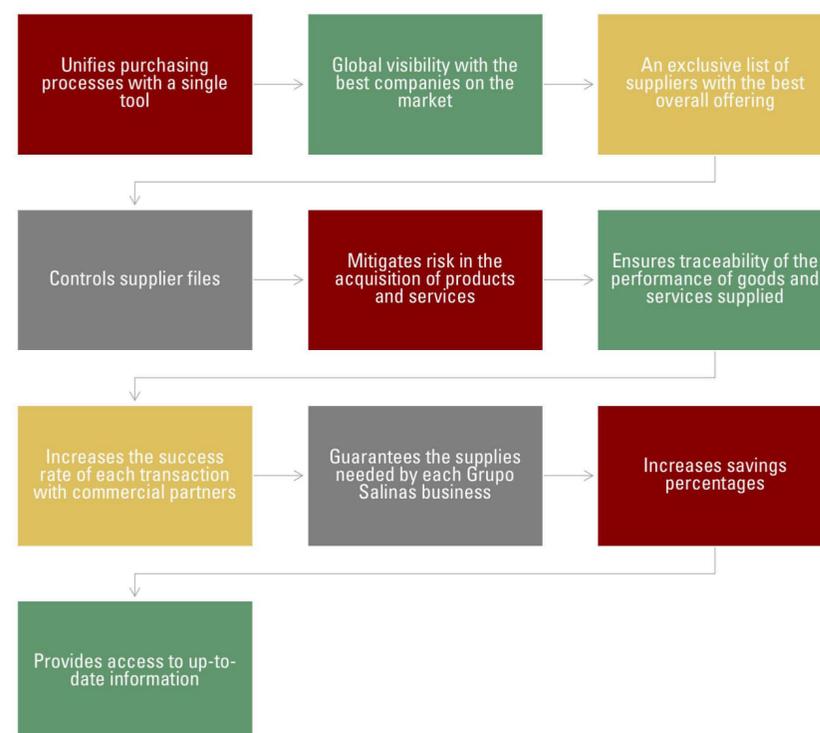
In keeping with the goals set at the start of the year, which focused on strengthening the set of management mechanisms as a whole, in 2019 the Central Purchasing Area successfully installed the new SAP Ariba technological platform for managing the supply chain. This tool has strengthened public tender processes and improved commercial conditions for Grupo Salinas, guaranteeing a supply of goods and services with the highest quality standard and service levels, and also allowed it to control specific or special categories that are subject to specific standards or require permits or license for use in Mexico.

The result is a registry of master data on all suppliers, from the time they are activated through all their commercial transactions and regular performance evaluations. This new tool has the following advantages:

102-9

1,975 Grupo Elektra suppliers managed by the Central Purchasing Area; 740 of them engaged in 2019:

- 928 for Elektra Stores; 343 new
- 781 for Banco Azteca; 331 new
- 266 for Italika;¹⁹ 66 new



¹⁹ Includes only indirect purchases by Italika

In 2019, the Central Purchasing Area also addressed areas of opportunity identified at the close of the previous year. The actions taken included:

- Specialization of real-estate suppliers through:
 - Segmentation of the construction category into various specialties in order to have a list of suppliers and avoid mixing products of various scales within Grupo Salinas. This guarantees a balanced workload and enables the group to offer a system for development as well as compliance and control of high-quality standards.
 - Creation of an allocations committee for suppliers of various real-estate specialties, to mitigate the risk involved in awarding contracts without prior reconciliation of various areas.
- Design of a model for scheduled evaluation of supplier performance, which will be implemented in the first quarter of 2020, and will be functional, simple precise, easy to understand, actionable, accessible, sustainable and measurable.
- Introduction of the criterion of minimum stocking levels into the terms for public tenders and actions.
- Development of more domestic suppliers in places where Grupo Elektra is present.
- With all of this, among other benefits, the Central Purchasing Area succeeded in:
 - Achieving savings that were 176.3% higher than projected.
 - Obtaining a 97.5% satisfaction rate among internal clients, above the goal of 80% that was established in 2019.
- Achieving optimum performance in indicators of:
 - Operating efficiency:
 - Response and completion times.
 - Supplier development processes, optimizing the catalog and standardizing 100% of them.
 - Innovation processes, meeting the goal of offering at least one new product or service and developing at least 10 suppliers.
 - Organizational capacities with 100% of area personnel trained and an 82% satisfaction rate among employees, both of which surpassed the targets set at the start of the year.
- Completion of the supplier induction process and creation of the groundwork for improving user experiences in 2020.

204-1

96% of the total amount paid to Grupo Elektra suppliers¹⁹ went to domestic suppliers, 9 percentage points higher than the previous year

Supplier Circle Certification

GRI 308, 406, 408, 409, 412, 414: 103-1, 103-2, 103-3

In keeping with the environmental and social policies and commitment that Grupo Salinas and Grupo Elektra are known for, and based on supplier service evaluations, the Central Purchasing Area awards a certification known as the Supplier Circle. This mechanism guarantees responsible sourcing based on ethical, labor, social and environmental criteria.

308-1, 412-3, 414-1

1,381 Grupo Salinas suppliers have been evaluated to obtain some distinctive of the Suppliers Circle Certification during the period 2017-2019

In 2019, the Central Purchasing Area extended the scope of this Certification to incorporate new review criteria, which included:

- Operating aspects
- Processes/procedures
- Infrastructure
- Strategic Planning
- Quality Controls
- Service to internal and external clients
- Training
- Workplace environment
- Industrial health and safety
- Environment

With this change in the certification, the Central Purchasing Area now evaluates not just legal and financial aspects based on documentation, but also conducts an on-site verification of all the criteria. The goal is to begin developing suppliers to implement improvement plans based on the results of the performance evaluation, and to confirm that suppliers have the capacity to supply the inputs and services required, according to the terms negotiated.

412-1, 414-2

These on-site evaluations, together with Honestel, are important for monitoring the risk of human rights issues in the supply chain, because there may be suppliers who do not regulate their hiring processes or that lack communication mechanisms that permit freedom of expression; or which have no channel for grievances that would enable them to impose sanctions in cases where human dignity is threatened within the supply chain.

For 2020, the Central Purchasing area plans to include a criterion regarding supplier practices in response to official Mexican standard NOM-035-STPS-2018, psychosocial risk factors on the job: identification, analysis and prevention.

In addition to being bound by current laws, Grupo Elektra's suppliers must abide by the principles of respect for the environment and human rights. This is because their use and conservation of natural resources implies an economic benefit and an ethical value: by reducing environmental impacts, quality of life is improved for all of society. This is why the sustainable development of Grupo Elektra suppliers is fundamental for strengthening and promoting commercial growth with a sustainable focus.

138 Grupo Salinas suppliers were evaluated for environmental compliance in 2019; 33 of them for regulatory observance and control and 105 for environmental responsibility

On average **96%** of suppliers evaluated for regulatory observance and control met certification requirements

The environmental and social aspects evaluated are as follows:

Environmental Criteria

- Compliance with regulatory requirements on safety, health, hygiene and the environment
- Compliance with environmental licenses
- Control of product and waste handling and disposal
- Safety, health, environment and hygiene inspections
- Inventory of carbon and greenhouse gas (GHG) emissions
- Waste separation
- Special collection of special-handling and toxic waste
- Environmental responsibility of products or services
- Cleaning of polluted water
- Electricity savings policies
- Water savings policies
- Waste reduction policies

Social Criteria

- Involvement in social commitment events
- Donations to social causes

On average **31%** of suppliers evaluated for environmental responsibility met certification requirements.

175 Grupo Salinas suppliers were evaluated for social compliance in 2019; 105 of them regarding involvement in social commitment events and the remaining 70 for donation to social causes

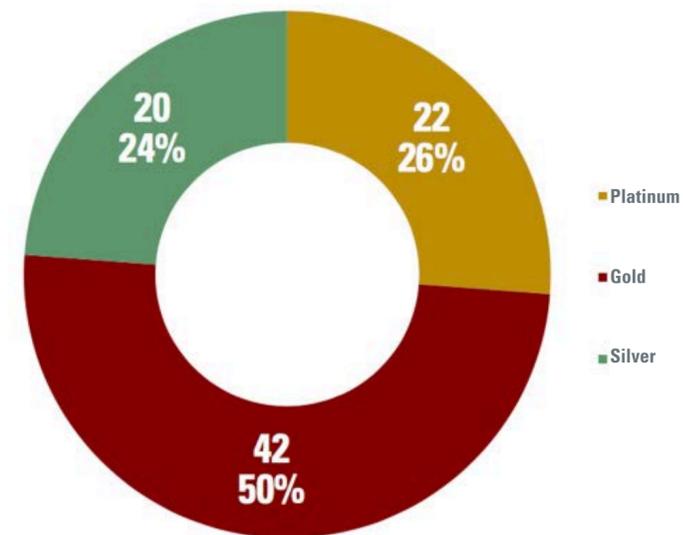
On average, **27%** of suppliers evaluated for participation in social commitment events and donation to social causes met the requirements for certification

269 new suppliers met the criteria for social and environmental commitment; 233 of them are part of the Suppliers Circle and the remaining 36 passed on-site verification

In 2019, 86 suppliers failed to comply with Central Purchasing Area criteria. In response to this, an external consulting scheme was set up in which a specialized company provided support to suppliers in addressing the findings of the evaluations, creating remediation plans and a model for analysis that produced important inputs for beginning supplier development. 84 suppliers implemented improvement plans, and as a result optimized their economic, social, environmental and ethical performance in 2019.

98% of suppliers improve their economic, social, environmental and ethical performance in 2019, earning Supplier Circle Certification

Suppliers who implemented improvement plans and earned Supplier Circle Certification in 2019



308-2, 412-1, 414-2

In 2020, to extend these good practices beyond the company, the Central Purchasing Area will encourage various suppliers to develop their labor and sustainability practices in areas such as:

- Obtaining an environmental license consistent with their field of business
- Disposal of products and waste
- Occupational health
- Regulation of under-age workers
- Occupational safety
- Registry of employees with the Social Security Institute
- Non-discrimination and human capital management

One of the Central Purchasing Area's targets in 2020 is to develop 95% of suppliers. The goals of the Central Purchasing Area in 2020 include ensuring the use of Innovative products and services for internal clients, and working to create a base of socially responsible suppliers for social and environmental projects

Italika

Italika separately manages services and spare parts suppliers for product assembly.

Because of the purposes for which its products are used, Italika believes supplier evaluation is a priority, because this is a way to maintain a level of trust in their products –their quality, functionality and durability– in keeping with external and internal standards and regulations, and making the final product safer for users.

The supplier evaluation process begins with a reconnaissance visit to vendors' premises, auditing all the areas of the company. This inspection includes:

- Quality control
- Manufacturing
- Materials handling
- Engineering
- Management in general
- Status and condition of equipment and facilities.

On this basis, Italika rates the issuer according to automotive industry standards using a "stoplight" system:

For more information about the 2020 goals and targets of the Central Purchasing area, visit page 201 of the "Annexes" section of this report.

One of the Central Purchasing Area's targets in 2020 is to develop **95%** of suppliers

- > 80 points: immediately qualifies to be a supplier.
- 50-80 points: Italika will work with the candidate to make the necessary changes en improvements until it can raise its score to above 80.
- < 50 points: there is a high risk of working with this supplier; eliminate from list of candidates.

Depending on the product, there are various Mexican regulations that must be met in order for the company to qualify as a supplier. To ensure the products to be acquired conform to regulations, the quality of the components is evaluated through specialized internal or external laboratory testing.

Suppliers must also meet standards for their country, for example, Chinese manufacturers must comply with China's Environmental Protection law as well as international standards like ISO 14000.

If any non-compliance is detected for a supplier already working with Italika, that company is re-evaluated with special attention to the regulation or standard they have breached. Then, together with the supplier, an improvement plan is developed, to be implemented as soon as possible, and once this is done the review is repeated on ever point of improvement, in order to make sure the plan was correctly implemented. If the non-compliance persists, the commercial relationship with that supplier is terminated.

Once a component has been acquired, each purchase order is inspected before packing. Pieces are examined at random based on key specifications established by Italika. A material must meet 100% of requirements to be released; if it does not, the piece does not pass inspection and is placed in a quarantine area, where the supplier has 72 hours to replace it with a compliant part.

The measures Italika has taken to mitigate risks in its supply chain are:

- Quality of key components
- Las Italikas, to ensure optimum functionality.
- Daily advance of production orders, ensuring the shipment goes out complete and on time.
- Quality in each shipment, to ensure that it contains the right components, color, size, measurement and quantity.
- Documentation prior to shipment to check that the data are correct and avoid port-side delays or late delivery of the merchandise.

Because the market becomes increasingly competitive every year and clients are demanding better and better products, Italika has a permanent commitment to making rigorous and detailed evaluations of current and prospective suppliers in order to find products that meet users' needs in terms of quality, durability, functionality and price. With this, Italika reduces incidents and ensures that the final product meets the highest quality standards

Italika closed 2019 with **18** suppliers of raw materials and services, and 29 spare parts suppliers

Out of Italika's **18** suppliers of raw material and services, 50% were engaged in 2019

204-1

1.97% of total supplier payments went to domestic companies

39% of Italika's suppliers of raw material and services are domestic, mainly from Mexico City and Mexico State



Inclusive development

Customer-centric

One of the core values that govern Grupo Elektra operations is its focus on the customer. That is why the Company brings inclusive prosperity to millions of families, by giving them easier access to innovative, high quality products and services, which translates into an optimum level of customer satisfaction and trust.

Know your client

Being customer-centric is one of the values that Grupo Elektra and its companies are best known for. The robust strategies these have applied to better know their customers have helped them create the best value proposition.

Elektra Stores

Elektra Stores is convinced that because customers are at the heart of all strategies, any change it makes should benefit them. With this in mind, in addition to opening new physical points of sale based on certain parameters –number of inhabitants, proximity to shopping areas, retail centers and similar businesses, the location of existing Elektra stores, and the performance results of each region– the company is steadily fortifying its omnichannel strategy to stay close to its customers.

Italika

One of Italika’s basic goals is to maintain a solid value proposition, and to do so, it listens closely to its customers and focuses efforts on launching innovative models and bolstering the highest quality standards in existing products. It guarantees that it can meet users’ needs in terms of safety, response time and price, and can also facilitate mobility for its customers by providing great experiences that satisfy all tastes and needs.

Banco Azteca

At Banco Azteca, effectively executing and managing customer-centric strategies means aligning organizational capacities to ensure a positive business impact, vertically and horizontally. This requires a series of studies and procedures to learn about the motives, practices and perceptions of both its clients and employees.

The turns the information from these studies into actions that benefit both customers and employees along the road to inclusive prosperity, by developing specific products, services and programs for each group, which contribute value to improving quality of life, help them to expand their options for building a future, and meeting their expectations and needs.

FS15

The instruments it used to carry out this research in 2019 were:

- Anthropological immersion. Joint long-term involvement in creating a work plan, together with company directors, business units and/or specific work areas.
- Ad hoc studies. Qualitative and quantitative research to deepen understanding of the client.



52 anthropological studies in 2019

43 qualitative studies and 93 quantitative studies; increases of 43% and 63%, respectively, over the previous year

61 clinical studies, 74% more than in 2018

- Seminar on Socioeconomic and Cultural Levels. Its purpose is to learn about and understand the segment at the base of the pyramid, complemented with field visits.
- Anthropological research projects. Focused on understanding daily life among our customers and employees, to generate socio-cultural knowledge and specific recommendations that are useful to each business area.
- Publication of scholarship. Regular publications containing sociocultural information on specific topics relating to Banco Azteca's current goals.
- Advisory services. Work meetings with clients to share the knowledge generated through seminars, reviews, information analysis, semiotic analysis and recommendations.
- Data domain. The purpose of this process is to manage critical financial service data catalogs, based on a profiling methodology, standardizing rule and data homogenization.

The results of all these efforts made it possible for Banco to transform its business model in 2019 by specializing its component units, deepening its socio-cultural knowledge of target markets according to the goals of each unit, and guaranteeing customers a unique service and experience in its branches, which follows specific service protocols, methods and institutional procedures that guarantee service quality across the entire network.

2 usability studies, a 100% increase over 2018

11 Mystery Shopper evaluations, 120% more than the 2018 result

Customer-centric

Elektra Stores

With the maturation of its customer-centric strategy and its omnichannel efforts, Elektra Stores exceeded its same-store contribution plan for 2019 by 70%, and achieved a 24% year-over-year growth in credit sales.

Its focus on serving new customers resulted in an increase in new credit applications and increase the margin to 13% above the target, with outstanding repeat purchase rates measured through customer tracking and precisely targeted promotions.

Elektra Stores also worked to develop new efficiency measures, which brought a growth in retail revenues that exceeded the rise in expenses, and strengthened its retail specialization.

Italika

In pursuit of its primordial goal of offering mobility, meeting customers' needs and constantly improving its value proposition, in 2019 Italika's strategies were oriented to six main areas:

- The launch of 38 new models, for which it applied for and obtained NOM-082-SEMARNAT-1994 certification, establishing maximum permissible noise emission limits for new motorcycles and motorized tricycles in the plant, and the methods for measuring them.
- The start of research and development activities to adopt emission technology in new models, in keeping with EURO standards.
- Development and implementation of three teams to broaden the range of motorcycle quality tests to include humidity resistance and real-time measurement of the engine's running temperature.
- Development and launch of the first electric bicycle.
- Development of products from new suppliers.
- Opening of a sixth industrial bay, making its assembly plant the largest in Latin America and guaranteeing the infrastructure needed to withstand fluctuations in demand.

In 2019, Italika celebrated its 15th anniversary with **5** million customers

The launch of the first electric bicycle is an example of Grupo Elektra's efforts to build a green portfolio and to contribute to zero-emissions mobility

This space generates more than 100 new direct jobs and has a surface area of 10,000 sqm, capacity to store 16,000 motorcycles stacked on six levels, and 14 ramps that increase daily vehicle shipping capacity.

The specific mechanisms supporting this strategy were:

- Development of a general glossary system for correction registering the vehicular identification number for entry into the national Public Vehicular Registry (REPUVE).
- Production of 66 sample tests for various suppliers, covering a total of 790,061 km.
- The use of formal product inspection and validation protocols and processes to identify opportunities for quality improvement, quality risk and resolution of anomalies in representative pre-production vehicle testing.

Italika also established key performance indicators (KIPs), some of them aligned with objectives and key results (OKRs), to keep close track of progress and set new goals for the coming year. For more information on the results of these efforts, see page 202 of the "Annexes" section of this Report.



Banco Azteca

FS3, FS13, FS14

Since its creation, Banco Azteca has set itself the task of driving financial inclusion by serving people at the base of the population pyramid, a segment underserved by traditional banking, in order to bring banking services to lower-income clients. Through this approach to inclusive prosperity and this effort to improve people's quality of life, today Banco Azteca is present in more than 780 municipalities, and in more than 170 of them it is the only bank present. It has become the largest manager of small payments in the Mexican financial system, while offering the highest technology and full security.

Banco Azteca strengthened its customer-centric strategy to meet the needs of the population through various action lines:

- Offering a wide range of savings and credit products.
- Offering service 365 days a year, from 9:00 a.m. to 9:00 p.m.
- Promoting the use of online and mobile banking so that clients can bank anywhere, any time.
- Agreeing with clients on weekly, biweekly or monthly payments depending on the type of income.
- Opening accounts starting at one peso, with no account handling fees or minimum balances.
- Expanding the deposit portfolio:
 - In Commercial Banking, to collect, make service and credit payments to federal, state and municipal government offices.
 - Focusing on the "Guardadito" product as well as transactions at tellers' windows and ATMs, to achieve the expected return in a sustained manner.
- Distributing funds from government programs through payment orders and account allocations (beneficiaries of programs like high-school education stipends, elementary school stipends, support for elderly and disabled people, "La Escuela es Nuestra," the national school reconstruction program, and social economy support.
- Generating and strengthening long-term customer relations through excellent attention and service in the branch network.
- Offering simpler, reliable, innovative and secure financial products and services to expand banking service coverage and support the country's digital transformation.
- Profiling customers. Through seven key questions, the financial advisor can detect the clients' needs and offer the right product, and also provide them with a selection of recommended sales for that segment and their benefits.
- Launching campaigns targeted at specific segments.

Today, Banco Azteca is present in more than 780 municipalities, and in more than 170 of them it is the only bank

- Reducing account opening times to five minutes.
- Improving clients' and users' transactional experience at teller's windows.
- Digital channels. Expanding functionality in these channels and incorporating the most frequent transactions in the deposit area: account balance inquiries, activity inquiries and account statement generation. Also, in the account opening process the following products were included: Guardadito, Guardadito Digital, Débito Azteca, Débito Negocio, Inversión Azteca Plazo and Inversión Azteca Tradicional.

This customer-centric strategy also enabled Banco Azteca to introduce various measures to improve branch customer service, including:

Queue reduction plan

To lower the amount of time clients and users spend waiting on line at the branch, expediting the time invested in each transaction.

12 minutes, average customer wait time, 37% reduction in average queue time

Technological overhaul of ATMs

A new ATM design the ensures a unique, memorable and seamless experience for clients.

Banco Azteca renovated 396 ATMs located in 329 branches in Mexico. These are equipped with touchscreens, facial recognition technology, biometric readers, QR code readers and contactless operation.

With this, Banco Azteca was able to improve the transactional experience for clients and users, increase service capacity at its branches and convenience for clients and users through external networks, and also support profitability in order to continue offering services for payments, deposits and withdrawals.

11%
of physical transactions at branches migrated to alternative channels



Synergies

GRI 203, 413, 416, 419: 103-1, 103-2, 103-3

To meet their goals and adopt best industry practices, the companies that make up Grupo Elektra have forged alliances with a number of other companies and institutions, which are important because they can help improve customers' experience.

Elektra Stores



After signing a collaboration agreement with the Federal Consumer Protection Agency (PROFECO) in 2016, which recognized Elektra Stores, Presta Prenda, Italika and Banco Azteca, in 2019 Elektra Stores continued implementing good practices, including training more than 1,900 employees in sound commercial practice and Official Mexican Standards, and complied with all official requirements in inspection visits.

Elektra Stores further strengthened its relationship with PROFECO through compliance agreements and requirements such as a new regulation on presentation of records regarding "Buen Fin" promotional weekend sales.

The interdisciplinary group created in 2018 to immediately address customer complaints provided swift, one-on-one attention to each of these through a program developed by PROFECO called "Conciliaexpres." This effort involved the Director of Operations and Director of Administration assigned by PROFECO and executives at Elektra Stores, and the result was a considerable improvement in the speed and number of reported cases resolved during the year.

For 2020, Elektra Stores intends to continue to adhere to PROFECO Guidelines in order to further strengthen this agreement and address cases reported to that agency.

49 cases filed against Elektra Stores in 2019 for differences between labeling and system records during "Buen Fin" promotions; 100% of them were reconciled by respecting the announced prices

Italika

Italika is also committed to supporting its customers and to institutional strengthening; in 2019 it joined PROFECO's "Concilianet" system for electronic notifications and began the process of applying for activation in the "Conciliaexpres" system.

Banco Azteca

CONDUSEF

Banco Azteca ratified its collaboration agreement with the National Commission for the Protection and Defense of Financial Service Users (CONDUSEF), originally signed in 2018 as a result of Banco Azteca's optimum ranking among other financial institutions in the area of claims. This agreement is important because it lays the groundwork for self-regulation and stronger training, to benefit accountholders throughout Mexico.

This situation, along with the high quality of customer service in claims filed by users and the banks' customer-centric strategy resulted in an increase in Banco Azteca's User Attention Performance rating at the close of 2019, from 9.00 to 9.59, the best rating ever obtained by the institution with the National Commission for the Protection and Defense of Financial Service Users (CONDUSEF) in this area.



In 2019, Banco Azteca obtained a User Attention Performance Rating of 9.59, the best rating ever obtained by the institution

With this, Banco Azteca avoids breach of regulations and fines, ensures proper management of processes and inquiries, strengthens long-term relations with its clients²⁰, and bolsters its reputation among financial services users as well as its relationship with the authorities.

Mexican Federal Government

Debido a su amplia red de sucursales y a su compromiso con la prosperidad incluyente, a principios de 2019, Banco Azteca fue la Institución seleccionada por el Gobierno Federal de México para la distribución de los apoyos sociales derivados de sus programas de Bienestar.

Thanks to its infrastructure and reach, Banco Azteca was able to pay out close to MXN41 billion to approximately 5.9 beneficiaries of federal Bienestar social welfare programs in 2019²¹

Unique beneficiaries²² who received funding from Bienestar federal social welfare programs:

- 5,090,250 beneficiaries of the primary and high-school education program
- 644,442 beneficiaries of the program for the elderly.
- 123,511 beneficiaries of the program for people with permanent disabilities.

The target for 2020 will be to reach 7.4 million beneficiaries.

²⁰ For more information on the requirements that the institution's products and services must meet, see page 205 of the "Annexes" section of this report.

²¹ From the start of these programs until March 8, 2020.

²² For information on the profiles of these program beneficiaries, see page 204 of the "Annexes" section of this report.

Correspondent banking

To promote inclusive prosperity by facilitating financial service access for more people, and to strengthen service levels, in 2019 Banco Azteca signed various collaboration agreements. Four of them were signed with other financial institutions to share their ATM networks, allowing clients to withdraw pesos and check debit card balances with no fee and without limitation. The fifth agreement was a correspondent banking agreement with a supermarket chain.

The first collaboration agreement was signed with Banco Multiva, which increased the ATM network available to Banco Azteca clients by 70%.



The second agreement was with Banca Mifel, which added another 19% to Banco Azteca's available ATM network.



The third was between Banco Azteca and BanBajío, for the purpose of expanding both these institutions' nationwide coverage, to the benefit of their clients. With this synergy, Banco Azteca increased its ATM network by 58%.



Finally, the fourth collaboration agreement was signed with Banca Afirme, and with it, Banco Azteca expanded its ATM network by 141%, considering that at the time of the signing, that institution already had 1,209 ATMs in operation



Furthermore, to extend banking coverage to more segments of the population, Banco Azteca and Chedraui signed a corresponding agreement by which bank clients can perform certain transactions at Chedraui's more than 300 supermarkets, distributed across 25 states of Mexico: account and debit card deposits, credit card payments, personal and consumer loan payments, secured loans with Presta Prenda, and Micro-negocio Azteca.

This final agreement expanded Banco Azteca's contact network with clients by 7%.



*Note: the number of Banco Azteca ATMs is the number of units the institution had at the time the collaboration agreement was signed; figures verified by the business unit.

In 2019 the bank also signed agreements with OXXO –with 18,000 points of sale– and Walmart –with 3,134 branches– for cash withdrawal facilities.

AMESPRE

In 2019, Banco Azteca signed a collaboration agreement with the Mexican Association of Pawnbroking Service Companies (AMESPRE A.C.) to share information for designing crime-prevention programs, strategies and actions that would avoid any item owned by Banco Azteca and obtained illegally being pawned or sold, including cell phones, tablets, printers, motorcycles and other articles. This should inhibit the theft of telecommunications equipment, vehicles and work tools from Collections and Credit personnel by preventing its illegal sale through the Association's 2,699 affiliated members.

For more information about the collaboration agreement signed between Banco Azteca and AMESPRES, visit:

<https://amespre.org/wp-content/uploads/2020/01/12.06.19-BANCO-AZTECA.pdf>



Digital inclusion

GRI 203, 413: 103-1, 103-2, 103-3

In 2019, Grupo Elektra continues its actions under a commitment assumed two years ago, to support innovation and technology in keeping with the federal government’s National Digital Strategy. The intent of this strategy is to build a digital Mexico, in line with the United Nations Sustainable Development Goals. Accordingly, Grupo Elektra continued to work to promote the inclusion of millions of families into the digital economy, and to contribute to this country’s development.

E-commerce

203-2

Elektra Stores’ omnichannel strategy is one way it works to reduce poverty and inequality, because the e-commerce platform can receive payments with Crédito Elektra, so that people without bank accounts have an opportunity to buy products under accessible payment schemes that improve their quality of life and reduce their carbon footprint by avoiding unnecessary trips to stores, and also making it easier for them to acquire eco-efficient products.

By the end of 2019, around 75% of Elektra Stores had a specific area for digital shopping; the Marketplace had close to 750,000 SKUS; and Elektra USA was launched to serve Mexicans living in the United States.

To provide more facilities and improved experience to its customers, Elektra Stores started up a click-and-collect service in 2019, and also began pilot testing store purchases with home delivery.

Italika also has a solid e-commerce strategy, which is based on three pillars, strengthened in 2019 through the development of various initiatives:

Online stores 	Dropshipping 	Marketplace 
<ul style="list-style-type: none"> • Launch of the Online Store 2.0, based on the leading omnichannel platform in the international market, SAP’s Hybris Commerce. • Launch of omnichannel sales with proprietary agencies, which offers ship-to-store and ship-to-home facilities for sales transacted in proprietary agencies. • Equipping of 400 Italika Service Centers to serve as physical delivery points for digital sales, a process called store pickup. • Growth in bank promotional activities, through strategic negotiations. 	<ul style="list-style-type: none"> • Further efforts and development to provide a better experience and retail offering at Elektra.com.mx and in super-market channels. 	

One of Italika’s general efforts in 2019 was to integrate the SAP-based Warehouse Management system, giving it better control of exclusive e-commerce inventory in the warehouse.

For the fourth year in a row, Italika participated in two key e-commerce campaigns – Hot Sale and Buen Fin– to highlight the digital difference in its seven sales platforms

Italika reported a 92% growth in vehicle sales and a 71% increase in sales during the Buen Fin campaign, compared to the previous year

Italika reported a 62% year-to-year growth in sales volume and a 110% increase in revenues during its Hot Sale campaign

The policies governing Italika’s e-commerce management can be found on the Grupo Salinas and Grupo Elektra websites. They address a variety of issues –sales, prevention and operation– by customer type. In addition, to complete a sale Italika has internal and external systems like SAP and Hybris Commerce, and the web system of commercial partners, respectively.

Italika’s KPIs in the area of e-commerce are:

- Sales value
- Sales volume
- Delivery time

Italika reported a 42% growth in vehicle sales and a 48% increase in revenues over 2018

For more information about the 2020 goals for E-commerce, see page 205 of the “Annexes” section of this report.

Italika’s e-commerce platform is important because it incorporates promotional schemes and strategic alliances with various commercial partners in which a product is offered with the backing of some bank promotion –like interest-free installment payments– and discounts. This gives customers an opportunity to obtain their own vehicle under accessible conditions, from any device



This omnichannel activity also helps Italika continue to bring motorcycles to customers at the base of the pyramid, with the convenience of having their purchase delivered to their doorstep.

Italika has an extended digital catalog that can be acquired through our own stores, as well as the 6 leading digital platforms in the domestic market, or at proprietary agencies, with home delivery and nationwide coverage

Elektra Stores intends to provide its customers with the best omnichannel experience in 2020, through a solid and diversified offering, while Italika plans to do so by reducing nationwide delivery times to an average of 7 business days

7.2
million clients
registered in
the Mobile
Channel
in 2019

Digital Banking

FS14

In 2019, Banco Azteca continued to promote the use of its mobile app to bring a wider array of financial services and products to all segments of the population, even the neediest. The enrollment process is simple, and through Mobile Banking people living in communities with no nearby bank branches can open savings account using their smartphones, to receive wire transfers, pay their utilities and taxes, and send money to family members without having to travel to a bank branch.

Banco Azteca guarantees a digital consultant in every branch. These employees are specialized in promoting the use of the mobile app for clients. Also during the year, the bank launched an intense branch poster campaign to clearly explain the benefits of smartphone banking.

Among the extensive range of banking transactions that can be conducted using the mobile app are utilities payments (power, gas, water, etc.), taxes, loans, Depósito Azteca, credit cards (Banco Azteca or other institutions), Azteca Pago Elektra/TotalPlay; digital (CoDi) and QR code payments and collections; collection from contacts; withdrawals by the client or someone else, with bar code or QR code, both in the app and in tellers' windows; lookup of account balances, activity, investments, loans and Guardadito Go; tellers' window deposits; transfers to an account or mobile phone number; receipt of remittances in Mexico from other countries; payroll release; air time recharge; request account statements (deposits and credit cards); view AFORE balances, and voluntary AFORE contributions.

Clients can also open accounts: Guardadito Tradicional, Guardadito Digital, Débito Negocio, Débito Azteca, VAS, Acepta Pago, payroll portability, personal loans (new, repurchase or renewal), credit cards, Inversión Azteca Plazo, Inversión Azteca GS, Caja de Ahorro Plus, Crédito Nómina, Adelanto de Nómina; or buy or sell dollars using Guardadito Go.

With this range of services, Banco Azteca increased both account balances and the number of new accounts; improved client experiences; maintained balances for existing clients, encouraged savings, and offered a value proposition that meets clients' needs.

Digital Banking also creates a superior client experience through:

- **Security:** Login with username and password, as well as fingerprint and face recognition (optional), recover or update password and/or CVV; show and hide accounts and decimal points; have a virtual card; check last access and specific activity; and report, cancel or activate a card.
- **Personalization:** View account-holder's profile and edit data as well as alias or e-mail; change device; token; promotion engine; coupons; add and edit frequent accounts; automatic charges.
- **Communication:** Access help (call Línea Azteca, send an e-mail or WhatsApp message), set up a notification center for viewing or eliminating notifications; locate branches and ATMs; check FAQs, legal disclaimer, federal tax receipts and finance module, and share information.

Also, in 2019 the institution released the first Banco Azteca chatbot, called "Olivia", via WhatsApp, the global leader in instant messaging services –to a wide range of service channels for digital clients.

This channel is available to clients seven days a week, 24 hours a day, and can assist users in managing their accounts and various transactions, like money transfers, balance inquiries, air time purchase and account opening.

In 2019, Banco Azteca's digital inclusion strategy focused on:

			
Continuing to increase the number of digital banking clients	Accelerate digital sales	Begin building customer-centric solutions	Lay the groundwork for building the Group's analytical capacities

In 2019, the Banco Azteca app ranked 1st in Google Play's Finance Ranking

Close to **1.8** million loans pre-approved through Digital Banking, 541.3% more than the year before

MXN1.55 billion in revenues from Digital Banking, a 161.6% increase over the previous year

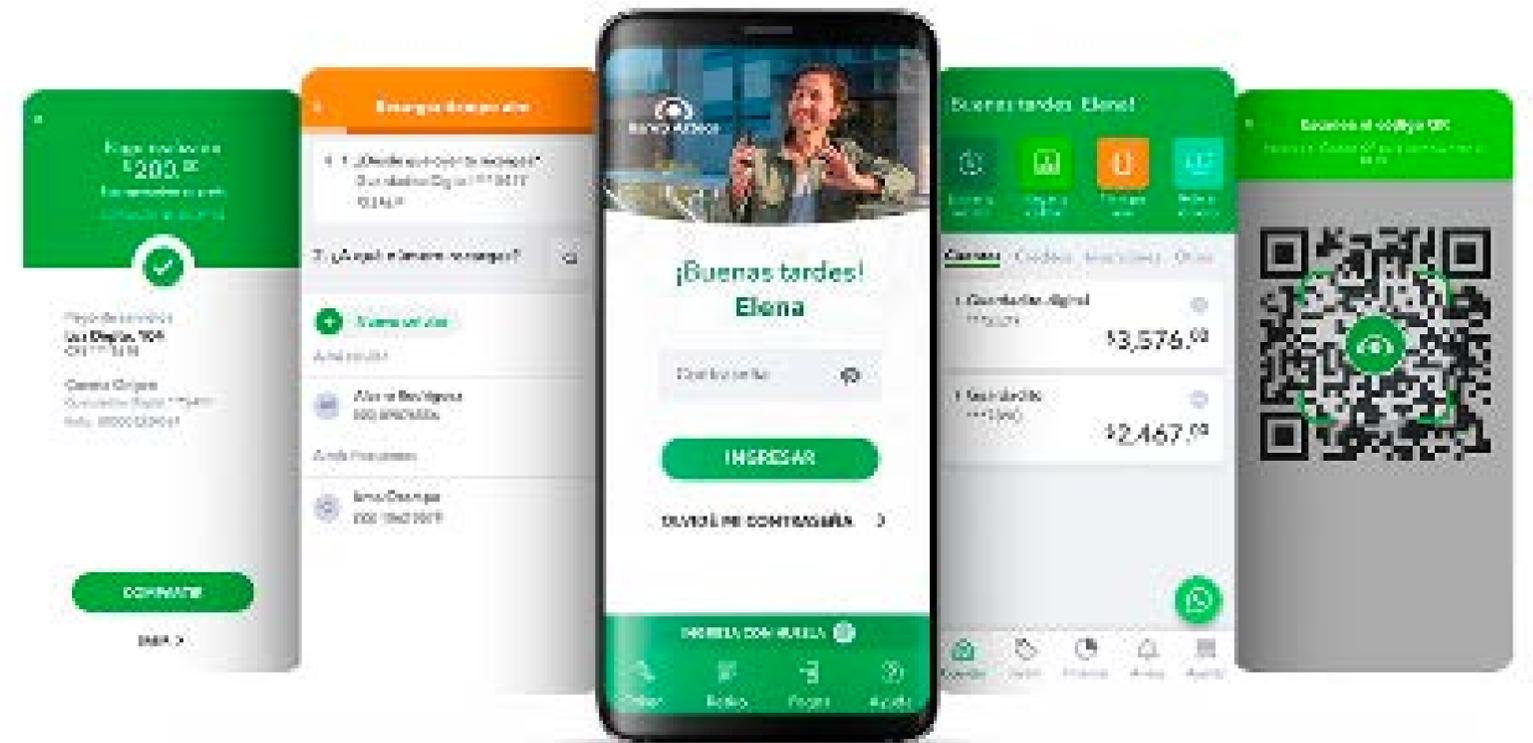
MXN140.8 million invested by Banco Azteca in information technology infrastructure applied to Digital Banking and biometric reading in 2019; 494% more than in 2018

For more information about the 2020 targets in Digital Banking, see page 205 of the "Annexes" section of this report.

24% of total account openings were by digital media, above the target of 20%

2019 was also the year in which Banco Azteca worked to create synergies with financial technology (FinTech) firms, in order to open new markets and extend its digital operating capacity by establishing a stronger presence in financial technology ecosystems. To this end, the institution took part in various forums, like the Finnovista Summit 2019.

Banco Azteca intends to digitalize **10.5** million clients in 2020



Clear and accurate information

GRI 417, 419: 103-1, 103-2, 103-3

For Grupo Elektra, providing clear and accurate information to clients highly important, because it ensures a more responsible approach to purchasing products or acquiring services, and therefore a better client experience. Each of its companies has procedures in place to guarantee compliance with product and service labeling requirements as well as marketing and advertising standards and regulations.

Elektra Stores

416-1, 417-1

Elektra Stores must meet specific requirements for product imports as well as domestic purchases. For the former, it asks the manufacturer for a sample so that it can later inspect the product in the Elektra Stores lab, where it undergoes a quality certification analysis in accordance with OM-032-ENER-2013, NOM-001-SCFI-1993 or NOM-024-SCFI-2013.

If the product passes the internal lab test, it is sent to the NYCE lab for certification; with this in hand, the product may then be imported.

For all domestically manufactured products, Elektra Stores requests the national standard certification from the supplier in order to register the product in its catalog and store in a database that is checked by PROFECO in its inspections. A weekly report is prepared to update the status of each standard, until all products are found to be in compliance.

Labeling for products in Elektra Stores must bear the following information:

- Product name and code
- Model
- Description and characteristics of the product
- Supplier brand and logo
- Product price (cash and credit)
- Discount, if any

- Legal information authorized by PROFECO specifying credit, price and product conditions.
- Effective dates of promotion, if any

A new procedure was created in 2019 for Elektra Stores and Banco Azteca to jointly establish advertising and labeling strategies for each product category. These processes will be reinforced in 2020 through automation

Some products offered by Elektra Stores also come with:

- A user manual
- A guarantee
- Energy efficiency data

Elektra Stores's policy is that if the product fails within 15 days of purchase, it can be immediately exchanged for a new one; after day 16 and up until a year after purchase, the supplier's guarantee applies.

Elektra Stores is continually strengthening its employees' familiarity with the products they offer. As part of this effort, it launched the Elektra University Program in 2019, to provide training to employees on various topics, include the categories and types of products sold in Elektra Stores.

In 2019, Elektra was recognized by the Federal Consumer Protection Agency (PROFECO) as the best commercial conduct supplier in the "Buen Fin" promotional weekend operation, having resolved 100% of the claims filed and obtaining zero observations from the authorities for its campaigns, price-setters and inspection visits.

Elektra Stores received the fewest number of claims with PROFECO during the Buen Fin campaign, and 100% of these were settled during 2019

In 2019, a program called Elektra University was launched, to provide constant training to employees on various topics, include the categories and types of products sold in Elektra Stores

Italika

417-1

Italika's products are subject to the Federal Consumer Protection Law and its regulations, which cover all the data that must be shown on products or their labels, containers and packaging, as well as the respective advertising. This applies to both domestic and imported products. The information must be in Spanish and the price in Mexican pesos, in terms that are understandable and legible according to the general system of metric units.

In terms of marketing and advertising, Italika's strategy had five basic components:

- Positioning Italika as the leading motorcycle brand in all types of use –work tool, mobility, recreation, social integration or sports.
- Developing an in-depth knowledge of customers through market studies and an analysis of their interactions with the brand, to understand their needs and interests and improve conversion rates.
- Ensuring a customer-centric product offering, aligned with the brand strategy and appropriate to the intended use by clients in the target segment.
- Introducing a customer-centric physical-digital ecosystem to offer them a problem-free buying and use experience.
- Improving brand reputation, changing negative cultural codes associated with motorcycle use, and opening spaces for motorcycling in Mexico.

To address these actions lines and boost Italika's brand reputation, the company believes it is critical to achieve continuity in the brand architecture through a hybrid model of marketing and advertising, based on three pillars and levels:



To this end, the company continued to differentiate its communications by pillar, both in graphic image and in the mass media. It also executed 360° campaigns for each of its launches in 2019.

²³ These initials stand for: The Financial Service Providers Registry System (SIPRES), the Standard-Form Agreement Registry (RECA), the Registry of Specialized Unit Information (REUNE) and the Registry of Collection Agencies (REDECO).

Banco Azteca

417-1, FS3

To guarantee that the information given to clients and published complies with the characteristics and requirements authorized for each product it offers, Banco Azteca has a variety of key controls for delivery, authorization, publication and information. These are:

- The transparency law and provisions issued by the National Commission for the Protection and Defense of Financial Service Users (CONDUSEF), which include requirements regarding: registry with the financial entities bureau; standard-form agreements and their inclusion in the registry of Standard-Form Agreements (RECA); information on amounts, concepts and frequency of fees as authorized by Banco de México (BANXICO), account statements, transaction receipts, advertising and websites, and activities that violate sound practices and uses regarding the sale of financial transactions and services.
- The Law on Financial Service Transparency and Order.
- Specific requirements relating to the Securities Market Act
- Fee riders, authorized and supervised by Banco de México (BANXICO).
- Provisions issued by the National Banking and Securities commission (CNBV) regarding product and service operations.
- The law, regulation and guidelines regarding privacy notices approved by the National Institute for Transparency, Information Access and Protection of Personal Data (INAI) and other ordinances regarding treatment of personal data.

All of the products in Banco Azteca's portfolio have a product factsheet that includes:

- Product description
- Benefits
- Name, amount, period and channel for transacting fees
- Terms and conditions
- Informational brochures

- Modification notices
- Requirements
- Annual Percentage Return (APR) indicator
- Contact for complaints and inquiries

In addition to these general requirements, there are products by business unit that must meet certain specifications. For more information about these, see page 205 of the "Annexes" section of this report.

This information is updated regularly on the website and communicated in all print material distributed in Banco Azteca branches.

Banco Azteca earned a rating of 10.0 in compliance with regulatory requirements for registry with CONDUSEF (SIPRES, RECA, REUNE and REDECO)

As a result of its regulatory compliance, in the CONDUSEF Bureau of Financial Entities, Banco Azteca obtained a rating of 9.97 regarding Digital Banking

Banco Azteca ranked 12th of 51 places in the banking industry claims index: for every 10,000 contracts, the institution receives 11.9 claims

Similarly, to make sure clients are kept aware of the products and services Banco Azteca offers, every time the bank launches a new initiative it offers them support in the form of concrete actions. Examples in 2019:

- ATM assistance, where Banco Azteca “hosts” instructs first-time users on the basics of ATMs at the branch.
- Alliances with other banks to expand the network of ATMs and correspondents. A press conference was held with senior management of both institutions and communication was developed for digital and print media in the case of correspondent banks; for our alliances with other banks we updated the branch and ATM locator on Banco Azteca’s website.
- Payment acceptance proposal for entrepreneurs. We provided training to the sales force to facilitate transmission of benefits to clients; developed digital communication; conducted a demonstration of this new payment method at Expo Tendero.
- Update to the information on Banco Azteca’s public website regarding the characteristics and benefits of Digital Banking
- A sampling of product and service characteristics that clients can view before opening their account, through Digital Banking.
- Product or service information or features communicated to clients through Digital Banking.
- The release of “Olivia”, Banco Azteca’s official chatbot for customer service. Olivia provides information on the products or services offered by the bank.

* The number of participations may exceed the number of employees because one employee may take several courses during the year, either in person or online. For more details on this aspect, see page 211 of the “Anexes” section of this report.

FS4

Additionally, one of the key actions for providing quality service to clients is employee training. Through proper preparation of its people, Banco Azteca guarantees optimum communication with the client, because executives can provide clear and precise information on the bank’s products and help clients choose the best solution.

58,875 participations* by Banco Azteca employees in Mexico and Latin America, in training courses to reinforce knowledge of the company’s products and services

1,216,333 hours of training to reinforce knowledge of the products and services Banco Azteca offers in Mexico and Latin America

25.2% of the questions received through Banco Azteca’s chatbot in 2019 had to do with credit products and 20.4% were about savings products

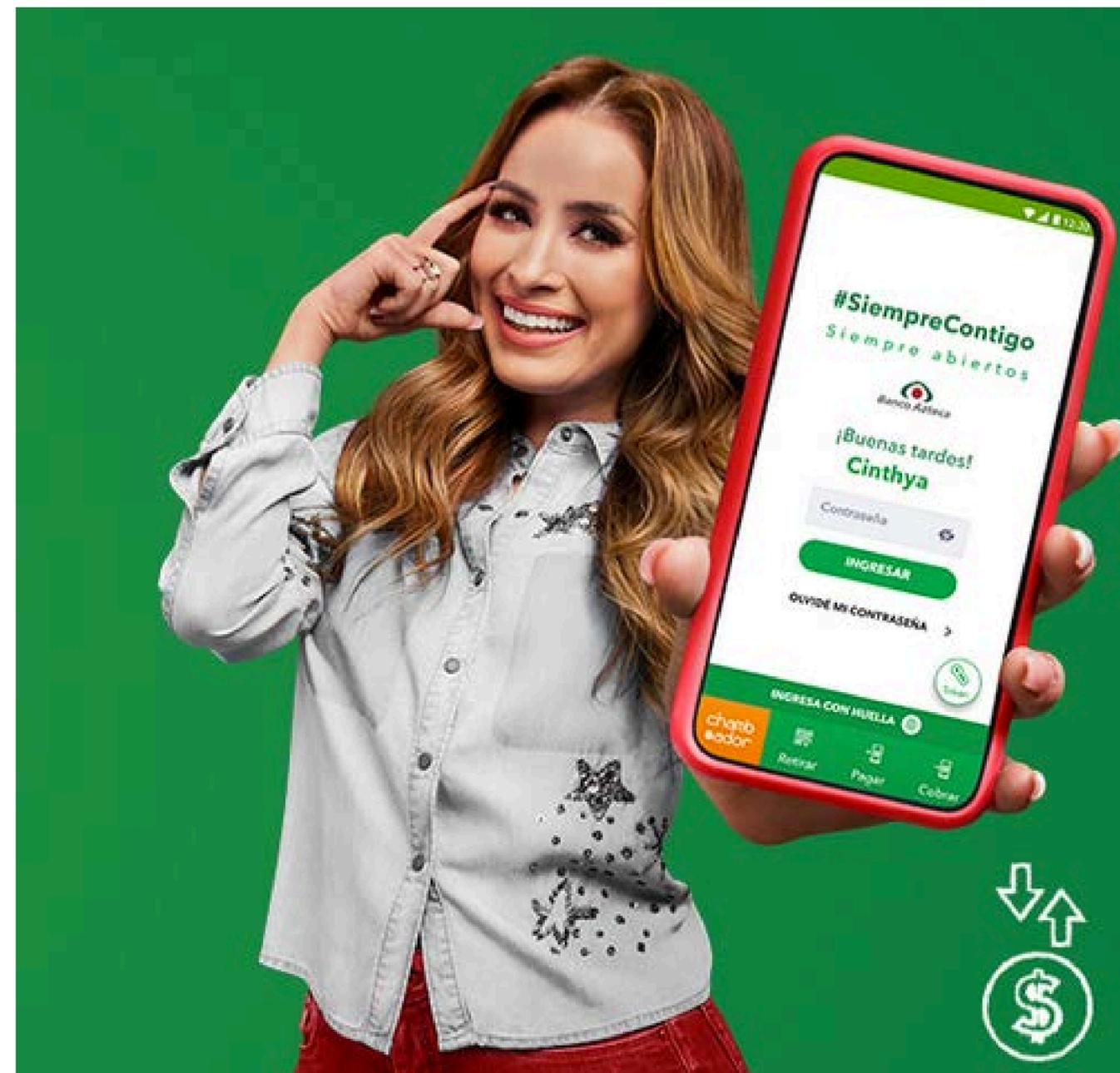
203-2

In 2019, Banco Azteca focused its marketing and advertising strategy on the development of communication and promotion actions linked to the value offer of each of the products and services, for which it carried out a series of qualitative and quantitative studies, seeking to identify the main motivators of the use of money and, in this way, differentiate their strategies. Based on this, it generated specific promotions and materials where these were explicitly explained so that the client knew the mechanics and participation requirements.

The information in all communication must be clear and consistent regarding the amounts of balance increase and maintenance rules, as well as in relation to the benefits of participating in promotions, such as the granting of better credit conditions for amounts and prices, or the forgiveness of ordinary and default interests. In this way, the Institution generates trust and credibility among its clients.

Banco Azteca also held contests for its employees to encourage them to focus on: account opening, balance retention, investment rollover and portfolio recovery. Employees receive recognition for their own work and for teamwork.

Close to **MXN173,000**
invested by Banco Azteca in marketing
in Mexico, a 27% increase over the
previous year



Continuous improvement

GRI 203, 413, 416, 417: 103-1, 103-2, 103-3 416-1

For Grupo Elektra, continuous improvement is a virtuous circle the key elements of which are the ability offer high-quality products and services, and the constant pursuit of satisfaction for clients. Year after year, Grupo Elektra develops initiatives that will bring it closer to more clients, expanding and improving its value proposition and enhancing user experience as a result.

Elektra Stores

To guarantee that the products offered by Elektra Stores fully meet regulatory requirements and shopper expectations, the company has a post-sale service process in which each case reported is evaluated by an interdisciplinary team that interacts with suppliers to review and make the necessary improvements.

Expansion plans were continued successfully in 2019, with the opening of 60 stores and the transformation of another 39.

Italika

Continuous improvement is paramount to Italika given the nature of the products and services it offers, because guaranteeing customer safety is crucial. Italika has a Product Testing and Development Area responsible for evaluating and checking the product, primarily to ensure that the products approved for production and sale meet customer expectations of safety, functionality and durability.

These verifications are vitally important for ensuring the quality and safety of Italika motorcycles before they go into production and mass sale, because they replicate normal conditions of use by customers. Their protocols identify safety risks associated with defects in product design and/or functioning and provide information on how to correct the possible defects.

The Product Testing and Development area is managed using various tools to improve products. These include:

Specialized staff: <ul style="list-style-type: none"> • 6 engineers • 4 technicians • 15 pilots 	Identification of failures during the verification process	Technical collaboration with suppliers to resolve failures identified
Measurement equipment: <ul style="list-style-type: none"> • Dynamometer • Rain camera • Durometer • Digital interface 	Tools for improving Italika products	Organizational development: <ul style="list-style-type: none"> • 2 Master's degrees • 1 Core tools certificate • 1 Failure Mode & Effects Analysis (FMEA) certificate
Operating expenses (Opex)	Capital expenditures (Capex)	Benchmarking against other products on the market to identify strengths and areas of opportunity that Italika can exploit

All testing protocols and product verifications are documented and incorporated into a system in accordance with document formats required under ISO 9001:2015 standard.

During the sample testing process, motorcycle prototypes are delivered to users to obtain their opinions and feedback on functional aspects of the product that should be improved before approval for production and mass sale.

1,019
Italika Service Centers in Mexico and Latin America



Along with its process for evaluating and testing products before production and mass sale, Italika has 1,019 Service Centers in Mexico and Latin America, which provide post-sale service to collect representative information on the product's performance on the market. This process identifies opportunities for improvement in the product and documents and channels them to the Engineering and Strategic Quality Department, which will make the changes and improvements in engineering for products already on the market.

Besides operating under the Italika brand image, with qualified personnel and technicians, as well as a special team to handle each Italika, the service centers have a stock of spare parts to quickly respond to any need a customer might have.

Italika also has its own brand of spare parts and a distribution center that supplies distributors throughout Mexico, so clients can always find original pieces with the quality they can trust. Italika spare parts have functional, attractive packaging as well as kits containing various pieces to meet customers' demands and needs.



In 2019, Italika completed the first phase of its plan to migrate to domestic content in its products, with **356** components

Banco Azteca

FS4, FS15

In keeping with its commitment to efficiency and effectiveness, Banco Azteca is continually working to expand and permanently improve not just its offering of products and services, but also its processes, and to promote prudent growth in current products. In 2019, it launched various solutions to meet clients' needs and expectations, some of which are described below.

In order to encourage the habit of savings and attract new savers from under-served segments of the population, Banco Azteca launched a product called Guardadito Digital, which is offered in its branches and can be opened in five minutes.

828,714 Guardadito Digital accounts opened in 2019, which represents the inclusion of more than 500,000 clients at the close of the year.

The bank also launched a mobile point of sale (MPoS) called Acepta Pago, a device that enables people or businesses to accept card payments (debit or credit), in cash or with a QR code. The main advantages of this device are:

- Sales are deposited immediately, even on weekends.
- Competitive fees.
- Acceptance of various payment methods and registry of cash payment transactions in the Acepta Pago app.
- Accessible to any individual or business.

To improve its overall product and service offering, Micronegocio Azteca launched a product called MAZ Emprendedora, while Presta Prenda, the pawnbroking business, incorporated new payment methods and channels through its correspondents, and launched a product offering acceptance of jewelry and gold pieces with a preauthorized line of credit; and developed a new store format with a differentiated, customer-centric offering.

Afore Azteca made improvements to its value proposition, primarily in response to regulatory changes. One of these was to migrate the Retirement Savings System to a Generational SIEFOREs model, which tailors the risk of each fund portfolio to the five-

year period into which the worker's birth date falls. In contrast to the previous model, the SIEFORE itself modifies its risk structure, instead of migrating worker accounts from one fund manager to another. The purpose of this change is to improve the income replacement rate workers receive when they reach retirement age.

In 2019, the international rating agency Morningstar assigned a Neutral rating with 4 more administrators to Afore Azteca's investment funds

Afore Azteca earned a rating of Good/AAA(-mex) in 2019 from Fitch Ratings, an agency that evaluates investment portfolios each year

Punto Casa de Bolsa grew and launched new products to attract prospective clients and retain its existing base. It also met its goal of increasing the number of active clients in order to democratize stock market investment, increasing the number of active accounts by 20%.

In 2019,
26,000
Acepta Pago devices
were distributed



²⁴ This rating agency reviews different areas, such as returns, prices, people, processes, and the fund manager itself.

Customer satisfaction

Making the customer the center of its strategy has earned Grupo Elektra positive results in terms of satisfaction. This variable is monitored through a Net Promoter Score (NPS), a tool that measures the loyalty of a company's customers based on recommendations given on a scale of 1 to 10. The score classifies customers into three categories:



- **Detractors.** Customers who are dissatisfied with the service.
- **Passive.** Customers who are satisfied with the service but do not recommend it.
- **Promoters:** Clients who recommend and promote the company, its products and services.

This study is conducted each quarter, and helps identify the positive points that customers see in the Group's products and services, as well as aspects they believe need improving. Each report is analyzed and the pertinent corrective actions taken.

Elektra Stores

In 2019, Elektra Stores conducted personal interviews to determine how willing customers would be to recommend the company to a family or friend, according to their experience with the product lines they acquired. The main findings were as follows:

61.5% NPS for Elektra Stores at the close of the fourth quarter of 2019, 12.5pb higher than in the third quarter of the year

The reasons promoter customers mentioned for being willing to recommend Elektra Stores were its extensive geographic coverage or presence, its long opening hours, the simplicity of its procedures, the speed of product delivery, and attention by executives, as well as the variety of product brands and their high quality.

Italika

As evaluated in interviews at Elektra stores, Italika's products obtained the highest scores.

Italika's service centers are constantly evaluating their level of customer service. Additionally, Italika has a call center that develops and implements strategies for improving customers' experiences and help build profitable long-term relations.

Banco Azteca

The Net Promoter Score (NPS) methodology is based on the likelihood of a recommendation, assuming that a highly satisfied customer is more likely to recommend a brand to other people, risking their credibility within their social circle.

At Banco Azteca, this methodology was applied to close to 10,000 clients who were surveyed in person at the branch, or by phone, Banco Azteca has been using the NPS to measure client satisfaction since 2012.

From the close of 2018 to the close of 2019, brand detractors dropped from 8.5% to 5.2% of the total

68.8%, NPS from Italika customers who bought the product in Elektra stores, at the close of the fourth quarter of 2019; an 11.1ppts increase over the result for the third quarter of the year

The NPS rose to 64.8%* in 2019, gaining 3 ppts over 2018. Some of the strengths that were cited by promoters were service days and hours, minimum opening balances, security in sending or receiving money, and others

* This data was verified by a third party for more information refer to page 238 of this report

Banco Azteca obtained an average NPS of **70.5%**, in Latin America in 2019



Currently, **7 out of every 10**

Banco Azteca clients are highly satisfied and would actively recommend the brand to others

Brand value

Besides customer satisfaction, brand value is one of the most important indicators by which Grupo Elektra's companies can determine how effective their processes are, and how well they are managing their customer-centric strategy. Brand value estimates the perception customers and non-customers have of a company's brands or products, services and associated solutions, according to different variables, like quality, recognition and reputation, service to customers and response to their requests, revenues, presence, brand memory, and others.

Because of its solid track record and recognition in the specialty retailer segment to which Elektra Stores belongs, the company came in 12th in the ranking of companies with the best corporate reputation in Mexico, in the category of Supermarkets and Department Stores: Merco Companies 2019 (Merco Industry Groups).

In Italika's case, according to a 2019 study on Brand Dynamics by Millward Brown Kantar –a consulting firm that specializes in knowledge and strategic analysis of brands, communication and media– to measure people's predisposition to purchase the brand more frequently in the present, Italika increased its Brand Power rating by 5 points, becoming Mexico's most powerful motorcycle brand.

Although the Mexican Brand Council did not present its Superbrands award in 2019, Italika has won this recognition three times before, making it one of the most prestigious brands on the market and the leader in its segment.

25 This measurement is conducted by Monitor Empresarial de Reputación Corporativa (Merco) in order to value companies' reputational positioning through a five-stage process in which data is collected from various information source's and stakeholders. The five stages are: survey of directors, expert evaluation, direct evaluation, Merco Consumer and Merco Digital.



Banco Azteca was number 265 in the Banking 500 2019 global ranking by Brand Finance. Its brand value was estimated at USD556 million

For the third year in a row, Banco Azteca was included in the Banking 500 listing developed by Brand Finance and published in the British magazine The Banker. This study ranks global banking brands, based, among other factors, on the brand's importance in purchase decisions, investment in marketing, and the income of each company attributable to the brand.

Banco Azteca ranked 265 in the world with a classification of AA (very strong), in which the highest rating is AAA, and increased the value of its brand by almost USD 100 million, from USD 458 million in the 2018 edition of the ranking to USD 556 million in 2019.

The increase in the value of Banco Azteca's brand is the result of its increased operating efficiency, based on a model that promotes financial inclusion and ventures into new technology-based businesses and channels like digital banking.

Furthermore, for the second year in a row, and a result of its considerable recognition and prestige on the market, Banco Azteca was included in the ranking of companies with the best corporate reputation in Mexico (Merco Empresas 2019), coming in at 58th place, 34 notches higher than in the 2018 edition.

Banco Azteca ranked 58th among "Companies with the best reputation in Mexico 2019" and was included in the list of "The most responsible companies and with the best corporate governance in Mexico," both conducted by Merco

Banco Azteca was included in MBLM's 2019 Mexico Top Brand Intimacy Ranking, which identifies brands that are best loved by clients

The background consists of several overlapping, semi-transparent shapes in various shades of red and dark red. The shapes are organic and flowing, creating a sense of movement and depth. The colors range from a deep, dark burgundy to a lighter, more vibrant red. The overall effect is a rich, textured composition.

Social Value

The value of talent

Talent is a key factor at Grupo Elektra, and it allows each of its companies to achieve their business goals. For this reason, the Group is committed to providing an optimum working environment, continually developing its work teams' capacities and promoting their comprehensive well-being, creating conditions that inspire all employees, building a sense of belonging and greater satisfaction among them. The result is a more stable, productive workforce, and another step toward inclusive prosperity.

Talent recruitment

GRI 401, 405, 406: 103-1, 103-2, 103-3

Grupo Elektra has an inclusive, standardized recruitment process that identifies talent from the start and creates medium and long-term succession plans. Among the improvements to this talent recruitment and retention model in 2019 were:

- Drafting a Talent Recruitment Manual.
- Introducing Hiring Room, a platform for managing Grupo Salinas job candidates.
- Standardizing vacancy postings in LinkedIn and online work banks.
- Guidelines for promoting personnel within corporate offices.
- Updating the Inclusion and Non-Discrimination Policy.
- Creating a Policy on Posting of Vacancies.

Elektra Stores

The vision of Elektra Stores is "To be the company where everyone wants to work." In pursuit of this vision, human capital is its most valuable asset, so Elektra Stores promotes an organizational culture that supports advancement for its employees, focusing on a strategy of transformation and on humane, dignified treatment for all. This culture is based on 10 core aspects:



In the last five years, Elektra Stores has made an effort to build employee awareness of the need for a change in Culture at Elektra Stores, and to inspire enthusiasm about this change. In 2019, the effort focused on helping employees understand how to adopt the culture and how to make it a reality, involving them directly in it. In 2020 we this culture should be fully in place, and we will work to ensure that it lasts and is practiced by new generations, thus helping to fulfill our vision.

To encourage employees to adopt this philosophy, Elektra Stores has two initiatives:

- Culture caravan: A program that builds interest in culture and transfers knowledge to employees. It is held every six months in regional branches, distribution centers and corporate offices.

401-1

339 new Elektra Stores employees in corporate offices in 2019; 177 to fill new vacancies and 162 replacements

18 vacancies at Elektra Stores' corporate offices were filled by internal candidates

- Culture ambassadors: employees who play an active role in transmitting culture and identifying specific issues in operations so they can be addressed directly.

In addition to improvements made to the Grupo Elektra talent recruitment process and organizational culture, Elektra Stores has three other tools:

- Skills-based interviews
- Talent in Movement program, to develop internal talent
- Corporate office panel for identifying talent in Managers and Senior Executives

This set of tools has allowed Elektra Stores to optimally manage its talent recruitment process, which earned it Great Place to Work (GPTW) distinction in 2019, awarded to the best companies to work for in Mexico.

Additionally, Elektra Stores successfully kept the commitments it made at the start of 2019 to strengthen talent recruitment processes. Among its main achievements are:

- Reducing the amount of time between selection of talent and hiring, from 60 to 35 days.
- Reducing requirements in the candidate selection process
- Using the Hiring Room platform.

Elektra Stores improved its presence in LinkedIn's Talent Index with a 137% growth in level of engagement, 84% in impacts and 261% in the number of postings shared, among other key figures



Italika

At Italika, the talent recruitment strategy was restructured to align with the Company's culture and needs, so that people would be hired on the basis of their skills and experience and without regard to gender, age, or place of residence. The mechanisms for this restructuring were:

- Reentry policies.
- Modification of psychometric tests applied by Círculo Laboral (a Mexican company that develops solutions for making better personnel recruitment, selection and improvement decisions). This involved adopting the General Honesty Index (GHI) metric, an evaluation that determines a person's degree of honesty, through an analysis of 18 variables, and an Organizational Respect Diagnosis (ORD), which analyzes how much respect a person demonstrates in the workplace through measurement of four variables.

One material event that changed the course of talent recruitment at Italika in 2019 was the opening of the number 5 assembly line at Ensamblika. For this process, the company relied on field recruitment and sound-truck advertising, as well as the Recruitment 2.0 process primarily through social media.

401-1

227 new hires at Italika resulting from the new talent recruitment strategy

Ensamblika met its goal of maintaining full staffing according to seasonal labor requirements. It ended 2019 with 97% coverage of its administrative staff, against a goal of 99% for the year.

Italika evaluated the results of its talent recruitment program by tracking Key Performance Indicators (KPIs), represented by the number of vacancies to fill by certain opening dates, and the commitment to have enough qualified people to replace existing vacancies.

17 vacancies filled by internal candidates



Banco Azteca

At Banco Azteca, the strategic action line deployed in 2019 was based on a six-step high performance management model developed by Grupo Salinas, stressing step 3, “Team,” where a new process was introduced for recruiting, selecting and hiring talent. This talent recruitment process assigns responsibility for selecting the best members of the team to “team makers,” in other words, heads of work teams, under the premise that they can guarantee and promote the quality of their people’s work to achieve strategic targets, while the Business Partners in the Human Capital area act in the capacity of advisors who regulate the process, propose the candidates and provide the necessary information for the team makers to make the selection.



80% progress toward adoption of the “Six Step High Performance Management Model” at Banco Azteca at the close of the year

Together with this model, the talent recruitment process at Banco Azteca used a variety of tools, such as:

- The Talent Recruitment and Hiring Policy.
- Talent management systems like GS Talent –Success Factors– SAP and MDP. The posting of vacancies through job banks and social networks, pre-filtering with the use of a Chatbot and programming interviews with candidates who pass this filter.
- Referrals program, an initiative in which employees can refer experienced candidates with key job qualifications to fill vacancies.
- Application of psychometric and skill tests to candidates

²⁶ This is a model that reflects Grupo Salinas’ management philosophy, and it encompasses the sequence of activities needed to implement and structure the strategy, with the aim of guiding the team and its actions toward a common goal. The six steps are:

1. Strategy
2. Structure
3. Team
4. Information System
5. Compensation and incentives
6. Integration and evaluation

²⁷ Including Mexico and Latin America.

* This data was verified by a third party for more information refer to page 238 of this report

401-1

39,648* new Banco Azteca hires²⁷ in 2019; 43% of them women and 57% of them men

MXN6,565,887.50
 in total hiring costs at Banco Azteca México,
 equivalent to MXN22,798.22 per employee hired

401-1

715 people promoted in Elektra Stores; 15 in Corporate Offices and 700 in branch offices

Talent retention

For Grupo Elektra, retaining the best talent is critical, because this promotes a commitment by employees to the organization, and thus makes it easier to pursue individual and organizational goals, making the Group more competitive as a whole. With this in mind, according to their individual strategic priorities, each of the Group's companies took various actions to support employee retention.

Elektra Stores

404-2

To retain talent in the company, Elektra Stores worked on the basis of four main pillars:

- **Education.** A program called "Prepa Socio" for employees who have not yet completed preparatory school, supporting their personal and professional advancement.
- **Communication.** The company has a private Facebook group where all employees can share content of interest and day-to-day experiences, encouraging them approach and interact with each other on various dimensions of the business.
- **Promotion, through the Talent in Movement program.** A process for promotion or transfer within the organization, based on objective merit. Talent grids are used to bring together all the information on the employee's qualifications, 52-week performance, and evaluation of their in-store skills, so that when a decision needs to be made, the information can be found in this document. Employees can also be completely certain about what is needed to advance within the organization.
- **Recognition.** A system for identifying and recognizing store employees with outstanding performance indicators in a given month.

Italika

Talent retention efforts at Ensamblika focused on modification of the operating profile, creating more precise criteria –candidates older than 23, non-students, with job stability and with previous work experience in the industry.

401-1

59.1%, turnover index at Ensamblika, 24.1% voluntary and 35% by dismissal.

Banco Azteca

In 2019, talent retention became a core issue in Banco Azteca's strategy, recognizing the advantages of a permanent group of employees can have for generating more and better organizational capacities within the institution, building skills to achieve business goals, reducing operating costs, motivating teams and improving the corporate reputation.

404-2

Banco Azteca's strategic priority for addressing this issue as an essential part of the business agenda was to identify and address the main reasons for employee departures. A Departure Focus Committee was created in 2019, involving various business areas and units.

The Committee meets each week to review turnover data, identify trends, share best practices and take the actions necessary to reduce the number of departures.

In 2019, Banco Azteca created the Departure Focus Committee to track talent retention as a crucial part of the business agenda

Banco Azteca branches were one interesting case in point, having identified areas of opportunity, they decided on actions to improve them:

- Evolution of the talent retention tracking program, whose aim is to intensively analyze data on the most successful personnel in terms of seniority and productivity, and try to replicate these qualities.

- Introduction of the “Boss to Coach” program at bank branches, to support transition of the leadership model.
- A new onboarding model that will create a unique experience for new hires during their first thirteen weeks on the job.

Also, to support branches in managing turnover, visits are made to branches with turnover problems to determine the causes, and to develop and implement local containment plans.

406 visits to branches with local containment plans developed during the year

The program to reduce branch personnel turnover resulted in 117 branches closing the year 2019 with zero turnover.

8,125 Banco Azteca leaders hold management, regional, zone, territorial and managerial positions. Their average seniority is 6 years, so it is a team characterized by stability and commitment to the institution

Additionally, when there is a vacancy, existing personnel are encouraged to apply for it, providing them growth and development opportunities through promotion, especially employees with the know-how and skills to fill managerial posts. The team is thus motivated to stay with the company and to continue improving themselves on a daily basis.

Using its Compensation Policy and GS Talent System as a basis, Banco Azteca is improving working conditions, offering or considering new benefits such as home loans, personal loans, and, above all, personalized career plans for employees, as well as compensation and counter-offer schemes, leveling salaries, creating vacation plans and letting employees choose their work times

401-1

47%* general turnover index at Banco Azteca México; 35.7% voluntary and 11.3% by dismissal

3 years average seniority for Banco Azteca employees; 2 year and 9 months average seniority for women and 3 years and 1 month for men

* This data was verified by a third party for more information refer to page 238 of this report

Diversity and equal opportunity

GRI 401, 405, 406, 409: 103-1, 103-2, 103-3

Grupo Salinas is firmly committed to promoting cultural diversity, a virtue it has conveyed to all its companies, because of its extensive geographic footprint and close ties it has forged with the communities where it operates. This has created a workforce of varying origins, broadening the business perspective, complementing strategies and enriching operations.

In 2019, which was declared the International Year of Indigenous Languages by the United Nations Organization General Assembly, Grupo Salinas reaffirmed the importance of better understanding our history and community traditions, by promoting pride in the roots of indigenous peoples.

Grupo Salinas contributes continuously to social inclusion and equal opportunities, employing 1,200 people who speak indigenous languages such as Maya, Náhuatl, Zapoteco, Mixteco and Amuzgo, making it a set of companies with extensive diversity that promotes well-being and progress.

Based on this vision, and in keeping with our Code of Ethics and Conduct, Grupo Elektra has systems in place to guarantee the integrity of both employees and job candidates as well as the business group itself. During the hiring process, and in work within the organization, we prohibit all forms of discrimination that may be motivated by ethnic or national origin, gender, age, disability, social condition, health condition, religion, opinions, sexual preferences, marital status or any other reason that may violate human dignity or which negates or affects people's rights and freedom.

From process to recruit and select people to work at Grupo Salinas and Grupo Elektra, we conduct interviews to determine candidates' skills and know-how, without regard to gender or disability.

102-7, 102-8, 102-41

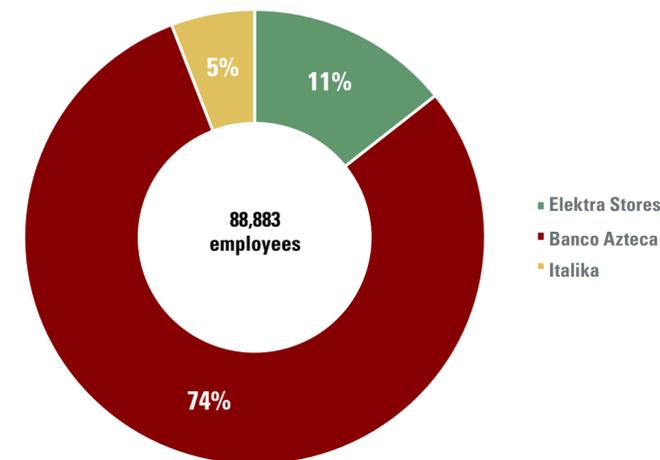
As of December 31, 2019, Grupo Elektra's workforce was made up of 88,883 people in six countries of the Americas, about 8% of which were union workers.

The Company considers its labor relations to be healthy, and through collective bargaining agreements it handles relations with unions. These agreements are reviewed annually for wage aspects, and bi-annually at the contractual level.

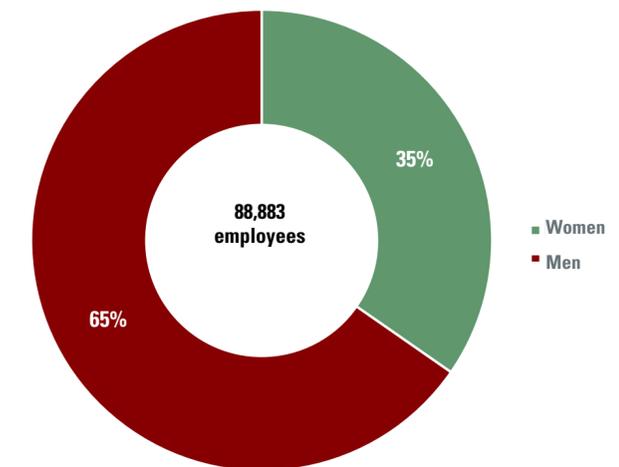
Grupo Elektra's workforce totals **88,883** employees

405-1

Grupo Elektra Breakdown of employees by company



Grupo Elektra Breakdown of employees by gender



Furthermore, based on the Grupo Salinas training manual, from the time they are hired, all employees are guaranteed access to training by Grupo Elektra, through tools for them to improve, learn about and develop the necessary skills and behaviors to do their jobs, ensuring that the Group has qualified personnel with the necessary certifications according to the duties and activities of each job and area.

Grupo Elektra earned NMX-R-025-SCFI-2015 standard certification for Labor Equality and Non-Discrimination

412-2

As a result of these good practices, in 2019 Grupo Salinas obtained the John James Dupuis Recognition for Excellence Standards and Compliance from the certifying agency, ANCE.

Grupo Elektra also earned certification for compliance with Mexican standard NMX-R-025-SCFI-2015 in Labor Equality and Non Discrimination, thus guaranteeing its alignment with the Code of Ethics, manuals, policies, practices, human capital processes and self-management in human rights.

This certification recognizes Grupo Elektra's commitments and actions toward labor equality and non-discrimination, which it procures by:

- Incorporating gender perspective and non-discrimination in recruitment, selection, mobility and training.
- Guaranteeing equal wages.
- Taking action to prevent and address workplace violence.
- Taking action to ensure a proper balance between employees' work, family and personal life.

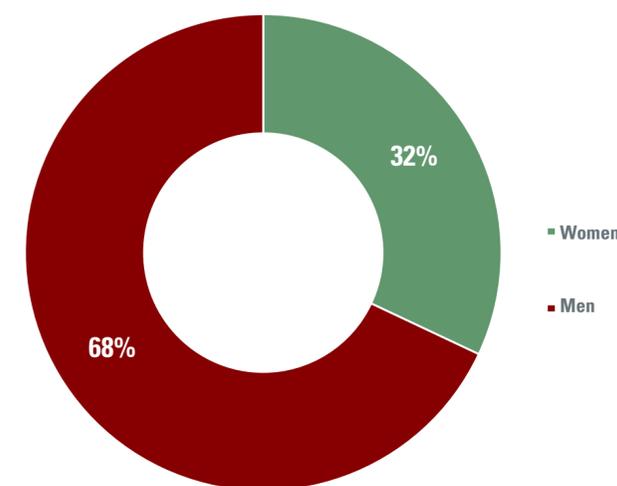
108 Grupo Elektra employees have some disability or chronic illness, 15% of them working at Elektra Stores, 3% at Italika (Ensamblika) and 82% at Banco Azteca

Elektra Stores

Elektra Stores offer equal development opportunities to all job candidates, regardless of their religion, race, sexual orientation, nationality, age, etc., and they also respect and appreciate diversity as a source of strength and innovation for the organization.

405-1

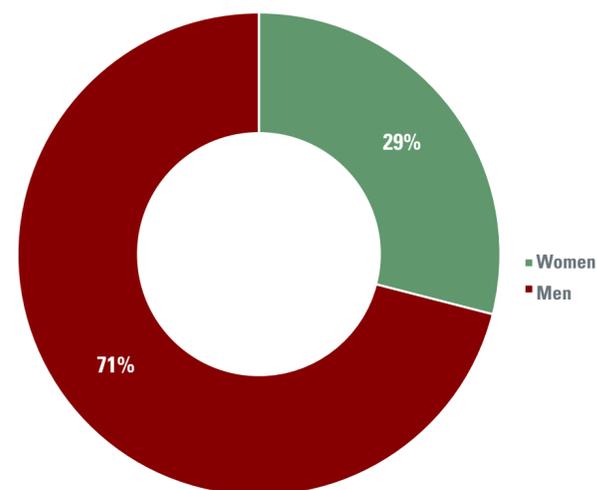
Elektra Stores Breakdown of employees by gender



Italika

405-1

Italika Breakdown of employees by gender



Ensamblika has **2,542** employees under permanent contract, 1,742 of them men and 800 women

26 employees in management positions at Ensamblika, 5 of them women; 4 in top management positions and 1 in junior management

Italika respects its employees' right to belong to a union or to sign a collective bargaining agreement. The Company involves the union from the time its operating personnel first join the company, giving them information and a form to join the union. Every year it holds a meeting with the union committee to review the collective bargaining agreement and transmit up-to-date information to all unionized personnel.

102-41

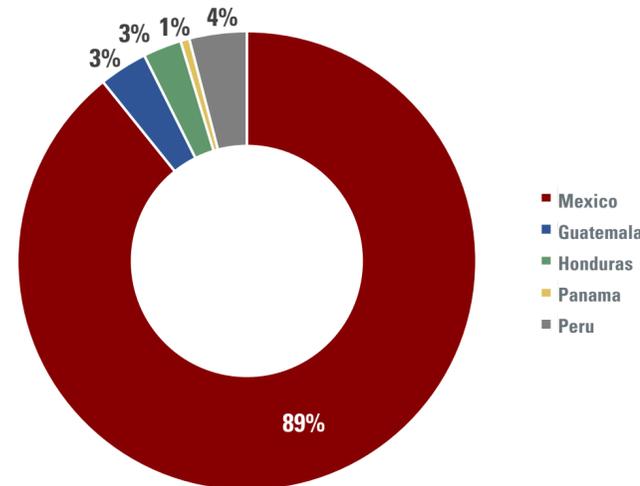
2,268 unionized employees at Ensamblika, equivalent to 89% of the total

67% of unionized workers at Ensamblika are men and 33% are women

Banco Azteca

Banco Azteca promotes equal opportunity and non-discrimination in filling positions, because it does not take differentiating features into account in the selection process. Job description search profiles are created according to the type of talent required, based on an equitable formation of three-candidate selection pools, when there are enough candidates to do so.

Banco Azteca Breakdown of employees by country

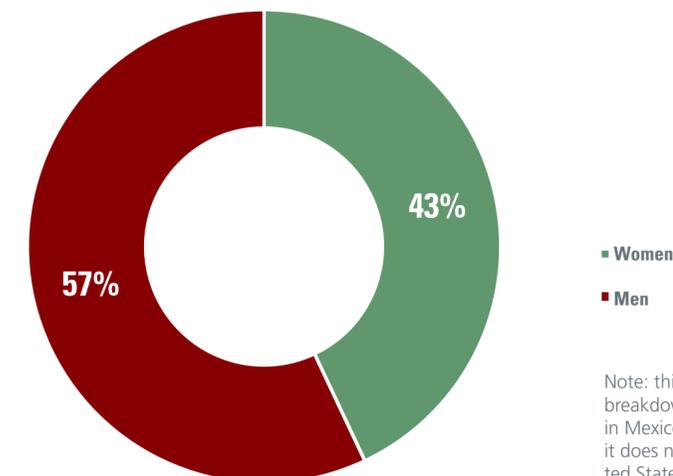


GRI 405, 406: 103-1, 103-2, 103-3

At Banco Azteca, equal opportunity and gender equity are key factors in creating an optimum working environment. Bank branches, Presta Prenda and Afore Azteca have the greatest percentage of women employees, with 66%, 57% and 53%, respectively.

The predominance of women in Banco Azteca bank branches is particularly important considering that close to 36% of Banco Azteca's workforce is employed in regional branches, and many of these are located in municipalities suffering from high poverty rates.

Banco Azteca Breakdown of employees by gender



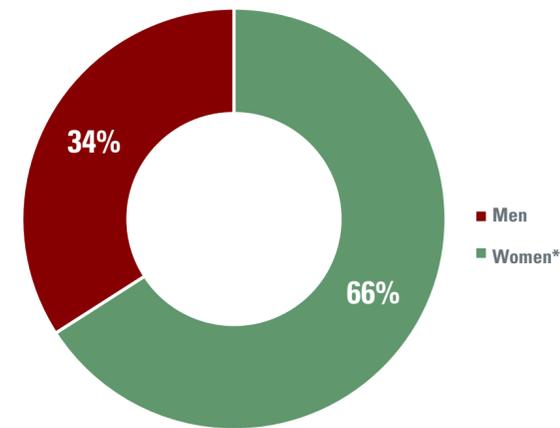
Note: this chart shows the breakdown of the workforce in Mexico and Latin America; it does not include the United States.

0.2% of Banco Azteca employees have a temporary contract.

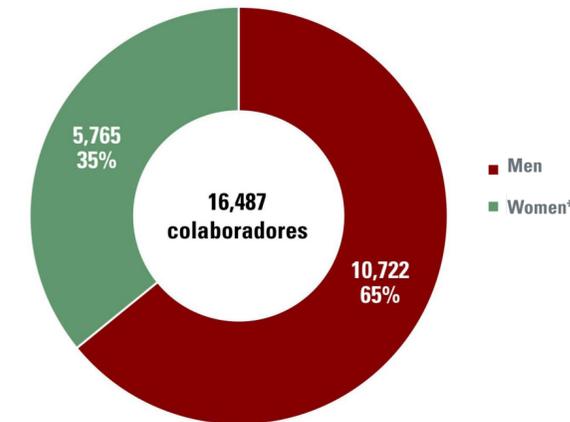
66% of bank branch employees are women, equivalent to 13,814 employees

64% of the staff of Banco Azteca's branch network are tellers, and 74% of these are women, this means most customers who go to a bank branch are served by women

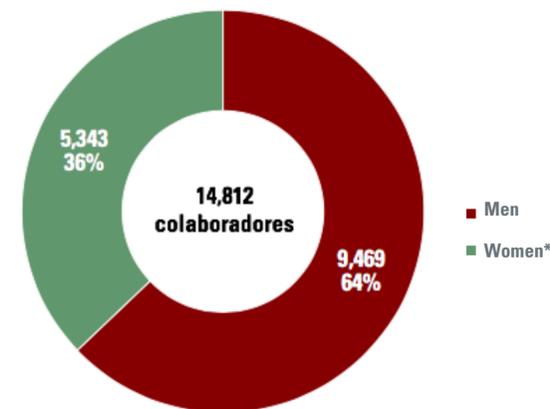
Bank Branch Employees by gender



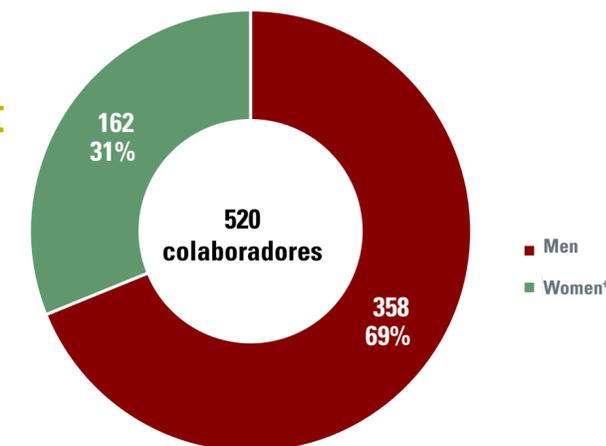
Banco Azteca Employees with executive positions, including junior, middle and senior executives, by gender



Banco Azteca Employees in junior management positions, by gender*



Banco Azteca Employees in top management positions, by gender



35,804 employees in income-generating positions; 20,884 of them are women, or 58% of the total

Note: Junior management positions are those at the first level; middle management includes the third and fourth levels before CEO; senior and top management refer to the two levels below CEO.

* This data was verified by a third party for more information refer to page 238 of this report



Banco Azteca has many employees on staff who speak some indigenous dialect or language, allowing them to attend to customers who speak those language, when necessary –Maya, Náhuatl, Zapoteco, Mixteco, Otomí, and 26 others. Around 868 employees speak these languages and work in the 430 branches of Banco Azteca, spread across 30 states of Mexico, most of them in Oaxaca and Yucatán.

868 Banco Azteca employees speak some indigenous dialect or language, equivalent to 4.1% of total branch employees; 173 of them are in management positions



Human Rights

Italika

In order to convey the importance of respect for human rights, equal opportunity and diversity among all employees, in 2019 Ensamblika also introduced various initiatives, like talks for all personnel and training for women to do jobs formerly assigned only to men. At the close of 2019, there were four women working as Operator B Adjustment specialists.

To evaluate the effectiveness of this training, one-on-one interviews were held between the superior and the operator, verifying the employees' level of satisfaction regarding their training and their job.

Every person involved in training at Ensamblika is responsible for being aware of any situation that may jeopardize employee safety and for being open to employees to approach them and to take the necessary corrective measures. Furthermore, in addition to the Honestel and Cuéntanos channels, Ensamblika has made a suggestion box available to employees called "How can I help you?" managed by the Plant director, where they can also submit reports on conduct that may violates human rights.

Banco Azteca

Based on the Federal Labor Law and Banco Azteca policies, in 2019 the bank continued to provide an online course for team makers, addressing the importance of human rights from the perspective of employee rights and benefits.

Additionally, through the GS Talent/Legacy Learning Management System (LMS), an online course was offered to all employees on anti-discrimination measures.

* The number of participations may exceed the number of employees because one employee may take several courses during the year, either in person or online. For more details on this aspect, see page 211 of the "Anexes" section of this report.

40,957 participations* by Banco Azteca employees in Mexico and Latin America in human rights training courses

50,519 hours of human rights training at Banco Azteca in Mexico and Latin America



Talent development

GRI 404: 103-1, 103-2, 103-3

Training

At Grupo Salinas, training is given in two forms:

In person training	Online training
Made up of various programs that address strategic issues and specific requirements for each business.	<p>An optimum, accessible way to convey important information to all employees, in both corporate headquarters and regional offices.</p> <p>In 2019 a new online training system was launched called Grupo Salinas Talent (GS Talent), which features improvements in the content publication process and specialized training according to the needs of each area.</p> <p>The results of this type of training can be evaluated through tracking reports.</p>

In 2019, this training effort was aligned with Objectives and Key Results (OKRs) for addressing specific issues so that, based on this exercise, it could be managed by each business unit or area.

Elektra Stores

Various types of training are offered for Elektra Stores employees, including:

- **“Prepa Socio”** for employees who for some reason have not yet completed preparatory school. To qualify for this training, an employee must have superior performance and attendance records.

- **Elektra University:** A platform for development, continuous learning and knowledge management, by which Elektra Stores can disseminate its culture across all levels of the organization, develop customer-centric business capacities and leadership skills, and strengthen its value proposition for employees.
- **Top Talent.** Employees who participate in this program successfully completed the Harvard Business Publishing study plan.
- **Omnichannel Store Leader Certification.** The purpose of this program is to provide leaders with tools to guarantee the best shopping experience at their business unit, ensuring impeccable execution of operating processes and standardization of Elektra Stores omnichannel service and attention.



969 Leaders, Regional and Zone Specialists certified as Omnichannel Store Leaders; 59% nationwide

Italika

One of the most important actions taken by Italika in the area of training in 2019 was to introduce a training simulator where newly-hired operators train for a period of 3 to 10 days.

During onboarding, operating personnel receive information on procedures for obtaining a promotion or accessing a higher job category.

Banco Azteca

For Banco Azteca, training is important not only because it ensures that employees have the certifications required by law, but also because it helps to build a solid institutional structure with the right people in the right jobs, trained and motivated, and ensures that employees have the tools they need to do their jobs well.

In keeping with the Manual of Training Policies and Procedures, performance based on OKRs and the focus on continuous improvement, effectiveness and professionalism, in 2019 training at Banco Azteca follows these strategic guidelines:

- Increasing employee productivity through training in knowledge, skills and competencies, as well as attitudes.
- Developing in-person and online courses stressing:
 - Job-specific training, which clarifies the methodological, administrative and management activities inherent to each position (cybersecurity/data security and risk management).
 - Reinforcing cultural issues (onboarding, ethics, human rights, Code of Conduct and anti-corruption), strengthening the sense of purpose that each business unit has and creating a greater sense of belonging among employees.
 - Specialized and technical courses covering the processes and products of each business, to guarantee employee know-how and reinforce operating viability on the workers' side.
- Compliance with regulations regarding online training in specific areas, which is mandatory for all employees. At the end of this training a report is presented to the banking regulators of each country. Some of the most important online courses in 2019 had to do with Money-Laundering Prevention (MLP), Politically Exposed Persons (PEP) updates to products and the corresponding policies, and workplace health and safety.
- Developing leadership skills, excellence, and team building.

* The number of trained employees refers to the number of participations, as one employee was able to receive training on the same topic on more than one occasion.

- Improving employees' technical and soft skills as a competitive advantage.
- Optimizing customer service to build satisfaction.

Taken together, these guidelines are intended to increase employee satisfaction and thus create a better working environment and reduce turnover.

404-1

1,529,495 total hours of training given to 70,167 Banco Azteca employees* in Mexico and Latin America; an average of 23.8 hours per employee

One of the main benefits of Banco Azteca's training strategy was the improvement in the employee turnover index: at Presta Prenda, for example, it was reduced by

7%

Based on the system of Objectives and Key Results (OKRs), a certification program was designed for certain job descriptions, in which the participation of the team maker is crucial. This certification model helps employees fulfill the mandate, duties and tasks of the position, and it is also linked to the compensation model, because by staying up to date and having tools to meet their goals, employees can be more productive.

Among the key indicators that Banco Azteca seeks to influence and which also help it to measure the benefits of its investment in employee development programs, are:

- Job satisfaction.
- Increase in performance standards and key position indicators.
- Employee retention

In addition to results in these indicators, internal audits were conducted to make sure employees had completed the online programs.

To measure the benefits of the training given, for in-person training, Banco Azteca uses the Kirkpatrick Model²⁸ levels 1 and 2.

- Level 1, response. Measures the quality of content and the methodology through satisfaction surveys.
- Level 2, learning. Measures the knowledge generated, through exams before and after the course or workshop

For online training, Banco Azteca measures the effectiveness of training by the percentage of employees who complete the courses and the number who pass them.

Banco Azteca quantifies return on investment (ROI) according to how quickly its certified personnel become more productive, measuring the number of weeks an employee takes to meet the expected percentage of goals established before they began the certification process, compared to the current average.

As in Mexico, in Latin America Banco Azteca reinforced employee training at the highest echelons of management, improving key indicators like employee turnover productivity and personnel satisfaction index.

In Guatemala, for example, personnel turnover improved by 13%, retention by 5% and productivity of 16%, among trained employees, compared to fiscal year 2018. Banco Azteca Honduras succeeded in boosting its productivity index by 18%, and improved its Net Promoters Score (NPS) by 7 points, to 61%.

²⁸ The purpose of the Kirkpatrick model is to measure the impact of training programs; it is made up of four levels: response, learning, performance and results.

For more details on training indicators, see page 211 of the "Annexes" section of this report.

MXN60,709,141

invested in employee training by Banco Azteca in 2019; an average investment of MXN1,004.6 per employee

95% of employees certified for their position, on average



Leader development

To address one of its priority strategic lines of action for building long-term value, in 2019 Banco Azteca continued to develop programs focused on its senior management, and developing their leadership skills, facilitating the division and understanding of duties and tasks assigned in order to lend certainty to each process, which means better teamwork, more satisfaction and greater retention of personnel. The following describes the two main programs developed by the institution last year.

Management Basics

A basic program intended to develop team management skills, encouraging team makers –branch managers– to use their human resources as the basic element for achieving results. The course is given in person, and its objectives are:

- To share tools for developing and/or improving management skills for Branch Managers.
- To ensure implementation of new tools through effective mentoring by superiors
- To empower the managers by working on their skills (knowing, being able to and wanting to do the job).

The course was divided into five modules:

Selection
 Objective. Apply the interview method for selecting personnel

Training to train
 Objective. Develop skills, share knowledge and effectively change attitudes to improve performance

Locking in results. Feedback in action
 Objective. Apply various tools to effectively evaluate performance

Team management
 Objective. Identify a team's degree of development, applying actions to improve their performance

Tools for comprehensive performance management
 Objective. Share best practices for retaining and developing employees on their team

In 2019, Banco Azteca succeeded in training 1,800 Branch Managers in its “Management Basics” program, equivalent to 97% of the total



720 Branch managers had completed the program by the end of the year; with 1,800 Branch Managers trained, this effort exceeded the goal by 150%



2,953
employees
participated
in the Leader
Certification
program;
95% of them
earned national
certification



Leaders of Excellence

An in-person course intended to:

- Fine-tunes executive skills to improve leadership and team management.
- Motivates leaders to inspire their work teams as an essential factor in achieving results.
- Encourages leaders to be agents of change that guide efforts toward the institution's goals.

This training was therefore designed to assist senior management leaders in fulfilling their mandate as team makers, and developing the following skills:

- Selecting the best talent to make up the team.
- Accompanying them as they join the organization
- Training and preparing them to correctly do their jobs.
- Motivating them and encouraging them to be better by leading them.
- Evaluating and providing feedback with a focus on continuous improvement

This is a training program for developing specific skills, given by Harvard Business Publishing, an internationally prestigious consulting firm, and divided into three modules, each of them covering two skills:

- Module 1: People: Leading people and managing teams
- Module 2: Customers: Focus on the customer and Negotiation
- Module 3: Business: Strategic Planning and Execution and Decision-making

The program provides a total of 48 hours of training. Each module lasts 16 hours and takes place over a six-week period, so the complete course lasts for 18 weeks.

The impact of the program can be observed in:

- Standardization of processes in all the business units.
- Banco Azteca's position as a domestic benchmark for competitiveness and good practices in the financial industry.
- The creation of human capacities that allow the institution to have highly trained personnel in each job, in line with global quality standards.
- Improvement of the employer brand, by having certification plans that are nationally and internationally recognized as part of its job offering.
- Transparent job preparation and training processes, as required by the Ministry of Labor and Social Planning.

- Business costs, which are reduced by lower employee turnover, and stronger "soft skills" among leaders, focused on the business strategy.

Average retention of leaders is above the average, which is a sign of the success of our investment in training and the solidity of existing programs. Additionally, we will be evaluating the viability of linking this program to executive compensation, that is, we will consider including it as a program that rewards excellence in results, seniority and other qualitative factors on employees within the category-based recognition plan.



220 senior
executives
trained in
2019, 42% of
the total

To correctly manage tutors and apprentices participating in the “Youth Building the Future” program, Grupo Salinas developed the “Flying High” app

“Youth Building the Future”

This Mexican federal government program is aimed at young people between the ages of 18 and 29 who currently are neither employed nor in school, encouraging them to undergo training for up to a year and begin their work experience, taking advantage of their talent and developing their skills.

The program was introduced to Grupo Salinas in April 2019, and training is given through tutorials, the duration of which varies depending on the area or business where the youth are working.

Elektra Stores trains interns for six hours a day in customer service and operations. At Banco Azteca branches the internships last for six weeks, equivalent to 180 hours of instruction for each intern; in the Collections and Credit segment, they last for four months and provide more than 250 hours of training to interns.

Since this program’s inception, Grupo Salinas has offered 2,000 internships in various business units, and at the close of 2019 it had 728 interns working in the company and had hired 75 former interns

Banco Azteca has 1,441 employees registered with the Mexican Bankers’ Association (ABM), who are given two hours of online training to act as tutors: 1,200 of them in Banco Azteca branches –one in each branch– and 241 in corporate offices. All together, a total of 74,202 hours of training were given to interns

The number of hours of volunteer time invested by tutors in the Collections and Credit area in training interns in 2019 was equivalent to

MXN1,830,705

²⁹ Based on hours of training given to interns who completed the program, who are in the training process, and who dropped out before completing training

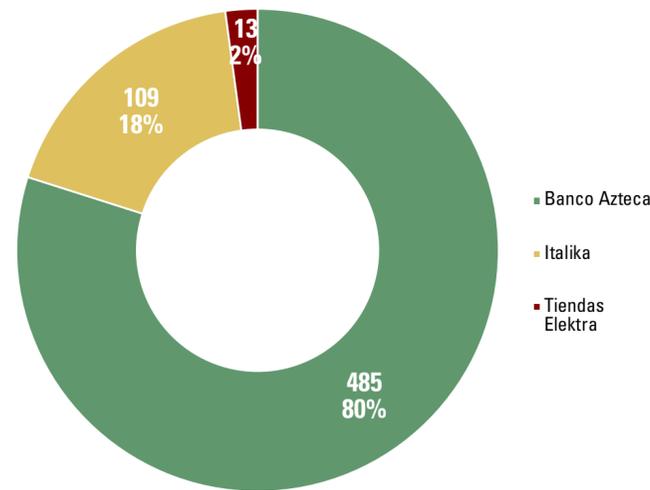


Banco Azteca has **24%** of the active tutors in the Mexican banking system

74,202 hours of training given²⁹ by tutors to interns in 2019

Grupo Elektra has 83% of the active interns in Grupo Salinas, and accounts for 89% of the success stories of former interns hired. The following details the participation of each of the Group's company in these aspects:

Active "Youth Building the Future" interns at Grupo Elektra companies



Note: Figures as of the close of December 2019



Banco Azteca has the second highest number of interns in the Mexican banking system, with 44% of the interns trained and 27% of the former interns hired

Banco Azteca has **77%** of the intern success stories of the Mexican banking system

67 intern success stories from the "Youth Building the Future" program at Grupo Elektra companies: 88% of them at Banco Azteca and 12% at Italika

In November 2019, Banco Azteca was recognized by the Ministry of Labor and Social Planning and the Business coordinating Council as a company committed to the “Youth Building the Future” program

Banco Azteca has two categories of intern according to their job: those who work as branch greeters, and those who carry out administrative and Human Capital support activities.

Interns who work as branch greeters carry out the following activities:

- Advise clients on the transactions or procedure they will carry out.
- Identify clients' needs and direct them to the cashier's window or alternative channels.
- Instruct clients on the use of alternative channels like ATMs, digital wall and Digital Banking.

With this, the interns help improve service quality and raise the bank's Net Promoter Score (NPS).

In connection with this program, a pilot program was begun in Banco Azteca branches to measure customer wait time on line using the “Flying High” app . Interns were put in charge of measuring customer wait time before they were helped at the teller's window. With the interns acting as sort of “Mystery Shoppers,” we can collect information that will be used to improve service quality.

At the close of 2019, this pilot program was already showing positive results, because between 90% and 96% of clients waited for 12 minutes or less before being served.

³⁰ For more information about this program, see the “Annexes” section of this Report.

Interns hired to perform administrative and support duties in Human Capital worked on:

- Talent attraction, drafting job postings
- Recruitment, conducting interviews together with the recruiter.
- Hiring, preparing the candidates file and processing hiring paperwork.
- Personnel lists and reports.
- Personnel management, following up on procedures with employees.
- Payroll, reviewing compensation schemes for operating positions.

As complementary or secondary activities, interns also participate in:

- Junior certification as Human Capital Specialist in Collections and Credit, consisting of five modules covering basic Human Capital topics; at the end Grupo Salinas provides them a letter for curricular credit.
- Grupo Salinas Toy Drive Volunteer, where interns donated hours of their training to support the Toy Drive.



Communication

In addition to training, Grupo Elektra believes continuous two-way communication with all its employees is a priority for keeping them up to date and for learning about their expectations and needs. It has tools to provide an optimum organizational climate and strengthen a sense of pride and belonging in the entire time, so that together employees can work toward individual and collective goals.

Besides keeping employees abreast of strategic issues through communiqués and newsletters, Grupo Elektra has the “Cuéntanos” channel for hearing their concerns and needs. Through this channel, the Group received various types of information last year, including:

- The need to address psychological and physical health problems among employees and their family members.
- Employee concerns about operating issues, job changes, compensation scheme, and lengthening of the work day.
- Feedback on contests, trivia quizzes, campaigns and internal activities for personnel
- The quality of their leadership and improving communication with leaders to optimize their management.
- Their aspirations and achievements, and their goals to continue their professional and personal growth.

Grupo Elektra made an effort to address each one of the concerns conveyed through Cuéntanos, or at least took steps to do so in the medium term. It got in touch with each employee who requested health support to learn about their needs in more detail; provided emotional support and channeled them to specialized institutions, external psychologists or help platforms. It also introduced some initiatives, such as:

- El programa de horarios fijos para algunas posiciones estratégicas.
- Los nuevos esquemas de compensación y escalafones.
- La impartición de formación de Jefe a Coach para la transformación del modelo de liderazgo, la cual culminará en 2020.
- La continuidad en los procesos de análisis e investigación para ofrecer mayores beneficios a los colaboradores.

Additionally, in synergy with Human Capital and the business units, focus groups have been set up as listening tools, to learn about main areas of opportunity both in work team performance and in the organizational climate. These are addressed through an action plan aimed at the work areas, primarily under the leadership of area directors.

Performance evaluations

GRI 404: 103-1, 103-2, 103-3

In 2019, Grupo Salinas’ strategy focused on phasing in a process of performance evaluations into the groups and central areas of its various business units. This strategically important decision will enable us to evaluate the performance of high-level executives, so they in turn can bring this process to their work teams in 2020 and 2021.

Generally speaking, the performance evaluation process at Grupo Salinas and Grupo Elektra is based on the Objectives and Key Results (OKR) model, and establishes strategic objectives in order to:

- Focus on key tasks for achieving business results
- Have employees identify their expected activities, responsibilities and results.
- Quantify results and progress against goals.
- Involve employees in executing the strategy, helping them understand how they contribute to the organization’s success and inspiring a greater sense of commitment.



Elektra Stores

At Elektra Stores, performance evaluations are used to keep employees up to date on their progress against goals and the areas they need to work on to achieve the expected results in improving shoppers' experiences.

The mechanisms through which Elektra Stores conducts its performance evaluations are:

- Detecting competencies. A set of annual institutional competencies aligned with the company's culture and individual KPIs, which are communicated to employees so they are aware of the level of performance required in their job. There is bi-yearly feedback and an annual evaluation, and each phase the employee receives feedback and information about their hits and misses, accompanied by new commitments.

404-3

6,910 regional branch employees assigned for evaluation in 2019, 6,893 of which were evaluated, 99.8% of the target

- Feedback system. A systematized evaluation that guarantees the employee a one-on-one session to create an experience of empathy, achievements and reminders on developing new skills to achieve their goals. In these meetings their results and aptitudes are evaluated in terms of percentages. This is an internal evaluation process in which all the organization's leaders received training, through regional managers in the case of branch offices. Elektra Stores is working to build a culture in which this process takes place frequently.

566 Corporate employees assigned for evaluation in 2019, 553 of which were evaluated, 97.7% of the target

Italika

At Ensamblika, performance evaluations are part of the process of forming leaders within the organization, in keeping with the Great Place to Work certification methodology. They also involve one-on-one interviews between leaders and employees in order to provide feedback. To guarantee satisfactory results, leaders were given some assistance in personnel management.

Banco Azteca

At Banco Azteca, performance evaluation relies on the following tools:

- Corporate Performance Evaluation System. Contains individual objectives and key results, as well as functional goals, ranked by level of importance. This information is combined with an evaluation of organizational behaviors –basic, developing, satisfactory, advanced and expert– to make up the overall personal performance evaluation. It is carried out in four phases:
 - Definition and acceptance of goals by all employees: goals and priorities are set, along with target completion dates.
 - Mid-term evaluation, in which the direct superior evaluates progress against goals, and when necessary adjusts the goals, while providing feedback to the employee.
 - Final evaluation and feedback by the direct superior, internal clients and Human Resources. In this phase, employees must offer a self-evaluation of their own progress; the direct superior designates an internal client to participate in the employee's evaluation, highlighting strengths and areas of opportunity; and rates progress against each goal, with the final feedback presented to the employee.

- Regional office evaluation-ranking system. A multi-dimensional evaluation carried out through the GS Talent platform. The first component measures productivity, meaning the achievement of individual business targets; the second involves a process of feedback between the team maker (Branch Manager) and employee, under the conversational model established in the Boss-to-Coach process, and includes at least one performance conversation per quarter.

Employees have recognized the usefulness of performance evaluations by this procedure, because it gives them information on their results, helps them identify their areas of opportunity and chart their professional career within the organization.

- KPI methodology. Strategic objectives are established by the CEO for all areas of the organization. After that, each business unit identifies its own goals based on the general objectives, down to the level of individual goals.

By clearly defining the individual goals for each employee, expectations are defined regarding individual performance and the employee is then free to meet them according to their own approach. These goals are tied to compensation schemes that provide employees more control over their compensation on a clear, transparent basis. The result is an opportunity own their economic development by doing their jobs optimally.

Around **62%** of Banco Azteca employees evaluated in 2019 were men, and 38% were women

97% of the targeted personnel received a personnel evaluation by the close of 2019, equivalent to 524 people*

³¹ This process was not implemented in regional offices in 2019 for technical reasons, but will be executed in 2020.

* This data was verified by a third party for more information refer to page 238 of this report

404-3

In 2019, the first phase of OKR measurement was begun, and transmitted to the entire organization based on the timeframe defined at the end of 2018.

The goal was to provide an evaluation for the group of executives reporting directly to the CEO, and this was met, and surpassed, with the methodology's application to those reporting to them as well.

The Institution also conducted a 360° evaluation of the positions of Territorial Operations Director and Zone Operations Director, in order to verify basic leadership skills and abilities. All participants received written feedback from this exercise.

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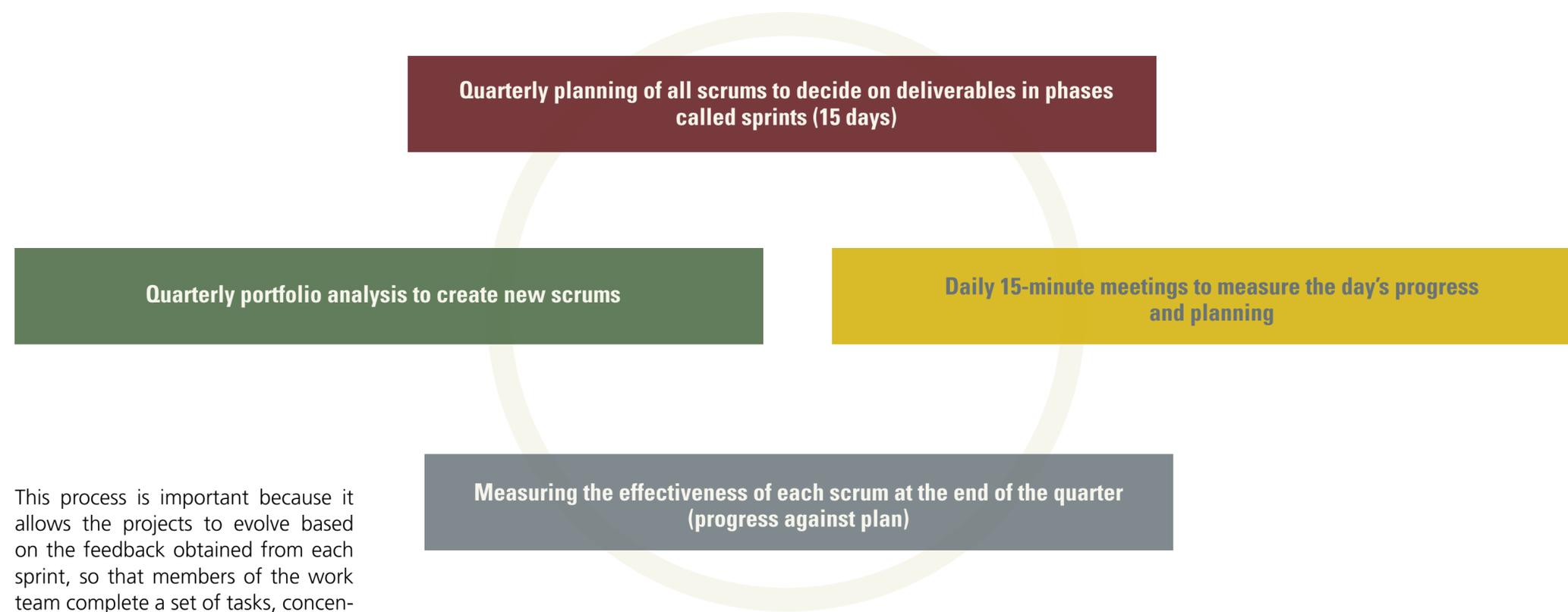
899 Banco Azteca employees in Mexico defined their OKRs for the first time in 2019, and 98.5% of these were evaluated

1,635 Banco Azteca employees in Mexico defined their OKRs in 2019; 100% of them were evaluated

AGILE Project Management

In addition to the Objectives and Key Results (OKR) model, Banco Azteca has introduced the Agile Project Management methodology, which is used to create multi-disciplinary work teams that can adapt working processes to project conditions. These teams are referred to as “scrums;” they work autonomously with the flexibility and immediacy to deliver results to clients in short periods of time.

The process to guarantee optimum scrum performance is:



This process is important because it allows the projects to evolve based on the feedback obtained from each sprint, so that members of the work team complete a set of tasks, concentrating on specific efforts, optimizing times, increasing process quality, strengthening collaboration and positively impacting the satisfaction of both personnel and clients.

36 scrums and 321 Banco Azteca employees perform their duties under the AGILE methodology during 2019

Quality of life

Grupo Salinas is convinced that the productivity of its companies is linked to the well-being and happiness of its employees, so in 2019, through the Group's Corporate Area of Human Development, Communication and Integration, it created initiatives that offer "emotional wages" and strengthen commitment to the company and inclusive prosperity (creation of economic, social and environmental value).

Well-being programs were organized into five strategic areas:

Enriching leader-employee relations to make it more human and motivating	Promoting healthy lifestyles (physical and mental wellness) in employees	Involving employees and their families in inclusive prosperity activities and volunteer work	Creating proud employees who are promoters of Grupo Salinas	Position Grupo Salinas as the best company in Mexico and Latin America, where employees can pursue their life plans
<ul style="list-style-type: none"> • Support leaders in developing soft skills. • Find the best leaders in the group and identify those with areas of opportunity for their development • Push the "Leader Associate" concept and campaign in all the Group's companies, to keep leaders informed of best practices and maintain a good working environment 	<ul style="list-style-type: none"> • Guarantee that senior executives have health services to improve their quality of life • Promote healthy habits to prevent illness and avoid absenteeism 	<ul style="list-style-type: none"> • Build awareness among employees and family members about the importance of resources to create environmental value. • Involve employees and family members in volunteering and inclusive prosperity activities so they can embody Grupo Salinas values. 	<ul style="list-style-type: none"> • Motivate employees through "emotional wages" so they express their pride in Grupo Salinas. • Involve employees and family members in volunteering and inclusive prosperity activities so they can embody Grupo Salinas values. 	<ul style="list-style-type: none"> • Obtain recognition from external institutions to support Grupo Salinas' good reputation.

To guarantee effective application and management of well-being and social responsibility in its companies, the Group worked on improving processes and policies that encompass eight areas: family, life moments, health, sports, environment, culture, community and safety.

403-3, 403-6

The following programs were carried out in 2019.

Area	Program	Goal	Achievements
Health	Kilothon	Build employee awareness about how to adopt better eating and physical habits that are reflected in their health	<ul style="list-style-type: none"> 4,000 employees = 3.5 metric tons registered
	Health Fair	Encourage employees to adopt comprehensive wellness habits to they can live a balanced work life and meet their goals.	<ul style="list-style-type: none"> 10,374 employees benefited from vaccines, glucose tests, blood donation, clinical tests, mammograms, etc.
	Nutrition	Promote the adoption of balance eating habits based on personalized tracking and the needs of each employee	<ul style="list-style-type: none"> 5,325 visits with the Nutritionist.
	Associates in harmony	A program that suggests employees take a moment to breathe at work. Includes anti-tress massage and traditional Chinese medical techniques	<ul style="list-style-type: none"> 5,040 employees benefited
Moments of life	<ul style="list-style-type: none"> Hand in hand Teenagers at home One more in the family Our children Happy 15 Dreams, goals and achievements On good term We are with you 	Be there for all employees in the most important moments of their lives and those of their families.	<ul style="list-style-type: none"> 1,500 employees benefited from counseling. To support the “One more in the family” program, a policy was developed describing benefits to nursing mothers and the time each employee is entitled to
Family	<ul style="list-style-type: none"> Mothers’ Day Fathers’ Day Little Monsters Monsters at 10 Little Associates’ Club 	Recognize employee heads of family and their children, building emotional bonds with the Company, strengthening their sense of belonging and promoting the company’s values.	<ul style="list-style-type: none"> 15,000 employees benefited
Sports	Associates’ Cup	Activities outside of work that promote integration between employees and improve the work environment	<ul style="list-style-type: none"> 7,000 participants (men’s and women’s teams)
	Bank Games	Create a culture of health care through sports, encouraging teamwork inside and outside of the company while protecting health	<ul style="list-style-type: none"> 607 participants, 360 medalists
	Internal tournaments	Promotes physical exercise, discipline, effort and integration among employees, as well as Grupo Elektra values.	<ul style="list-style-type: none"> 1,993 participants.

Area	Program	Goal	Achievements
Environment	<ul style="list-style-type: none"> • Green Associate • Bike Associate • Recycling • Energy saving 	Create ecological culture by raising employee awareness about the importance of healthy lifestyles and waste collection, with positive effects for the environment and the workplace.	<ul style="list-style-type: none"> • At Grupo Salinas a program of biking between corporate offices was introduced to reduce the use of cars. A policy was developed to regulate the use of this benefit. <ul style="list-style-type: none"> • 250 users of "Bike Associate." • Recycling: to create a culture of solid waste management, a series of criteria was created for classifying waste. <ul style="list-style-type: none"> • 2 metric tons of recycle plastic and cardboard. • 0.5 metric tons of recycled electronics. • We created a policy to raise awareness and encourage electrical energy conservation by employees
Culture	<ul style="list-style-type: none"> • Paths of freedom • Associate Library • Book fair • Associate Universe 	Encourage good reading habits and cultural appreciation among employees and family members	<ul style="list-style-type: none"> • Paths of freedom: 440 works received • 5,000 loans in the Associate Library App • 234 people attended guided tours • Participation in 4 book fairs
Community	<ul style="list-style-type: none"> • Running associates • Reading club • My faithful friend • Soccer fans • Film club 	Encourage employees to participate in areas of their interest, volunteering and supporting social causes	
Safety	<ul style="list-style-type: none"> • Employee protection • Emergencies • Reconstruction 	Because employee safety is highly important to the group, it created a series of civil defense programs.	

Elektra Stores

The company has various initiatives for promoting quality of life among its employees. One of these is "Contigo Elektra" (Elektra with you), a program of monthly activations in which employees participate and have fun, improving the overall organizational climate. Among the activities and celebrations of this program are: Three Kings' Day, Give a Sweet, Children's Day, Mothers' Day, Fathers' Day, Reading desk, Anniversary, Day of the Dead, New Year's etc.

Elektra Stores also promotes a work-life balance through Club Elektra Kids, a program that gives employees the opportunity to spend a day with their families on the Company's premises, including activities for the kids.

Italika

At Ensamblika, besides a Monday-to-Friday work week in 2019 various initiatives were created to encourage a work-life balance, among them:

- “Family Day,” when employees visit an amusement park along with their families.
- Summer courses –two weeks of robotics classes for employee children on the premises of Ensamblika.
- Category graduations, recognition events for employees who receive a certification diploma in the company of their family members.

Banco Azteca

Banco Azteca is constantly looking for ways to improve its employees’ working conditions, improving their quality of life by promoting a work-life balance.

38% of Banco Azteca employees are parents, and these received various benefits in 2019:

- 1,400 employees who registered the upcoming birth of a child received support.
- 500 children of employees were supported with back-to-school expenses.
- 915 employees took maternity leave, and 100% of them used the nursing room.

Also, Banco Azteca is developing actions with the strategic purpose of reducing personnel turnover and improving quality of life for company employees. These include:

- Different work hours to cover business needs and allow employees to achieve an overall balance in their activities.

- Recognition of results from internal clients using a stoplight system to recognize employees, who can exchange the reward for an afternoon or day off with full pay.
- Creation of the position of half-time staff in branches, to offset branch operating peak hours and guarantee the quality and speed of customer service; while encouraging all personnel to complete their work day.
- Fixed Work hours at branches. This initiative provides certainty in assigning personnel their work hours, because each week they receive their work hours in advance, avoiding abrupt or unilateral changes.

The institution has also focused efforts on improving employee’s security or certainty about their economic stability, investing an additional 20% in the compensation scheme in 2019.

Based on this model, employees are allowed vacations, personal days or emergency absences without losing pay, and can thus manage their work time to pursue a work-life balance and also to increase their income.

MXN102,014,792 invested by Banco Azteca in initiatives that support quality of life for their employees

In addition, in 2019, Banco Azteca promoted employee health on various fronts: besides participating in the Group’s initiatives, 66 employees joined in the Fun, Finance & Running event.

Social benefits and compensation

405-2

Grupo Elektra positively impacts quality of life for its employees through competitive compensation, offering above the minimum wage in all the countries where it operates and guaranteeing equal pay for equal work to men and women.

201-3, 401-2

According to jobs they do and the countries where they work, Grupo Elektra employees may have access to social security, home loans, paid vacation, annual bonus, vacation bonus, grocery vouchers and, in keeping with legislation, retirement savings plans (AFORE), and other benefits that vary from country to country.



At Banco Azteca, new compensation schemes were introduced with an 80/20 focus, generating scales of compensation and salaries according to geographic zone. Also, compensation schemes aligned with new specialized duties and targets were applied 100% for all branch positions.

32 In 1994, Grupo Elektra created a pension plan for its workers, including officers. As of December 31, 2019, the pension plan liability totaled MXN634.4 million.

To learn more about Grupo Elektra's 2020 goals in term of social benefits and compensation, see page 215 of the "Annexes" section of this Report.

* This data was verified by a third party for more information refer to page 238 of this report

Grupo Elektra is Mexico's **7th** top employer, according to *Mundo Ejecutivo* magazine. The methodology used considers the total number of jobs, income per employee, profitability per employee, and best labor practices.

Employee satisfaction

En 2019, con el fin de conocer la percepción de su personal con respecto a la labor que desempeñan los equipos de trabajo, Grupo Elektra continuó midiendo el nivel de satisfacción de sus colaboradores, a fin de identificar las áreas de oportunidad a fortalecer.

De esta manera, a través del Área Corporativa de Desarrollo Humano, Comunicación e Integración de Grupo Salinas, realizó las encuestas:

- **Happy Index**

An indicator of the degree of employee satisfaction, stability and commitment, both with the company and its leaders and with its coworkers and work environment.

Each quarter an interactive survey is conducted using the five-level Likert scale based on emojis, speeding up the time and making the responses more spontaneous. Seven areas were evaluated and a general score was also determined

- Direct superior
- Recognition
- Teamwork
- Tools
- My job
- Commitment
- Pride

The goal set for 2019 was to increase average annual participation in this indicator by 10% over 2018 –to an average of 42,000 employees. This year an average of 61,745* employees participated, or 92%* of our work force, so we exceeded the target and boosted participation by 42%



Banco Azteca in Mexico obtained a general score of 8.1 in the first quarter of 2019, and 8.2 in the second quarter, raising the average for all of Grupo Salinas by 1 percentage point

86% of employees believe they contribute value to their work teams, and 84% say they can develop personally and professionally at the institution

• **Star Bosses**

Through a recognition test, employees identify and evaluate the leadership of those they consider to be their leaders. The test assigns a number of stars, from 0 to 5, 0 being the lowest evaluation and 5 the highest

This test helps identify present or future leaders in the group, and map out their strengths and areas of opportunity.

63,000 employees on average participated in the “Star Boss” evaluation, equivalent to 96% of the work force

In 2019, Grupo Elektra expanded its toolkit for learning about its employees and their level of satisfaction. These included

• **Unique Associate**

A system that helps the Group, through precise and strategic information, to manage and make decisions. The purpose is to get to know employees, both in general and in particular, learn about who they are and what motivates them, and to identify their personal and professional development, inside and outside of the group. The Unique Associate System was recognized internationally in the “Employee Engagement Awards North America” for best use of technology.



The goal for 2019 was to evaluate 100% of Grupo Elektra leaders with this indicator; we achieved a nomination of 84% of leaders based on this methodology



The Happy Index rating by gender in Banco Azteca is **8.2***, there are no differences in employee satisfaction

* This data was verified by a third party for more information refer to page 238 of this report

The Socio Único system received international recognition in “The Employee Engagement Awards North America” for “Best use of Technology”

- **“Cuéntame más” (Tell me more) census**

This survey helps us to learn about employees in various aspects of life, like family, education, health, sociocultural and social action activities. As a result of this program, campaigns and programs can be designed to meet their specific tastes and needs.



Cuéntame más para apoyarte siempre y en cualquier momento

Tus respuestas nos permiten conocerte mejor, para desarrollar planes que nos ayudan a cuidar tu salud y la de tu familia.

😊 Entra a tu Portal Socio y responde el censo.

GRUPO SALINAS DESDE 1906 familia socios

- **Net Promoter Score (NPS)**

An indicator that reveals how willing employees would be to recommend naturally that their friends or family members join the Group.

Employees are classified into three categories: Promoters, Passive and Detractors.

Once the results are analyzed, reports are prepared and sent to another business unit. If necessary, this follow up with other areas on the appropriate decisions, addressing areas of opportunity and helping to mitigate risk.

An average of **42,865** employees participating on average each quarter; at the close of 2019 participation came to 82% of the work force

Elektra Stores employees gave us an NPS of **60%**, 69.3% were net promoters. The aspects that saw a growth in positive reactions were “I like my job” and “the company helps me improve my quality of life.”

In the first quarter of 2019,
25,300 employees were promoters, compared to 30,1000 by the end of the fourth quarter; in other words, at the close of the year, 4,800 more employees would naturally recommend work at the Company to their friends and family

7 out of every 10 employees would naturally recommend work at Banco Azteca to their friends and family, because of the pride and sense of belonging they feel

The NPS of Banco Azteca employees at the close of 2018 was 58.2%³³

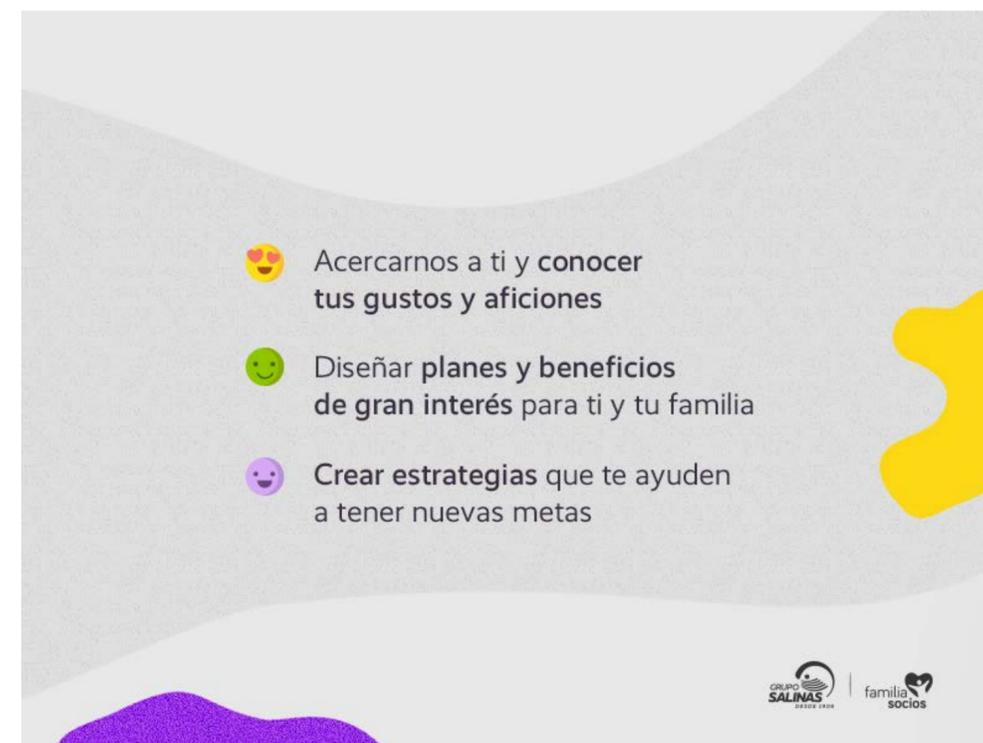
³³ These results have made Banco Azteca the number one bank in the ranking of "Companies Best Loved by Their Employees 2019" of Love Mondays. In the overall ranking it came in 11th. Grupo Salinas also came in at the top of the list of the 10 Mexican companies where more Mexicans want to work in 2019, according to LinkedIn.

To find out about Grupo Elektra's 2020 objectives in terms of employee satisfaction, please see page 215 of the "Annexes" section of this Report.

- **Niko-niko**

A tool that allows us to quickly determine employees' mood at the start of the day, through a question asked the first time they log in to their operations. They are asked to choose from one of three faces (symbols) representing a sort of "stoplight": red for bad mood, yellow for neutral, and green for good. This enables us to identify patterns of employee conduct or behavior, generate alerts, and reduce risks.

If an employee responds with the red face (bad mood) at least seven days in a row over a period of 21 days, the area responsible for managing the "Cuéntanos" channel gets in touch with the leader of the area where that employee works to see what they need or what concerns they might have, and to learn more about the reason for their behavior. If it is due to personal issues, the Corporate Area of Human Development, Communication and Integration provides the employee with the necessary attention and support.



Employee recognition

The Corporate Area of Human Development, Communication and Integration has the firm objective of improving the human quality and emotional value of every Group employee. To this end, it created a model of recognition based on four basic pillars:

Recognition	Experience	Symbol	Exposure
Congratulations for reaching the goal should be public, and include leaders, coworkers, family, and even the rest of employees. At the same time, this recognition becomes a mark of prestige, that allows them to grow within the organization	Beyond receiving a prize or economic incentive, they should experience something that excites them, something they will remember all their lives	Every contest is differentiated by a symbol, which also becomes a trophy that winners receive and can display with pride	That winners' experience is publicized, so they can share their know-how and get other employees excited to participate in coming contests

These four pillars in turn result in five steps to follow:

1. **Strategy.** Identifying the processes that need optimizing, selecting products or services to boost, or mapping the risks to escalate to prevent them happening. In this phase team members plan the metrics to be improved, the goals and targets, and logistics of the exercise.
2. **Communication.** Selection of the message to be sent, the target group and definition of the exposure strategy
3. **Tracking.** Acceleration of indicators during the contest.
4. **Award presentation.** Design of a complete experience in Mexico City for the winners.
5. **Post experience.** Publicizing the event and winner experiences.

Although the underlying reason of each contest in the Unique Reward and Recognition Model is to boost the indicators of one of the business products, the process highlights the human qualities necessary to reach the goal, and those who are able to develop those qualities are rewarded with recommendation, appreciation and a sym-

bolic trophy. The Corporate Area of Human Development, Communication and Integration encourages business units to make an extra effort to strengthen ties with the Group based on the well-being and satisfaction that employees feel, so they assume the Company's goals as their own, and feel that their work and efforts are appreciated, building awareness about the importance of their contribution as a key part of its success.

In 2019, this recognition strategy was deployed in regional offices as well, to recognize employees' efforts and reward Managers with the fewest employee departures, complementing the results-based recognition plan.



Cabeza de Jaguar

This is a collections contest at Banco Azteca, which is aimed at improving the efficiency of portfolio recovery by providing motivation and incentivizing effort to achieve business targets and improve productivity. The initiative has an average annual cost of MXN2.1 million, and the results in portfolio recovery and global efficiency have grown from MXN36 million in 2014 to MXN113 million in 2017, while in 2018, general collections improved by 14% and portfolio collections by 94%.

Corazón Azteca

A Banco Azteca training contest focused on new account openings and balance retention; seeks to recognize the employee and promote teamwork. It lasts for eight weeks, and involves all Managers and Executives at Banco Azteca branches across the country.

In 2018, 84 prizes totaling MXN10,000 were awarded, five prizes totaling MXN15,000, 14 totaling MXN20,000 and the top 14 managers in the country traveled to Mexico City with a companion for a unique experience.



In the third year of the “Corazón Azteca” contest,
MXN1.12 billion pesos were raised in direct deposits and demand deposits grew by more than 1,300% over the previous year



Recognition for “Best Employee Centric Strategy”

Professional growth of our employees is a key part the talent retention strategy at Grupo Salinas, and therefore at Grupo Elektra. Its purpose is to support better conditions for employees and guarantee their overall well-being.

This was one reason why Grupo Salinas earned the “Best Employee Centric Strategy” recognition from the Engage Awards, an organization that encourages organizations to achieve human capital excellence. Grupo Salinas was the first Mexican company ever to receive this distinction.

The methodology used by the Engage Awards involved analyzing processes that put employees at the heart of organizational decision-making, which results in an increase in our talent retention index and thus ensures employees contribute more to achieving the company’s goals.

By taking actions that ensure the well-being of its talent, Grupo Salinas also achieves a high level of employee satisfaction, and this in turn makes them more determined to contribute value to the company and to increase their productivity.



Recognition for Employee Benefits

In recognition of its firm commitment to driving productivity, professional growth and well-being among its employees, Grupo Salinas received the “Employee Benefits Award” in 2019 from Employee Engagement Awards (EEA), a global institution founded to educate and inspire organization so achieve human capital excellence and thus to encourage employees to meet their own professional goals. The EEA analyzes the way in which an organization’s recognition and compensation schemes align with their business goals and strategy, and how they effectively motivate employees beyond compensation.

The EEA also gave two special mentions to Grupo Salinas. The first of them in “Internal Communications,” citing its efficient two-way communication with employees; and the second for “Best Use of Technology,” meaning the use of technological tools to recognize its employees.



Occupational health and safety

GRI 403: 103-1, 103-2, 103-3

According to Grupo Elektra's Code of Ethics and Conduct, occupational health and safety are an integral part of its activities, and it conveys the importance of these to all its employees in order to avoid unsafe or unhealthy conditions in the workplace and thus maintain an optimum working environment. It does this by building employee awareness throughout the organization and through ongoing training to safety brigade members

403-1, 403-2, 403-3, 403-6

In the companies that make up Grupo Elektra, occupational health and safety guidelines are issued by Grupo Salinas, and establish that each facility must have a Medical Service, an area responsible for monitoring and ensuring compliance with health and safety policies, regulations, standards, manuals and procedures, and for holding vaccination campaigns and health weeks, together with the Benefits and Internal Communications Areas, when employees have access to discounts at hospitals, testing labs and insurance, through the internal website, screens, social media, elevator ads and newsletters.

403-4

In addition to general assessments and forms, to mitigate occupational health and safety risks and verify safe, healthy conditions in the workplace, as well as to take precise, correct actions, business units have a process for daily review and reporting by employees. Also, each business unit has a Disaster Brigade and is responsible for guaranteeing that occupational health and safety management processes, and the personnel responsible for implementing them, are duly qualified and given proper training to deal with emergencies.

403-8

The occupational safety and health program extends to all employees of Grupo Salinas, both internal and external, and the results are audited by company employee as well as independent experts to verify compliance with the applicable legislation. In this way it can also identify and strengthen areas of opportunity in the management system.

Each business unit has a Human Capital Area, and if there is a work-related accident they inform Group management of it so it can be appropriately investigated, order

corrective measures and improvements, and communicate the pertinent information through the internal website. The Hiring Area fills out form ST-7-Notice of initial medical attention and qualification of likely of risk, which is presented by the worker involved in the incident to the Mexican Social Security Institute in order for it to evaluate the risk, and for the company in turn to deliver the results to the company for its registry and dissemination through the website.

In addition to processes and protocols in the different business areas, there is a group of volunteers responsible for civil defense, leading evacuations in the event of certain emergencies, or providing first aid. According to Group Salinas general guidelines, this group of volunteers must meet about twice a year.

403-5

In an alliance with the Mexican Red Cross, training courses are provided to employees to equip them with the tools necessary to respond in emergencies like fires or earthquakes, and to provide first aid.

One milestone in the area of occupational health and safety last year was the entry into force of a national standard, NOM-035-STPS-2018 "Psychosocial risk factors on



the job – identification, analysis and prevention.” To comply with the provisions of this new regulation, the Corporate Area of Human Development, Communication and Integration and the Legal Affairs Area established a strategy involving training by the Social Responsibility Committee and coordination of questionnaires to be applied to employees.

These questionnaires were applied by Grupo Salinas business units in order to prevent and correct conditions relating to psycho-social risk, guaranteeing a healthy workplace, optimum distribution of work time and an organizational climate that encourages the detection of strengths and weaknesses, for the ultimate purpose of improving the safety and well-being of the work team.

Each business unit took a number of actions to prevent employee health impacts from psychosocial risks, which included:

- Leader training
- Therapeutic massage at the workplace
- Improvement of physical layout of the workplace
- Encouraging employees to visit doctors and nutritionists
- Encouraging employees to keep within their work hours and to finish their work days on time.

IDEAS.
Te escuchamos para mejorar

Gracias a la IDEA de María, se **incrementaron los fondos de caja y contrató a un cajero extra** con lo que se mantuvo la atención eficiente hacia los clientes, ya que se evitó la saturación de operaciones en hora pico en la sucursal José Azueta la Antigua en Ciudad Cardel, Veracruz.

Con este proyecto se logró solventar el número de operaciones de Presta Prenda y Banco Azteca, demostrando a nuestros clientes que en nuestra institución financiera siempre hay dinero.

María Teresa Aguirre Figueroa
Analista Valudador

Tu idea hace la diferencia



MXN\$4,671,720
invested in 2019 by Grupo Salinas' Corporate Area of Human Development, Communication and Integration, in initiatives to adopt the new standard NOM-035-STPS-2018

- Together with the Legal Affairs Area, creation and implementation of a policy for addressing discrimination, violence, sexual harassment and psychosocial risk, which establishes elements for identifying, analyzing and preventing psychosocial risk, discrimination, workplace violence and/or sexual harassment, and promotes a positive workplace environment.
- Creation of the “Leader Associate” campaign and application of the “Star Boss” indicator, for the purpose of strengthening boss-employee relations and foster a healthy working environment. Through “Leader Associate”, employees receive advice and tools for strengthening empathy and emotional intelligence, while through “Star Boss,” they recognize the aptitudes and values of a leader in other members of their team.
- Dissemination of the Organizational Climate Policy
- Promotion of the Cuéntanos, Honestel, and Ideas communications channels.

Road safety

403-7, 403-8

Safety of the employees of Banco Azteca's collections and credit area is paramount, because many of them go about their rounds on an Italika motorcycle. Before personnel are asked to make a home visit, the bank does as much of the collection process as it can by phone in order to reduce the need for home visits and keep costs down.

90 million home visits by 11,719 collections agents on motorcycles in 2019

In 2019 the bank created "heat maps" of accident rates in the country based on those that occurred in Mexico, and used this to develop communication campaigns for employees, continuing the "Get this into your Head" helmet promotion program

To build awareness among employees, each office set up a notice board of "days without accidents", to involve them directly in the commitment to continuing the number of accident-free days.



It also developed a policy it calls "The Five Non-Negotiables," based on these five road safety rules:

1. No driving without a helmet
2. No driving with other passengers on board
3. No driving under the influence
4. No use of mobile phones while driving
5. No lending motorcycles to other drivers; it is a work tool

A Collections and Credit Continuity Center (known as C4) was created to support operations under any emergency or event affecting employees or assets, like accidents, robberies or fatalities. Information brought to the attention of C4 is used to prepare a daily report of such events, to attend to and classify accidents by their seriousness.

C4 has a team specialized in first aid instruction as paramedics. Each event is handled according to its seriousness, and the team stays with the employee throughout the process until they receive medical attention in a hospital, if necessary.

403-9

In 2019, Banco Azteca reduced the number of serious and very serious accidents by 39%³⁴

13% reduction in accidents of all categories, due to road safety campaigns, and an 11% reduction in fatalities

90% of nationwide accidents were minor, in which no employee was hospitalized and no material losses were suffered

Estos resultados se debieron a diversas razones, entre ellas, los cursos de manejo y la certificación de colaboradores en seguridad vial (Curso Oro) con los cuales adquirieron habilidades para el manejo, respeto a las normas viales y uso correcto de la motocicleta.

³⁴ Serious and very serious accidents are those involving complications that jeopardize the life of the employee or cause permanent disability.

1,353
Banco Azteca employees were certified in road safety nationwide

403-5

Together with the Italika team, Banco Azteca developed the optimum motorcycle for its Collections team: the model 125 FL, exclusively for Banco Azteca employees, meeting the most important needs of these operations. It is ergonomic, has tires that improve pavement contact and avoid skids, LED-type lights, side bars for protection in skids or falls, an individual seat, and painted white to ensure that drivers are as visible as possible to other vehicles on the road, and thus safer.

48% of the fleet used for Banco Azteca collections operations at the close of 2019 were Model 125 FL motorcycles

Furthermore, to reduce theft rates, locate employees in the event of an accident, and define collection routes to make operations as efficient as possible, and working together with the Security, Audit and Legal areas, Banco Azteca installed GPS equipment and immobilizers on the Italikas used by its employees in the Collections area. Also, to reduce the theft of employee equipment the institution replaced the tablets in use by the collections team with special Android handhelds that are generic and contain only the Banco Azteca app.

1,947
Italikas were equipped with GPS and immobilizer

35 Number of employees actively employed in Collections (turnover)

For more information about Grupo Elektra's 2020 goals for road safety, see page 215 of the "Annexes" section of this report.

Banco Azteca intends to:

- Reduce robberies and assaults on Collections personnel by 12% in the year.
- Reduce the number of Italika thefts by 21% in zones with the highest rate of vehicle theft in the country.
- Save close to MXN28 million through equipment replacement and MXN680 million in the purchase of new equipment because of robberies in 2020.

: In 2019, 18,138 employees 35 were enabled in Mexico; 97.02% with all their work tools, including uniforms, safe, ergonomic, durable and of higher quality - made up of a helmet, skeleton, gloves, knee pads, shin guards and boots.

3,000
tablets replaced with Android devices in Mexico



Solidarity for welfare and progress

GRI 203, 413: 103-1, 103-2, 103-3
203-1, 203-2, 413-1

Grupo Elektra is a driver of opportunities for the communities where it has a presence, for which the companies that comprise it contribute significantly to the reduction of poverty and inequalities, as well as to the promotion of economic development, well-being and progress of the population towards inclusive prosperity.

Promoter of opportunities

Elektra Stores

In 2019, Tiendas Elektra contributed to the development of the places where it has a presence through different fronts, as it opened 60 new stores, where it generated new sources of employment; carried out the transformation of 39 stores; It improved the technology platforms of its supply chain and E-commerce, developing new platforms for the omnichannel strategy, which is crucial to improve the quality of life of millions of families by providing them access to world-class merchandise in affordable conditions.

Italika

Italika, in addition to providing a means of transporting products and services offered by users, allowing to maintain and develop sources of employment, through its own agencies and concessionary distributors, generates direct and indirect jobs, respectively. In addition, by continually reinforcing its E-commerce strategy and by providing the opportunity to purchase a means of transportation on credit, it positively impacts the comfort, autonomy and economy of customers.

It provides transportation solutions in large and small cities, enabling users have an alternative to increasing road traffic, optimizing their transfer time and replacing public transport with their own means.

Banco Azteca

Grupo Elektra transversally promotes inclusive prosperity through the companies that integrate it. However, Banco Azteca's efforts stand out in financial inclusion, given that since its beginning, it has sought to meet the need of the low-level bank penetration in lower income sectors.

Financial Inclusion

GRI 203, 413: 103-1, 103-2, 103-3
203-1, 203-2, 413-1, FS1, FS13, FS14

The "Global Report on Financial Development 2014" –published by Banco Mundial– uses the Banco Azteca case as an example of an innovative business model, that by facilitating access to loans, it contributes to economic growth and poverty reduction, allowing individuals to start their own microbusiness.

One of the main study findings was that two years after Banco Azteca's opening, the Institution led to a 7.6% increase in the number of businesses in areas where a new bank branch was operating, to a 1.4% decrease in unemployment level and a 7.0% increase in income levels. This evaluation of impact showed that Banco Azteca's presence has promoted micro business survival and has expanded the number of opportunities in the labor market, as well as higher incomes between the underserved population by traditional banking

On the other hand, the World Bank document “From pawn shops to banks. The formal credit impact on informal households” analyzes the effects of expanding loan access in decisions and household well-being. This work evaluated Banco Azteca’s opening, the first bank in Mexico focused on employed households in the informal sector, which represent more than half of the population. Eliminating the two main requirements for which traditional banks do not grant loan to this sector: credit history and permanent employment validation, allowed Mexicans belonging to the informal sector to obtain a bank loans for the first time. The results show that Banco Azteca presence allowed people dedicated to the informal sector households to:

- Moderate consumption during difficult economic times - such as illness of a family member, unemployment or the family business closure.
- Accumulate better assets.
- Access to more bank loans, reducing the use of pawn shops loans and other informal lenders, which are costly and in the case of the last, sometimes insecure.

To plan a new branch establishment, Banco Azteca carries out continuous market research and uses municipal information in areas without access to banking services and international money transfer providers to identify un serviced communities.

Additionally, Bankable Frontier Associates (BFA) - a global consulting firm specialized in financial services for low income communities – developed “The impact of Banco Azteca in Peru” report, a publication that shows that Banco Azteca’s presence increases economic strength probability in Peruvian communities in which it operates. BFA points out that despite being one of the most dynamic economies in Latin American, Peru has relatively low levels of financial inclusion. In 2014, only 29% of people aged 15 and older had an account at a financial institution.

Banco Azteca started operations in Peru in 2008 and today it has more than 150 bank branches, oriented toward locations without traditional banking services. According to the BFA study, the Institution’s arrival has had positive economic effects in those locations by reducing unemployment and poverty probability compared to the ones without a Banco Azteca branch, findings suggest that having access to financial services - such as savings accounts and loans for under-served segments, improves economic opportunities for Peruvian families.

Based on a business model oriented towards efficient operation and a broad geographic scope to cover the number of operations required by the millions of clients, Banco Azteca designs products to benefit their clients since the beginning. An example of this is the offer of savings products without a minimum balance requirement, without commissions and with an opening amount of just one MXN, thereby contributing to the reduction of poverty and inequalities, facilitating the reception of international transfers, program resources and social support.

In 2019, Banco Azteca allocated MXN **\$8,763** million to loans directed at entrepreneurs, women with micro-businesses and SMEs

Likewise, it favors regional economic development by offering loans to nearly 10.5 million clients. For example, with Personal Loans –the main product of the Institution–, in 2019 it granted credit to around 4.3 million clients in Mexico.

In 2019 the entrepreneurial segment was created, for which it developed an offer of accessible products and services directed at small businesses and shops, in order to promote value creation in the communities where the Institution operates.

This offer includes an account aimed at entrepreneurs for them to manage their resources in a simpler way, in addition that it encourages free usage of digital banking and a mobile terminals, allowing them to receive payments with credit and debit cards and making it possible to receive the product of their sales in their account the same day.

In this way, it develops specific actions for the inclusive prosperity of certain traditionally under-served groups. For example, Presta Prenda, has presence in regions where indigenous languages predominate and where a high percentage of illiteracy exists, such as in the area of Isthmus of Tehuantepec, Oaxaca, where Zapotec prevails. This is why advertising in both, printed and audiovisual, is produced in Spanish and in Zapotec. In addition, in each one of the branches that Presta Prenda has in this area, there is at least one collaborator who speaks the local language in order to explain to the customers the characteristics and benefits of all the products and services they are looking for in a way that are clear to them and can be understood.

For its part, Afore Azteca, a retirement fund management system, through the responsible management of the resources of the contributors whether assigned or registered is how the fund gains economic strength, seeking the best returns and providing high-quality services for a dignified retirement. At the end of 2019 it had 13.5 million managed accounts, which represented 20% of the total administered by the AFORES; of the total, 4.5 million corresponded to registered workers and 9 million to assigned workers.

13.5 million accounts managed by Afore Azteca at the end of 2019

45.5% of individual accounts in Afore Azteca correspond to women

Regarding pension procedures, workers' resource provisions were made for the amount of MXN679 million³⁶ and in relation to partial withdrawals, these totaled MXN1.7 billion, services that served as support in case of unemployment or marriage, providing financial help to millions of families and their homes.

It should be noted that Banco Azteca does not have policies that limit the offer of any product or service in marginalized or vulnerable areas to natural disasters; on the contrary, the Institution executes actions to encourage economic development, equal opportunities among the under-served population by traditional banking and the impulse of vulnerable areas in countries where it operates.

As proof of this, in the event of natural disasters, Banco Azteca opens a community banking account and, through internal and external communication means, summons the population to perform donations. For example, in 2019 the Institution supported the communities by receiving and paying all the federal support derived from the earthquake that took place in 2017.

In addition to the above, Seguros Azteca offers various options to support the community and specific groups, as it provides security by having medical coverage, pro-

tection in case of an accident, coverage for migrants, education, money transfers, among others. To be noted, theft insurance stands out to customers that buy or sell their currencies, which was improved in 2019 by expanding the coverage from 3 to 4 hours of protection and, in the case of inclusion insurance, it increased the maximum amount protection of MXN1,000 or MXN3,000 –Depending on the currency– up to MXN6,000.

Punto Casa de Bolsa stands out for promoting Mexican families to augment their wellness through financial markets, bringing the stock market closer to all as a form of saving. In addition to the offering of different products and services for all types of investors, its main strategy to facilitate access to this type of services to low-income social groups is to set the account opening minimum in MXN10,000.

Banco Azteca is aware that there is still an important gap between the access to the wide range of financial services and the understanding of their use, therefore it has complemented its offer by providing its clients with the necessary tools to make informed decisions, encouraging savings and the access to healthy and sustainable credit.

The Institution is convinced that the relevance of responsible financial inclusion initiatives represent an essential complement to the financial inclusion processes and poverty reduction measures, as they allow to personal financial improvement and motivate empowerment through economic opportunities, that is, they promote inclusive prosperity. For this reason, through the Financial and Business Education Program "Aprende y Crece", Banco Azteca contributes to financial inclusion motivating the population to:

- Have a personal and family budget.
- Increase their savings level.
- Count upon a wide range of services and products that do not charge commissions, account management or minimum balances.
- Avoid poor financial management leading to debt.
- Avoid the use of informal financial services.
- Have confidence in the formal financial system.
- Use financial services in a correct and responsible way.
- Be aware from possible risks regarding an improper use of financial services.
- Develop skills for proper financial decision making.
- Take advantage of productive opportunities.
- Be trained in business topics to start a business or improve an existing one.
- Know and use the financial services offered by digital channels.

³⁶ This amount does not include transfers to the Federal Government or insurers for the pensions payment through the Instituto Mexicano del Seguro Social (IMSS) or from a retirement account, respectively.

Financial Education

GRI 203, 413: 103-1, 103-2, 103-3
203-1, 203-2, 413-1, FS14, FS16

The main objectives of the Financial Education and Business Program “Aprende y Crece” are to instruct the population about the correct management of personal finances and promote an entrepreneurial culture. Its importance lies in the fact that it represents the materialization of Banco Azteca’s commitment to responsible financial inclusion and with the cultural change that will consolidate inclusive prosperity for millions of people in Mexico and Latin America.

The “Aprende y Crece” Program bases its management on various instruments, such as:

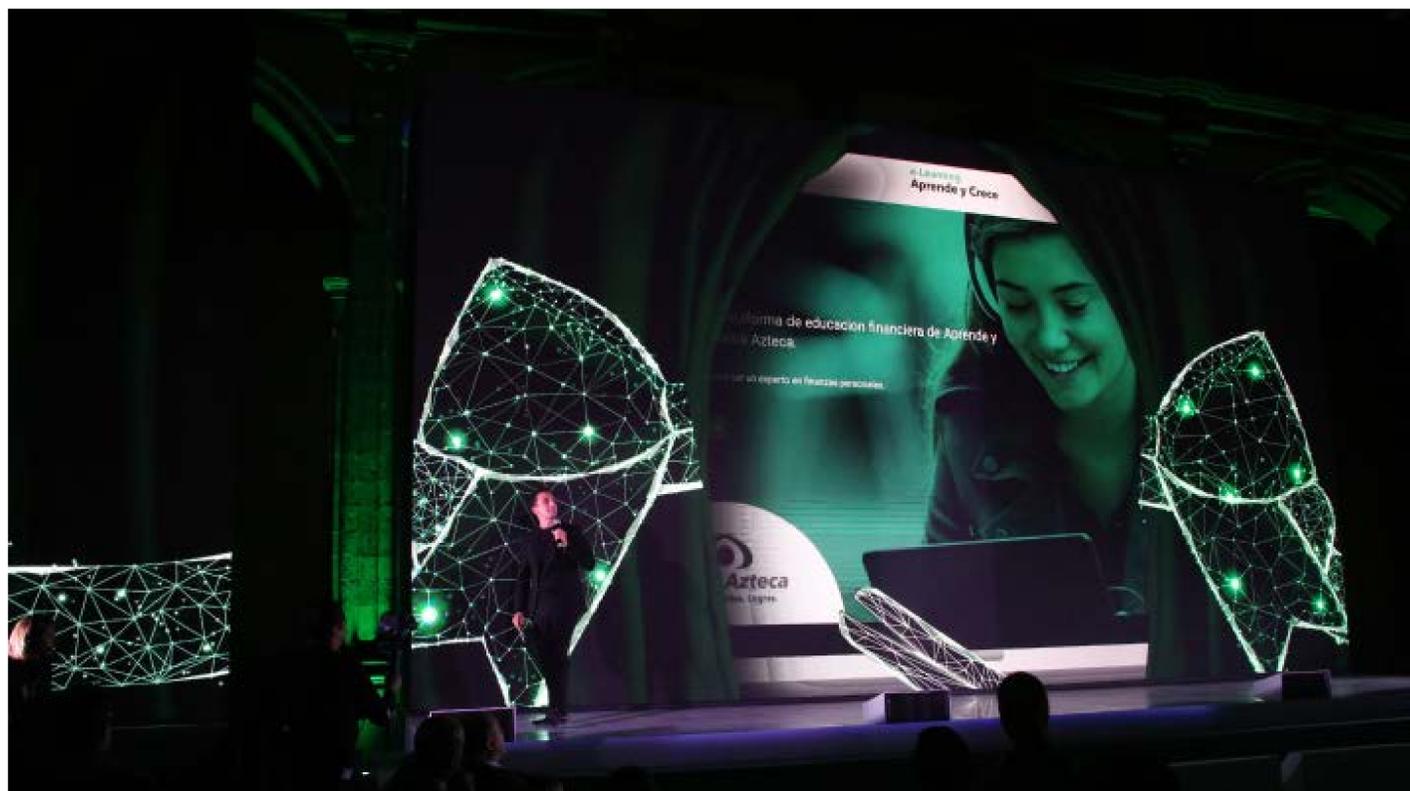
- Own budget.
- Annual objectives and goals.
- Specialized human resources, a specialized team comprising of personal finance and business specialists, as well as designers, trainers, psychologists, screenwriters, illustrators and editors.
- Innovative training, as it uses different training methodologies in order to develop financial capacities for the beneficiaries, giving them the necessary knowledge, skills, attitudes and behaviors to make financial decisions for their well-being.
- Cutting-edge means of learning, allowing users to choose the way they want to learn. Among the available means there are: websites, social networks, e-learning, soap operas, television programs, film debates, theater plays, musicals, storytelling, workshops, stand-up comedy, contests, newsletters, guides, stories and magazines.
- Cutting-edge technology, as it incorporates the use of the most advanced technologies, such as virtual, augmented and hybrid reality, magic wall, virtual robot, multi-touch screens, 3D video-holograms, among others.

The “Aprende y Crece” Program is committed to educating society and Banco Azteca’s customers on financial and business topics, paying special attention to vulnerable groups -social programs beneficiaries, informal sector workers, public school students in popular areas, among others-

As an example, from its beginnings, “Aprende y Crece” has promoted economic women empowerment through various initiatives with special contents, such as:



- **3 soap operas** with financial content for women, broadcasted in an interactive cinema-debate format that projects the content in intervals for a specialized coach to intervene and expose various topics, such as the creation of a business, product quality, being a leader and not a boss, customer service, competition preparation, own products market price, customer attraction and marketing.
- **16 face-to-face workshops** of Financial Education and Business aimed for women with a 1.5-hour duration each. They include support teaching material with exercises and a course manual. Some of the imparted topics are: personal finances importance, 10 great ideas to improve your business, 15 good marketing ideas to learn how to undertake, financial intelligence, start your own business, do something different, among others.



- **40 video tips called "Tere emprendedora"** aimed for women with a 4-5-minutes duration each. They are designed capsules with a "Visual Thinking Video" technique, which consists in translating ideas into images to easily teach various topics. At the end of 2019, they had more than 1.2 million of online reproductions.
- **Línea Mujer**, a channel that provides psychological, medical and legal advice. This initiative has the telephone assistance certification to victims and people related to situations of gender violence by the Instituto Nacional de las Mujeres (INMUJERES).

Activities that are currently part of the Financial Education and Business Program "Aprende y Crece" have been internally evaluated using diverse tools, such as:

- Satisfaction survey, in order to detect if the training workshops are pleasant to the participants and if they have met their expectations.
- Pre - post evaluation, is applied before and after the realization of each activity, in order to determine the previous knowledge that the assistants had to later compare it with the new understanding and be able to identify if there was an increase in the acquired knowledge. The results of this evaluation indicate that the learning degree, obtained level and daily life applicability of the participants is between 85% and 95%.
- External evaluators diagnosis, design evaluation, activities methodology and implementation by financial education experts, with the purpose of identifying improvement areas.

In order to achieve a greater impact, the "Aprende y Crece" Program through strategic alliances sum efforts with public and private institutions, such as:

Mexico

- Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros (CONDUSEF)
- Banco de México (BANXICO)
- Instituto para la Protección al Ahorro Bancario (IPAB)
- Comisión Nacional del Sistema de Ahorro para el Retiro (CONSAR)
- Instituto de los Mexicanos en el Exterior (IME)
- Museo Interactivo de Economía (MIDE)

Guatemala

- Superintendencia de Bancos de Guatemala
- Banco de Guatemala (BANGUAT)
- Instituto Técnico de Capacitación y Productividad (INTECAP)
- Asociación Guatemalteca de Empresas de Ventas Directas (AGEVD)

Honduras

- Comisión Nacional de Bancos y Seguros (CNBS)
- Banco Central de Honduras (BCH)
- Ciudad Mujer
- Centro Interactivo de Enseñanza Chiminike

Panama

- Banco Nacional de Panamá
- Superintendencia de Bancos de Panamá
- Asociación Panameña de Ejecutivos de Empresa (APEDE)
- Instituto Nacional de Formación Profesional y Capacitación para el Desarrollo Humano (INADEH)

Peru

- Superintendencia de Banca y Seguros (SBS)
- Banco Central de Reserva del Perú (BCRP)
- Ministerio de Desarrollo e Inclusión Social (MIDIS)
- Asociación de Bancos del Perú (ASBANC)

Among the 2019 achievements of the Financial Education and Business Program "Aprende y Crece" are the following:

Mexico

Iniciativas dirigidas a la sociedad en general



- Inauguration of the "Academia Espacial de Ahorronautas" at the *Museo Interactivo de Economía* (MIDE), an installation that will remain until 2021. This project aims to offer visitors a formative experience in personal finances that will allow them to make informed decisions through innovative tools, such as hybrid reality (virtual and augmented), magicwall, multi-touch screens, timelines and video-holograms.
- Launch of the Financial e-Learning Diploma "Aprende y Crece".

In the first eight months of the "Academia Espacial de Ahorronautas" at the MIDE, the installation received

230 thousand visitors

In the first three months of the Financial e-Learning Diploma "Aprende y Crece", the platform had more than 1,300 active students



- Website migration www.aprendeycrece.com to Banco Azteca portal, with a focused interface on the user and an improvement on their experience.
- Participants face-to-face activities follow-up through video conferences and closed social networks groups.
- For the 3rd year, Banco Azteca, Afore Azteca and Seguros Azteca were the only financial institutions rated with 5 stars at the Buró de Entidades Financieras de la Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros (CONDUSEF), regarding financial education.
- For the 6th consecutive year, the participation of “Aprende y Crece” stood up at the Headquarters of the National Week of Financial Education with the installation of “Ciudad del Futuro: La banca digital un mundo sin efectivo”.

Initiatives directed at children and youth

- Banco Azteca participation in the Global Money Week and World Savings Day in Mexico, with the purpose of providing tools to children and young people to become into economically responsible citizens and knowledge about the formal savings benefits as a mean to acquire other financial products.
- Contribution to financial education at early ages, through the participation and sponsorship of “Aprende y Crece” in the 3rd Drawing and Painting Children’s Contest “Trazos Financieros” of the CONDUSEF.
- Participation in BTL Digital Banking campaign in the Accounting Faculty of the UNAM accompanied by financial education activities, with the purpose of publicizing the value offer that Banco Azteca has for young people through the knowledge and benefits of the App. In the framework of this activity the opportunity to open a digital account was provided to young people.

Initiatives directed at young entrepreneurs

- Collaboration with the *Universidad de Nuevo México* (UNM) to support leaders’ university students from indigenous communities in order to develop productive projects for the benefit of their communities, through a financial education and entrepreneurship workshop impartation at the Mexico’s United States Embassy.
- Four business workshops impartations for young entrepreneurs - “La nueva era digital” and “15 buenas ideas de marketing para aprender a emprender”-, in alliance with the United Nations Development Program (UNDP). Its objective was to present marketing ideas to develop an innovative, profitable and long-lasting business in the market.
- “Impulsa tu inteligencia financiera” workshop impartation, with the aim of identifying the key concepts to achieve financial freedom, through experiential situations analysis that allow participants to improve their finances.

Initiatives directed at migrants

- Support provided to migrants and their families through the United States and Canada Financial Education Week program participation, imparting the workshops “Pon tu negocio ya” and “Invierte tu dinero para mejorar tu futuro” in the Huston and San Antonio Texas Consulates. The objective was to provide participants with tools and financial techniques for them to manage optimally their remittances, through formal financial products that support them in the generation of a patrimony.
- Sponsorship of 50,000 copies of the “Más vale estar preparado” guide by “Aprende y Crece” in collaboration with the IME and CONDUSEF. This guide was distributed in all Mexican consulates in the United States and Canada.
- Release of a special theme for migrants in the printed newsletter “Aprende y Crece”, which was distributed in 16 Mexican consulates in the United States. Its objective was to bring closer general financial information to compatriots.

“Aprende y Crece” is the only financial education program trained and certified before the Secretaría de Educación Pública (SEP), the Secretaría del Trabajo y Previsión Social (STPS), the Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros (CONDUSEF) and the Banco del Bienestar – previously Banco del Ahorro Nacional y Servicios Financieros (BANEFI)–

Latin America

Initiatives directed at society in general

- Permanent installation of the “Academia Espacial de Ahorronautas” within the Museo de los Niños Chiminike, in Honduras.
- Successful participation in the most important financial education forums of the region:
 - Family Financial Fair, in Peru.
 - Financial Education Week, in Honduras.
 - Global Money Week and World Savings Day, in Guatemala, Honduras, Panama and Peru.

Initiatives directed at employees

- Diverse workshops participation to Banco Azteca employees in Latin America.

Initiatives directed at children and young people

- Development of financial capacities in children and young people, through various events in elementary schools, middle schools and universities. Banco Azteca Peru collaboration in the “Finanzas en mi colegio”³⁷ proposal is noteworthy, promoted by ASBANC with the purpose of including educational financial topics and its real implementation in the national education curriculum; with this initiative there were 2,000 elementary students beneficiaries.

Initiatives directed at women

- Contribution to the economic women empowerment through financial and business education, as well as consultation on various topics - legal, physiological, health, among others-, with the aim of providing them with the necessary tools to face day-to-day challenges.

Initiatives directed at entrepreneurs

- Cultural entrepreneurial impulse of technical professionals in training.

Initiatives directed at migrants

- Support to migrants and their families with personal finance and business activities so they can optimize the use of their remittances.

³⁷ For more information about this initiative, visit the pages:
<https://www.youtube.com/watch?v=AseReWPZ5sc>
<https://www.youtube.com/watch?v=9SgNCsuaSvs>



2019 consolidated results of the Financial Education and Business Program “Aprende y Crece”



14,854,445*  benefited children, young people, women, entrepreneurs, businessmen, workers, customers and financial services users for “Aprende y Crece” in Mexico and Latin America during 2019, surpassing 35% Banco Azteca’s expected goal for the end of the year

It is noteworthy that the program promotes mobile banking use, as it channels several of its initiatives to educate on digital financial tools usage and benefits. Such is the case of the Financial e-Learning Diploma “Aprende y Crece”, the “Academia Espacial de Ahorronautas” at the MIDE and the “Ciudad del futuro: La banca digital, un mundo sin efectivo”. The latter, had the purpose of creating a new experience to the attendees around mobile banking, through a banking App simulator that maintains the flow of digital finances in the city, with the intention that its inhabitants acquire the necessary skills and confidence to efficiently manage their personal finances.

Additionally, in order for users to have complete certainty regarding a greater efficiency of making operations through digital means rather than in a bank branch and with the same results, “Aprende y Crece” communicates the Financial services technology insertion, its correct use, its benefits and security measures through - physical and digital- workshops and publications.

Derived from the “Aprende y Crece” executed actions, clients and society in general have the tools to develop a family budget, plan their expenses, save, think about their future, undertake and improve their business. They are responsible for the use of loan, as they understand that they cannot exceed their payment capacity and know the overindebtedness consequences, the late payments, the non-payment and the credit information societies operation.

By 2020, the financial education program has objectives to strengthen the Financial e-Learning Diploma “Aprende y Crece” and promote the “Academia Espacial de Ahorronautas” in Mexico

The financial education program has been proposed to launch the Financial e-Learning Diploma and install the “Academia Espacial de Ahorronautas” in Guatemala by 2020; in Panama and Peru by 2021; and in Honduras by 2022

To learn more about 2020 goals of the “Aprende y Crece”, please visit page 216 of the “Annexes” section of this Report.

* This data was verified by a third party for more information refer to page 238 of this report

Financial e-Learning Diploma “Aprende y Crece”

It is a free educational proposal, with curricular validity in financial education and business, opened to the general public through Banco Azteca’s website. Being an online platform, facilitates anytime and anywhere access.

Its goal is to generate financial capacities to promote financial products and services correct use, financial goals achievement at life different stages and foment an entrepreneurial culture.

This course has a duration of 120 hours and more than 700 educational resources, such as animated infographics, videos, podcasts, exercises, evaluations, among others, and consists of eight modules which address savings, credit, insurance, investment, savings for the retirement, entrepreneurship, business development and digital financial tools topics. Once finished, the participant receives a Financial Education and Business Diploma.

This Diploma importance lies in the fact that, in addition to being a tool that promotes financial inclusion, it also has the *Facultad de Economía de la Universidad Nacional Autónoma de México* (UNAM) review and diagnosis and complies with diverse global institutions and organizations standards, such as the *Organización para la Cooperación y el Desarrollo Económico* (OCDE), *The Organización Internacional del Trabajo* (OIT), the *Organización de las Naciones Unidas* (ONU) and the *Programa Internacional de Evaluación de los Alumnos* (PISA).

In this way, those who study the Financial e-Learning Diploma “Aprende y Crece” will acquire the capacity to promote business improvements and impulse entrepreneurship, in addition of knowing the Information Technology and Communication (ICT) world regarding personal finance.

38 Para mayor información sobre la iniciativa Empodérate impulsada por el PNUD, visite la página: <https://www.mx.undp.org/content/mexico/es/home/presscenter/pressreleases/2019/06/pnud-invita-a-recaudar-fondos-para-los-emprendimientos-con-impac.html>.

39 Para conocer mayor detalle sobre el número de voluntarios participantes en éstas y otras acciones de voluntariado, así como sobre las instituciones beneficiadas, consulte la página 217 del apartado “Anexos” del presente Informe.

Apoyo a la comunidad

Adicional a la naturaleza intrínseca de las empresas de Grupo Salinas y de Grupo Elektra tendiente a impulsar la prosperidad incluyente, éstas realizan acciones colectivas e individuales para contribuir al bienestar de la sociedad en general.

Así, en 2019, ambos Grupos apoyaron la iniciativa Empodérate³⁸ del Programa de las Naciones Unidas para el Desarrollo (PNUD), cuyo objetivo es contribuir a que los

jóvenes de comunidades vulnerables, idealmente mujeres, personas con algún tipo de discapacidad y población LGBTTTIQ, cuenten con más y mejores oportunidades para participar en actividades económicas que incrementen sus ingresos de manera sostenible, al ofrecer alternativas integrales y de largo plazo mediante el emprendimiento con impacto social y el autoempleo.

En esta iniciativa participaron 600 jóvenes; 100 de ellos fueron seleccionados para recibir una capacitación sobre cómo traducir su idea de negocio viable, rentable y alineado a la agenda 2030. Los 40 mejores proyectos recibieron un acompañamiento técnico y financiero a mediano plazo.

En 2019, Grupo Salinas realizó un donativo de 31 tabletas a los jóvenes integrantes de los proyectos finalistas de Empodérate del PNUD; 12 de ellas fueron donadas por Grupo Elektra –3 por Tiendas Elektra y 9 por Banco Azteca–

Asimismo, el Área Corporativa de Desarrollo Humano, Comunicación e Integración de Grupo Salinas desplegó el programa de voluntariado “Contigo por México”, a través del cual busca fomentar la participación de los colaboradores de Grupo Salinas en los programas y actividades desarrollados por Fundación Azteca, realizando diversas iniciativas por cada unidad de negocio, de acuerdo con sus intereses. Los resultados³⁹ fueron los siguientes:

34 instituciones beneficiadas

291 voluntarios de Grupo Salinas participantes; 66 de ellos son colaboradores de Grupo Elektra



628

horas de voluntariado donadas

En adición, con el fin de generar un cambio positivo en el clima laboral y eliminar las barreras de discriminación, Tiendas Elektra participó en diversas actividades de voluntariado. En el marco del Día del Adulto Mayor llevó a cabo la visita a un asilo, donde los voluntarios convivieron con más de 200 adultos mayores, aunado a la realización de una colecta de artículos de primera necesidad.

Por su parte, Banco Azteca impulsa a sus colaboradores para que participen en actividades de apoyo y obras sociales en las comunidades en las que tiene presencia. Fue así como en 2019 visitaron asilos de ancianos y hospitales que atienden a personas de escasos recursos; se donaron despensas, medicinas y víveres en diferentes comunidades de los estados de Zacatecas y San Luis Potosí.

Asimismo, Banco Azteca Latinoamérica realiza donaciones económicas o en especie, para lo cual lleva a cabo una evaluación de las causas que las solicitan, el o los grupos que serán beneficiarios y si se trata de programas o movimientos similares a los liderados por Fundación Azteca.





Fundación Azteca

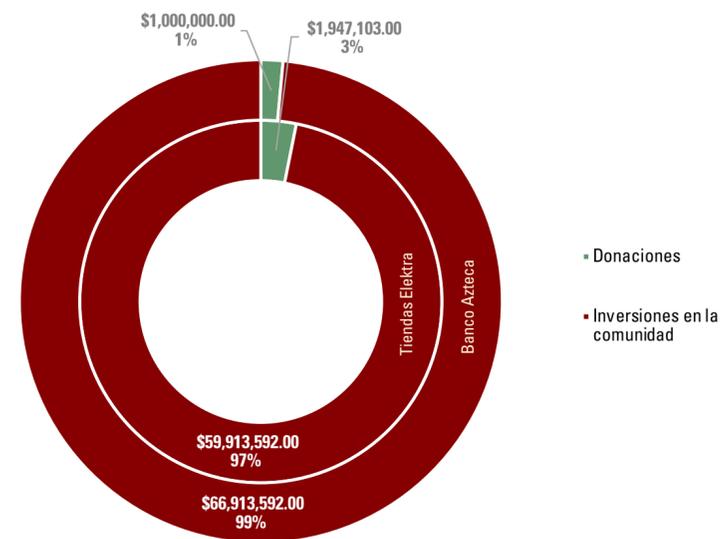
GRI 203, 413: 103-1, 103-2, 103-3
102-12, 203-2, 413-1, 413-2
Principios 1, 2, 3, 4, 5, 6, 7, 8 y 10

Fundación Azteca is the main social arm of Grupo Salinas. Through high impact programs and numerous synergies with the public and private sectors, as well as with civil society, it has generated social, environmental and educational value for more than 20 years.

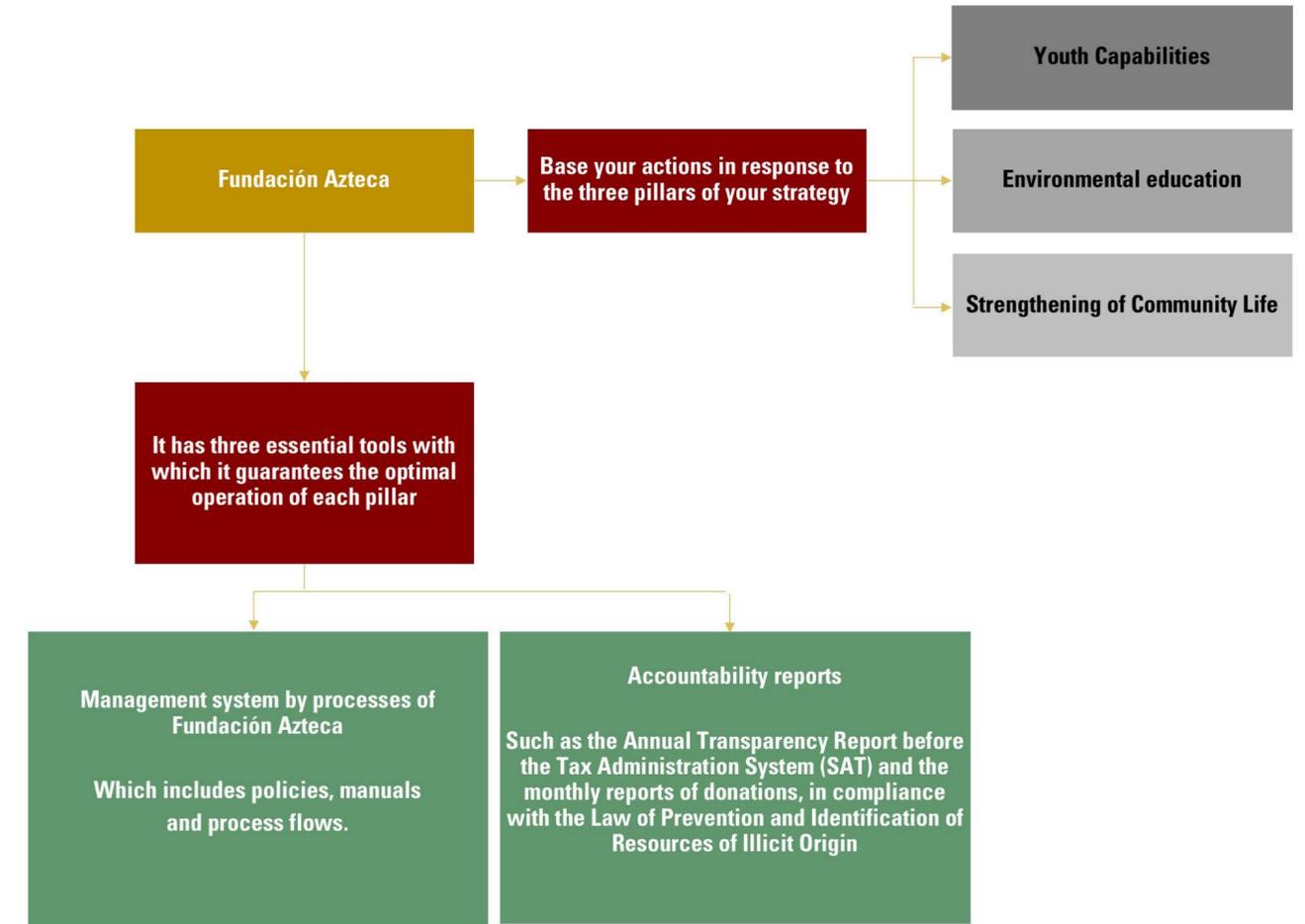
All of the Group's corporate social responsibility actions are carried out solely and exclusively to offer better living conditions to present and future generations of the countries in which it operates.

This is how Fundación Azteca has positively impacted the quality of life of millions of people, by linking the most pressing needs with various organizations whose purpose is to contribute to the well-being of society.

Contributions of Grupo Elektra for the development of the actions of Fundación Azteca in 2019



Note. For the contributions of corporate citizenship and philanthropy made by Grupo Elektra, see page 218 of the section "Annexes" of this Report.



Around **\$130** million pesos allocated by Grupo Elektra in 2019 to support the actions carried out by Fundación Azteca

In 2019, Fundación Azteca maintained permanent communication with its stakeholders, who through different channels announced the following expectations and needs:

- Capacity building to generate sustainable projects.
- Dissemination of its causes.
- Linking to create synergies and enhance the impact of their actions.
- In-kind donations to strengthen your finances.

Based on the above, Fundación Azteca responded as follows:

- It redirected its efforts, in order to contribute to the development of organizations' capacities to promote their professionalization and provide them with tools that allow them to develop sustainable projects to expand their impact, viability and scale.
- It established collaboration agreements with leading institutions in the field of social innovation such as *British Council and Impact Hub*.
- Reconfigured the supports it provides, with the goal of laying the groundwork for strategic philanthropy.

1,250 calls, 50 formats of the Seminar "Education and Innovation" and 750 formats of the "Summit of Empowerment and Social Innovation" received by Fundación Azteca in 2019

87,847 people impacted by Fundación Azteca's publications on social networks

Likewise, by 2020, Fundación Azteca has established a strategic objective, which consists of implementing a logical framework methodology in all its programs, including the definition, monitoring and evaluation of indicators of operation, product (output), result (outcome) and impact.

Youth Capabilities

Plantel Azteca



Fundación Azteca is firmly convinced that education is the most powerful tool for progress. For this reason, through the Azteca Campus - a private institution that has a secondary and baccalaureate - it grants scholarships to low-income youth to facilitate their access to a high-quality academic education, with technical excellence, values and new technological tools.



1,914 scholarship students in the 2018-2019 school year at the Azteca Campus CDMX

759 students graduated from Plantel Azteca in 2019; 584 of Middle School level and 175 of High School

In 2019, based on the Life Skills Model –an international initiative formulated by the World Health Organization–, Fundación Azteca managed to positively impact 100% of the students and teachers of the Azteca Campus.

Likewise, in 2019, the educational model that characterizes Plantel Azteca changed its name to Educational Model for Talent and Leadership at Plantel Azteca; With it, it was possible to intervene 10% of the students, teachers and managers.

Beneficiaries of the Educational Model for Talent and Leadership at Plantel Azteca in 2019:

- 103 middle school students and 25 teachers in Puebla
- 284 high school students and 23 teachers in Guanajuato

Likewise, at Plantel Azteca CDMX the Harvard Model United Nations (HNMUN) and the second edition of the AztecMUN Model United Nations were held. In each of these events, three recognitions were awarded to the best delegates and three honorable mentions.

212

high school students participating in the United Nations Models in 2019: 4 in Harvard and 208 in AztecMUN

Bonding and scholarships

The objective of this program –which encompasses other initiatives developed in previous years by Fundación Azteca– is to support Plantel Azteca students and graduates with scholarships, internships and a job bank in order to contribute to their academic training, thus as to the continuity of their studies and professional life.

Thus, in 2019, middle school and high school students from Plantel Azteca CDMX obtained scholarships to participate in the British English Olympics, in London and in the world olympiad of entrepreneurship projects called The Masters, in Paris.

1,078

young beneficiaries of the Fundación Azteca Bonding and Scholarship program during 2019

Likewise, in conjunction with the “Semillero Banco Azteca” program, a professional stay lasting five weeks and an economic stimulus of \$ 4,000 were granted to 16 high school students from Plantel Azteca CDMX.

16

high school students from Plantel Azteca CDMX, beneficiaries of a professional stay and an educational stimulus, through the “Semillero Banco Azteca” program

In 2019, the Bicentennial Generation Scholarships program was continued, an initiative that began in 2010 and in which the 1,000 best students in primary, secondary and upper secondary education were selected, who throughout their educational preparation are beneficiaries of monthly support . The purpose of this program is to encourage Mexican children and young people to forge themselves as transforming axes of the country.

1,000

middle and higher education students of the Bicentennial Generation Scholarship Program graduated in 2019

During 2019 the México 10 program continued in force, through which, since 2016, Fundación Azteca offers maintenance scholarships to Plantel Azteca graduates with high academic performance. In 2019 Fundación Azteca supported 50 university students of excellence.

7

middle school and 5 high school students from Plantel Azteca participated in the British English Olympics and the World Olympics The Masters, in London and Paris, respectively



Robótica

This project arose in order to awaken in children and young people the interest in STEM programs - science, technology, engineering and mathematics - in addition to encouraging the development of multiple skills by sponsoring Mexican teams in competitions and championships. of Robotics at national and international level.

Thus, based on a fun and playful scheme, children and young people learn from experts, while interacting and forming teams with contestants from other states or countries.

In 2019, the Aztech Robotics team participated in various tournaments organized in alliance with FIRST Robotics; the team obtained the prizes of:

- *Excellence in Engineering Award Sponsored by Delphi.*
- *Engineering Inspiration Award, Regional Winner.*
- *Industrial Design Award sponsored by General Motors, Regional Winners.*

The Robotics program was a sponsor of the FIRST Global Mexico tie and the Mexican delegation at FIRST Global in Dubai, United Arab Emirates, a team that won the gold medal "Dr. Mae Jemison Award for International Unity".



Orquesta Sinfónica y Coros Esperanza Azteca (OSEA)

For 10 years, this human, social and artistic development program had the purpose of positively impacting the quality of life of children and young people with limited resources through music, while learning values such as discipline, excellence and teamwork.

The importance of this initiative lies in that it gives new generations the opportunity to access an excellent musical education with professional and committed teachers, in addition to being a replicable model that guarantees its continuity thanks to the sum of private, governmental and social efforts.

2019 was a year of various achievements around this program, including:

- The debut of the Orchestras of Colima, Morelos and Zacatecas with a total of 553 children and youth.
- The realization of a residence of the Global Leaders program with 127 students of the orchestras of Mexico City.
- The graduation of nine young people from the fourth generation of the Instituto Superior de Música Esperanza Azteca.



The Aztech team of Plantel Azteca CDMX was positioned in 2nd place in the ranking in the Regional Tournament FRC Laguna 2019

- The participation of the Lingnum Quartet - made up of prominent young people from Esperanza Azteca - in the
- National String Quartets Competition, who won it, in addition to touring Switzerland, Austria and Italy.
- Two binational concerts in Las Cruces, New Mexico and Ciudad Juárez, organized by the Consulate General of Mexico in El Paso, The New Mexico State University and the Esperanza Azteca Ciudad Juárez Orchestra.
- The visit of the renowned cellist Yo-yo Ma to the Ministry of Public Education, who participated as a soloist in a concert with the Esperanza Azteca Founding Symphony Orchestra of Puebla and with members of other OSEAs from Mexico City; in total 677 students participated.

In the framework of the celebration of the 10 years of the program:

- The publication of a commemorative book by Círculo Editorial Azteca.
- The three concert tour in Paris in partnership with the Organization for Economic Growth and Development (OECD).
- The tour with the Youth Orchestra of the Americas.
- A Side by Side anniversary concert with the Mining Symphony Orchestra in Sala Nezahualcóyotl, conducted by maestro Raúl Delgado.

62 symphony orchestras and children's and youth choirs

25 concerts and events in Mexico, the United States, Panama and Europe during 2019

To find out the strategic alliances and 2020 objectives of the programs carried out by Fundación Azteca and aimed at strengthening capacities for young people, see page XX of the section "Annexes" to this Report.

17,000 children and youth beneficiaries of the program across the country

The Esperanza Azteca Symphony Orchestra and Choirs program is in a period of transition to a new stage, because during 2019 the Ministry of Public Education announced the creation of the Music Education Program and School Orchestras aimed at public schools of basic education, with the aim of promoting integral development through the teaching of the arts, especially music. Therefore, Fundación Azteca is formulating a new program based on merit and talent, which will be aimed at the best Mexican musicians under the age of 25, from any school or music program in Mexico and will be launched in 2020.



Environmental education

21,280 Banco Azteca employees have participated in campaigns aimed at caring for the environment

Limpiemos Nuestro México

GRI 304: 103-1, 103-2, 103-3
 304-3



Throughout 10 years, through this program, Fundación Azteca has generated environmental and social value by carrying out awareness-raising work regarding the severity of garbage pollution. It is a call to permanent action to achieve a clear objective: to have a clean, sustainable Mexico committed to protecting the environment and biodiversity.

More than **5 million** people gathered at the National Day, through 101,412 brigades

25,412 tons of solid waste collected in the National Day

“Desierto de los Leones Orgullosamente Limpio”

This initiative has been replicated in other countries. Such is the case of Limpiemos Nuestra Guatemala, an initiative that was recognized in 2019 by the United Nations Development Program (UNDP) and the Connected Cities Foundation, due to its contribution to the Sustainable Development Goals (SDGs).

In 2019, the Clean Up Our Guatemala initiative was recognized by UNDP and the Connected Cities Foundation for their contribution to the Sustainable Development Goals (SDGs)

In its ninth edition, Limpiemos Nuestra Guatemala was consolidated as the largest cleaning movement in the Central American country, bringing together companies, authorities and civil society, with the aim of working as a team to raise awareness regarding the effects of garbage in the environment and in public health, as well as promoting the habit of recycling.

4,700 tons of garbage collected in the 9th edition of Limpiemos Nuestra Guatemala, thanks to the participation of 602,190 volunteers registered in 3,968 brigades nationwide



4,840 participating volunteers

35.5 tons of garbage collected

1,056 hours of volunteering



¡Que Viva la Selva Lacandona!

Its objective is to raise awareness about the importance of preserving this ecosystem.

In February 2019, 25 members of The Hispanic Federation - a US-based NGO focused on supporting Hispanic communities - traveled to the Lacandon Jungle and donated USD \$ 20,000.

Likewise, in March of the same year, the Forest Ambassadors program was carried out, in which specialists gave training on the importance of its preservation to the children who traveled to the Lacandona Forest.

5 productive projects to promote the development of ecotourism ventures in the region and avoid deforestation; high-level training companies participated



Strengthening of Community Life Red Social Azteca



Its purpose is to drive impact investing and build and integrate capacities in civil society organizations (CSOs) to generate inclusive prosperity.

In order to create capacities, alliances and synergies between these institutions, in 2019 the seminar "Education and Innovation" was given to 50 CSOs in the central area of the country.

Likewise, the first Summit of Entrepreneurship and Social Innovation was held, attended by 700 CSOs from Mexico, where they were trained in various methodologies for sustainable entrepreneurship with impact.

948
 hours of
 volunteering

4,155 Red Azteca beneficiaries throughout the country





Movimiento Azteca (MOVA)

It is an initiative of social and environmental co-responsibility in which Fundación Azteca and Grupo Elektra participate, in addition to other organizations. This campaign encourages society in general to make contributions to various institutions with specific causes.

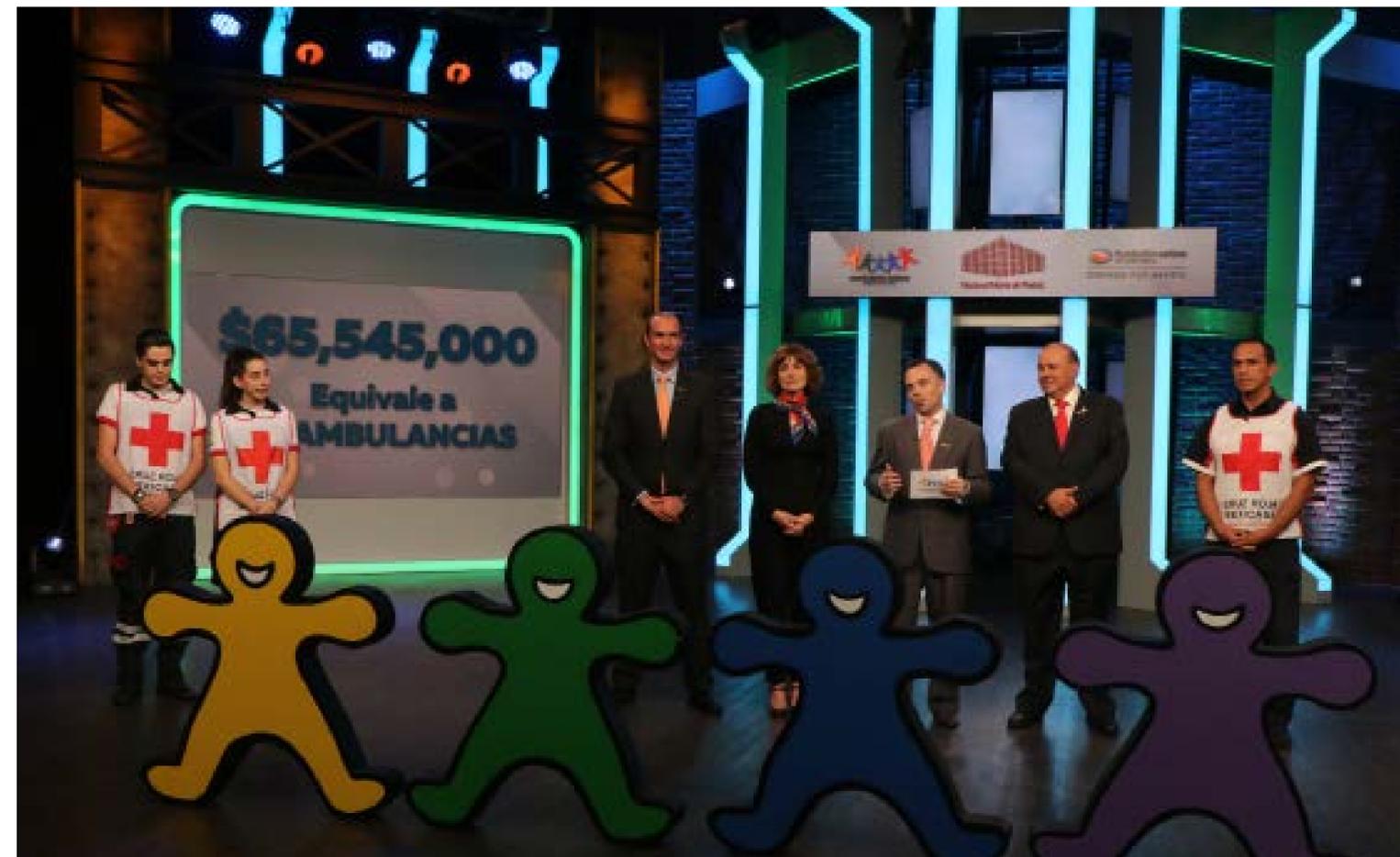
In 2019, five Aztec Movements (MOVA) were carried out, in which more than \$ 130 million pesos were raised for the benefit of various institutions, such as the IMSS Foundation, AC, the National Network for the prevention of Disability, IAP (RENAPRED), the National Network for Cancer Prevention, AC (RENAPCAN), the Mexican Red Cross and the Food Bank, among other local causes.

The collected resources made possible:

- The acquisition of 3,026 bed chairs
- Carrying out cancer and disability prevention workshops throughout the country
- The dissemination and support of 30 causes that have various social objects
- The acquisition of 60 new ambulances
- Better food for low-income people

More than MXN\$ **130** million raised in the 5 MOVA made in 2019; more than 4.3 million people benefited in the country

Around **344** organizations and more than 5.8 million people have been supported in 110 MOVA: children, young people, adults and seniors



MXN\$ **2,564,839,086.38**
raised in 110 MOVA



Vive sin Drogas

It is a campaign aimed at promoting the choice of healthy and addictive-free living among young people. The program delves into various topics, such as drug use, alcoholism, the correct use of social networks, smoking, eating disorders and bullying, as well as promoting both sport, artistic and cultural activities.

Volunteers from Banco Azteca Guatemala participated in the seven drug-free Live tours held in Baja Verapaz, Izabal, El Progreso, Guatemala City and Huehuetenango.

48,824 direct hits in the events carried out, 33% higher than the result of 2018

Obtaining the National Journalism Award by Vive sin Drogas, awarded by the Club of Journalists of Mexico



Juguetón



Year after year, Juguetón – the world’s largest toy collection initiative – brightens thousands of children in critical situations. This project reaches schools, boarding schools, indigenous communities, hospitals, home, popular canteens, nurseries, prisons, juvenile day centers and migrant shelters.

It is the largest and most important toy collection campaign in the world, managing to gather about 17.5 million toys in its 24th edition.

In Mexico, Banco Azteca collaborated with the initiative through its 1,800 branches and 1,500 ATMs, inviting its customers to make cash donations to contribute to the purchase of toys.

Banco Azteca Honduras participated in the seventh edition of “Juguetón” in that country. In this way, he handed over 15,000 toys to children in the city of Choloma.

17.5 million toys collected in the 24th edition of Juguetón





Un Nuevo Bosque

www.gruposalinas.com.mx/es/un-nuevo-bosque

102-12

For 17 years, this initiative has carried out reforestation campaigns in various areas of the country, with the intention of raising awareness among society about the importance of the care of the environment and the contribution to the preservation of nature reserves. It involves citizens, private initiative and public bodies.

In 2019, a New Forest reached more than **7** million trees planted since its origin



La Ciudad de las Ideas

<https://ciudaddelasideas.com>

102-12

It emerged 10 years ago with the aim of promoting the struggle for freedom among young people in Mexico and other countries of the world, in an innovative, disruptive and creative context that motivates reflection and avant-garde thinking.

Through music, photography, plastic, videos and writing, The City of Ideas exhorts young people up to 25 years of age to express the meaning of freedom, as well as the challenges that individuals and societies must face in order to attain and preserve it.

In 2019 the 12th edition of this forum was held, in which more than 60 personalities of international prestige were gathered, among scientists, humanists and opinion leaders, who presented interesting presentations on different topics, such as science, philosophy, business, art and culture.

Under the slogan "This is Epic", prominent figures such as Rigoberta Menchú Tum, Nobel Peace Prize laureate; Siddhartha Mukherjee, winner of the Pulitzer Prize; Sean Spicer, former White House Press Secretary in the Trump Administration; Maanasa Mendu, creator of a tool capable of transporting electricity to developing countries; Nicolás Celis and Gabriela Rodríguez, producers of the film "Roma"; and Valeria Souza, Mexican scientist specializing in evolutionary ecology, among many others.



Caminos de la Libertad

www.caminosdelalibertad.com

102-12



Social initiative of Grupo Salinas whose importance is to be a forum for the transmission of ideas and principles of the Group in Latin America, influencing national and international public opinion on the vision of some fundamental human rights, the rule of law, individual and civil freedom, free trade, the fight against poverty, the creation of wealth and the social value of entrepreneurs.



Kybernus

www.kybernus.org

102-12

This program is part of the social work of Grupo Salinas and is articulated with a national network of youth, plural and inclusive leadership.

The main lines of interest of Kybernus leadership are:

- Citizen participation and civic culture, so they promote collaborative initiatives between citizens and the public sector, directly impacting on the strengthening of institutions and the empowerment of youth in public issues, through panels, trainings and forums.
- The Rule of Law and the Culture of Legality, with a focus on strengthening the justice system, participation and the commitment of citizens in compliance with laws.
- Human Rights and the Culture of Peace, promoting local public policies and providing training and awareness-raising.

Boost of:

- 160 citizen participation and civic culture initiatives
- 23 initiatives relating to the Rule of Law and Culture of Legality
- 43 Initiatives in Human Rights and Peace Culture

The importance of Kybernus is that it is a means of contributing the Salinas Group and society at large to the eradication of gender-based violence and substantive gender equality in the public and private spheres.

During 2019, 57 initiatives were promoted from the local agendas of the Kybernus Collectives to eradicate gender-based violence and substantive gender equality at the public and private level

In its second year of work, the Kybernus National Gender Network held the second national Gender meeting, where the 2020 agenda was determined. In addition, this agency promoted the “Olimpia Law”, which was passed in 16 states and at the federal level in Mexico and which, among other aspects, criminalizes digital violence as a crime.

This programme is also a driver of sustainable innovation and resilience for economic development and human well-being, as during 2019, from the local agendas of the Kybernus Collectives, causes were promoted for Kybernus leaders associated with these issues.

Locally, in the 32 states of the Mexican Republic, 50 sustainability initiatives were developed, 130 entrepreneurship and business development, as well as 15 innovation and technology; all of them in alliance with local strategic actors*

The focus of most of the initiatives developed was based on “thinking from the local to have a global impact”; a large proportion focused on: training, project mentoring and dissemination of success stories

* This data was verified by a third party for more information refer to page 238 of this report

4 new specialized Kybernus National Networks with 188 participants:

- Gender
- Sustainability
- Entrepreneurship
- Human Rights of Peace Culture

In 2019 the first edition of the Kybernus Prize for Citizen Value was held, which emerged with the aim of recognizing the merit of citizens at the local and national level, whose actions have a positive impact on the construction of a just, participatory, democratic and free society, aimed at generating environments conducive to development.

The topics considered by the Kybernus Award for Citizen Value 2019 were: Freedom and Social Responsibility; Rule of Law and Culture of Legality; Human Rights and Violence Prevention; Strengthening civil society; Equal opportunities.

In this first edition a project was selected by state and the creators of the initiatives met in Mexico City to evaluate and choose a national winner. The winning project came from The state of Querétaro and focuses on providing access to fetal and cardiac surgeries.

2019 was also the year in which Kybernus and the Faculty of Accounting and Administration of the National Autonomous University of Mexico (UNAM) signed a collaboration agreement with the aim of generating inclusive prosperity through the development of joint actions in four guiding axes:

500 applications to the Kybernus Citizen Value Award; 35 local awards and 1 national award

Linking and strengthening entrepreneurship activities	Spreading the importance of the company in creating prosperity	Boosting human capital training programs	Boosting human capital training programs
<p>It seeks to support entrepreneurial initiatives and create new companies that meet the needs of society, based on public policies in which respect for gender equity and sustainability are the priority as axes of development.</p> <p>Appropriate actions for the strengthening of UNAM's incubation system will be established.</p>	<p>To do this, content will be developed and spaces will be opened in various means to position the culture of entrepreneurship and, in this way, promote the development of more and better companies.</p>	<p>It includes considering UNAM's Faculty of Accounting and Management as a potential external consultant to The leadership, entrepreneurship, training, organizational culture training and high-performance management programs of Grupo Salinas.</p> <p>In addition, human capital training initiatives will be promoted through professional internships, stays, work exchanges for interns, practitioners and Professionals of the Faculty.</p>	<p>As part of this axis, the joint design and momentum of an acceleration scheme of startup companies, created inside and outside UNAM, is envisaged. To do this, private sector financing programs will be promoted and courses, tools and simulators will be generated to help define and manage their financing requirements successfully. Startups will be evaluated according to technical and financial criteria to ensure their permanence and that of entrepreneurs.</p>

Environmental value

Environmental commitment

Based on the guidelines transmitted by Grupo Salinas, the Code of Ethics and Conduct of Grupo Elektra establishes its commitment to the development of its activities in harmony with the environment, in a responsible manner in order to not only minimize the impact of its operations, but also to promote awareness and adoption of good environmental practices among its employees and the supply chain. Guidelines that guidelines consider include:

- The promotion of knowledge and conservation of the environment and its resources among collaborators.
- Recognition of responsible environmental practices in the day-to-day, involved employees and their families in reforestation and clean-up campaigns.
- The drive to the development and dissemination of environmentally friendly technologies in their operations.
- The establishment of the obligation of the members of Grupo Elektra to demonstrate responsible environmental behaviors, complying with and enforcing the rules, policies and procedures of preservation of the environment in question, in addition to reporting any potential environmental risks.
- The Circle Certification of Suppliers (11), in which environmental commitment and compliance are verified, among other criteria.
- The use of renewable energy sources in offices and branches.
- The existence of open channels of communication with stakeholders so that they know the Group's progress on this issue

Grupo Salinas and Grupo Elektra are working on a permanent basis in making significant and collective changes to optimize consumption and increase the savings of energy, paper, water and waste treatment, as well as to promote a responsible and sustainable culture, with short and long-term benefits.

In addition, Grupo Elektra, as part of its socio-environmental responsibility, incorporates the mitigation of environmental impacts, through the supply of eco-efficient products and green credits appropriate to the demands and needs of communities, which allow their mobility, efficient use of fuel and reduction of emissions, both in their transfer and at home.

⁴⁰ To learn more about this topic, see the "Shared Prosperity" section of this Report.

⁴¹ For more detail on the coverage of environmental information, see page 221 of the Annexes to this Report.

GRI 304: 103-1, 103-2, 103-3
304-2, 304-3

It is noteworthy that, in order to meet their environmental commitment, Grupo Salinas and Grupo Elektra have joined different biodiversity protection initiatives or are in the process of doing so, including:

- Direct conservation of biodiversity. Grupo Salinas, through an agreement with the Cuernavaca Biological and Aquaculture Research Center of the Metropolitan Autonomous University, is committed to protecting the Mexican ajolote (*Ambystoma mexicanum*) – an endangered species – providing a sanctuary in its facilities in the CDMX. It is planned to protect more species in the rest of Grupo Salinas' corporate companies.
- Indirect conservation of biodiversity. The paperless project of Banco Azteca, could contribute to the conservation of an estimated 53,000 trees per year, which brings with it the conservation of hectares of forest where various species of animals – birds, reptiles, mammals, amphibians, insects, arachnids, anélides, etc. – and other plants cohabiting; of these has been estimated to conserve more than 6,500 birds.
- Biodiversity conservation and environmental improvement. Reforestation programs, such as A Nuevo Bosque, involve soil conservation and improvement, soil water retention, CO₂ sequestration of the atmosphere and oxygen emission, as well as reduced local temperature where trees are planted. Although their economic value has not been calculated, these environmental benefits undoubtedly contribute to species conservation, water sanitation, increased environmental services and climate change mitigation.

Environmental management

The Energy and Environment Area of Grupo Salinas specializes in the management of energy and environmental efficiency issues (22). It is responsible for generating strategic solutions, executing technological, innovation and research projects, as well as ensuring compliance with environmental regulations. Among the strategies developed in 2019 are:

- Continue certification of lighting and air conditioning equipment to be at the forefront in the use of clean and efficient technologies.
- Upgrade the Energy Seal to ensure that luminaires, emergency plants and air conditioners meet the highest energy efficiency standards.



- Have channels of permanent communication with the community to ensure the responsible use of energy, water and waste management.
- Continuously improve energy consumption measurement systems per property to ensure they meet savings and efficiency balances.
- Ensure the use of renewable energies – geothermal, wind and solar – in continuous development for as many companies as possible in Grupo Salinas.
- Extend as much as possible the life cycle of products, goods and services purchased by companies, such as the deregister of fixed assets based on procedures to operate the recycling of parts of equipment that have been disabled; promote the recycling and reused of short and long life materials.
- Promote the culture of waste separation, as well as the integration of value chains into the recycling and reuse of products discarded by Grupo Salinas – cardboard, paper, plastics, metals, fuels, etc.
- Update and verify water consumption saving furniture catalogs in Corporate and Geography, to ensure the minimum possible consumption.
- Ensure good water use practices in bathrooms and kitchens, as well as in irrigation activities, using only pipes with treated water and performing it at night to maximize absorption and minimize evaporation.

The Energy and Environment Area, in conjunction with Information Technologies, developed the Energy Management System (SIGEN)⁴² tool that has made it possible to have information regarding the electricity consumption of the companies that make up Grupo Salinas.

The SIGEN contains data that is used to generate monthly reports for Grupo Salinas companies, which report on electricity spending, the increase in spending for new stores or branches, the electricity bill of the accumulated, the proportion of renewable energy and not renewable by company, the price per kilowatt (kW) and its variation from the previous year, as well as a historical analysis of rates and consumption.

This tool ensures compliance with standards and policies through:

- Monthly analysis of electricity consumption through a comparison against historical consumption.
- Auditing representative properties to create environmental mitigation programs.
- The preparation of the report for the National Emissions Registry, in compliance with the General Law on Climate Change, in order to achieve the international objectives acquired by Mexico to reduce its emissions by 30% by 2025 and 50% by 2050.
- Measuring the success of communication campaigns generated in the year – number of visits to the portal.

⁴² SiGEN is not audited by an external organisation, since the data it contains come directly from the official billing provided by the Federal Electricity Commission (CFE).

⁴³ For more information, see page 220 of the “Annexes” section of this Report

- Monthly monitoring of the generation and profits of waste delivered for recycling.
- Execution of internal follow-up audits.
- The detection of opportunities for improvement in the parameters established by the regulations in terms of infrastructure, health and well-being, civil protection and the environment.
- Compliance with water quality and waste management standards⁴³

As a result of the latter, during 2019, SIGEN had a positive impact on the revenues of Grupo Elektra, as it allowed to detect improper charges in the turnover of electricity, leading to the recovery of MXN\$4.9 million.

: In addition to the above, the advantages with SIGEN lie in that it allows:

- Have reliable, traceable information and trends to make decisions about informed business.
- Identify the consumption behavior of real estate in a consolidated or individual way by time intervals.

Nearly MXN **\$564.5** million invested by Grupo Elektra during 2019 in environmental prevention and management projects

Goals 2021:

Based on the Key Performance Goals, the Energy and Environment Area has set targets for 2021, including:

- Ensure a decrease in energy costs, as well as analyze the electric bill, reconcile energy suppliers and detect collection errors, through:
 - The generation of three energy purchase proposals, guaranteeing the best trading conditions.
 - Recovery of MXN\$5 million for electrical bill errors.
- Evaluate technologies to improve the profitability and operating conditions of business units, as well as present profitable projects for their implementation, through:
 - The implementation of 80 projects.

The positive impact of SIGEN on business income materialized in 2019 by detecting improper charges in billing of electricity and recover MXN \$ 4.9 million for Grupo Elektra

- Savings of MXN\$15 million for projects implemented.
- The evaluation of 150 projects.
- Comply with environmental regulations avoiding fines, as well as updating energy efficiency and environmental manuals and policies, by:
 - Updating three policies.
 - The implementation of 12 environmental campaigns in Grupo Salinas.
 - The preparation of three environmental reports for the BMV IPC.
 - The preparation of four RENE reports and present them to SEMARNAT.

Energy

GRI 302: 103-1, 103-2, 103-3



Electricity is one of the main inputs for Grupo Salinas companies, so Grupo Elektra is subject to various rules to ensure the correct management of the workplaces, the safety of employees, the comfort in the workplace, as well as the efficient use of energy in the different processes. Similarly, they have internal policies aimed at maximizing the use of energy resources.

Since 2014, Grupo Elektra has established a collaboration agreement with the Association of Standardization and Certification of the Electricity Sector (ANCE), with the aim of ensuring that the energy equipment installed in its companies are the most efficient in the market, in addition to being certified and endorsed by this organization with official recognition.

44 : For more information, see page 220 of the section "Annexes to this Report".



Thus, since 2015, the companies of Grupo Elektra have the Energy Seal, an internal tool that allows to ensure the acquisition of efficient equipment, through their technical verification – tabs, certificates and physical tests. During 2019, seal information was updated with new equipment and installation recommendations. As a result of these efforts, efficiency has increased considerably during the period 2015-2019.

In this period, in terms of air conditioning, Grupo Elektra has managed to improve 33% the efficiency of the equipment (Seasonal Energy Efficiency Ratio or SEER), from 13.9 in 2015 to 18.5 in 2019 on average – considering the total equipment purchased in Grupo Salinas, the SEER increases to 19.3–. In terms of lighting, it has been possible to increase the efficiency (lumen/watt) of the most acquired luminaire models.

In addition, a number of energy saving initiatives were implemented in 2019 to contribute to climate change mitigation, including:

- Electricity saving. It is based on the implementation and monitoring of solar panels in three branches, to determine the feasibility of extending this technology to the rest of the operation of Elektra and Banco Azteca Stores. 30% savings are projected on geography's electricity consumption.

Implementation of solar panel pilot program in 3 branches for electricity saving

According to the feasibility analysis, 126 branches have technical and economic potential for the expansion of this initiative

302-1

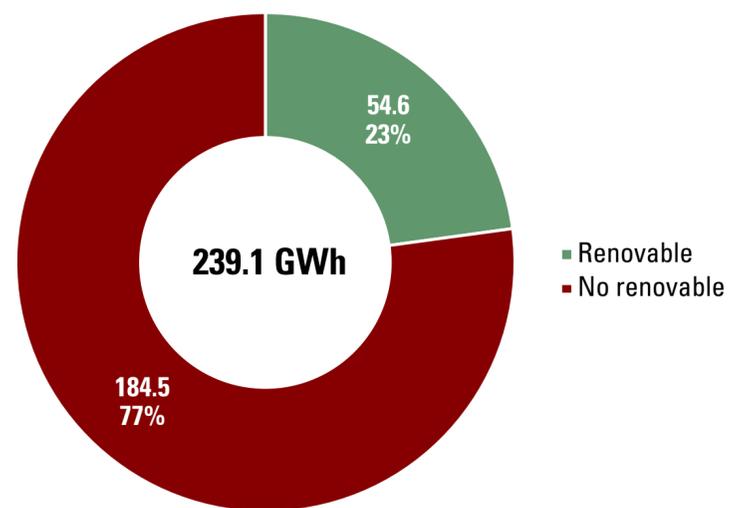
239.1 GWh of electricity consumed by Grupo Elektra in 2019; 11% from the previous year

MXN\$488 million invested by Grupo Elektra in the purchase of efficient luminaires and air conditioners in 2019

302-3

130,111 kWh of electricity consumed per branch of Elektra Stores in 2019; increase* of 11% compared to the previous year

Grupo Elektra Electrical power consumption by source type (Gigawatts/hour)

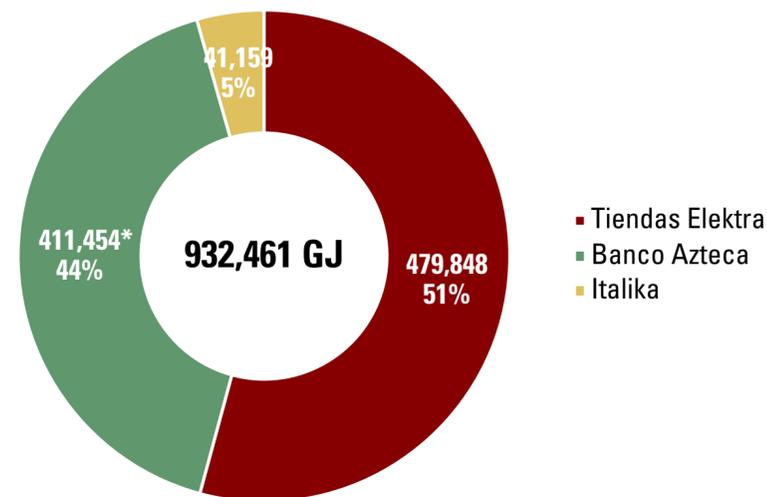


Note. GWh means Gigawatts per hour.

302-1

23% of the energy consumed by Grupo Elektra in 2019 came from renewable sources

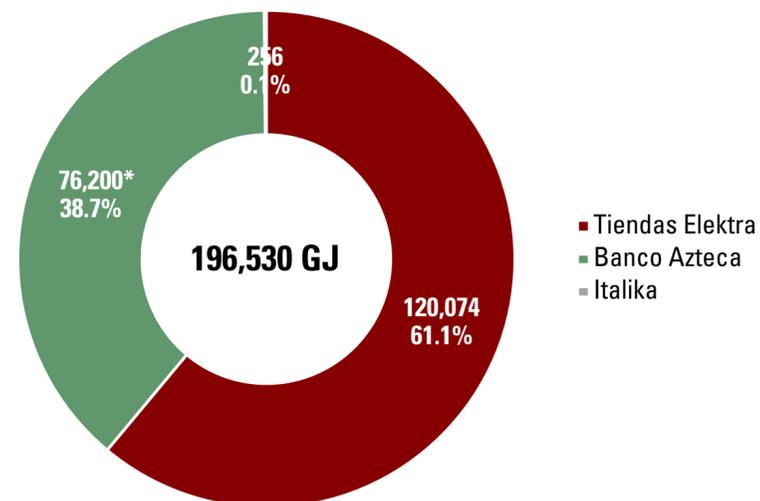
Elektra Group Fuel consumption from non-renewable sources (Gigajules)



Notes:

- GJ stands for Gigajoules.
- The distribution of non-renewable energy consumption by company and by source was:
- Tiendas Elektra: 121.1 GWh of electric power; 1,978,483 litres of petrol; 27,602 litres of diesel; 49,356 liters of LP gas.
- Italika: 6.3 GWh of electric power; 476,381 litres of petrol; 1,516 litres of diesel; 82,583 liters of LP gas.
- Banco Azteca: 57.1 GWh of electric power; 5,306,518 liters of gasoline.

Grupo Elektra Fuel consumption from renewable sources (Gigajules)



* This data was verified by a third party for more information refer to page 238 of this report

Notes:

- GJ stands for Gigajoules.
- The distribution of non-renewable energy consumption by company and by source was:
- Tiendas Elektra: 33.3 GWh of electric power (12.1 GWh wind and 21.2 GWh geothermal).
- Italika: 0.1 GWh of electrical energy from geothermal energy.
- Banco Azteca: 21.2 GWh electric power (7.7 GWh wind and 13.5 GWh geothermal).

51,852 kWh and 816,667 kWh of electricity consumed by Italika agencies and Ensamblika ships in 2019

8 of electrical energy consumed by Italika armed in 2019, reduction of 4% compared to the previous year

32,781 of electricity consumed per Banco Azteca branch in 2019; 34% increase from the previous year

To calculate energy consumption, Grupo Elektra is based on the international methodology developed by the Efficiency Valuation Organization (EVO), whose objective is to measure and guarantee energy savings, reduce costs and systematize the process of measurement and verification of energy performance. Based on this methodology, increases and reductions in energy consumption were calculated in 2019 as a direct result of energy efficiency and conservation initiatives, obtaining the following:



Tiendas Elektra saw an increase of **25,697 GJ** in energy consumption in 2019 vs 2015

* The increase in electricity consumption is due to the expansion of the commercial and operating areas.

45 For the three Grupo Elektra companies, the base year for calculation is 2015. The difference between the base year and the current year, expressed in Gigajoules (GJ), was considered. It takes that base year for normalizing with the first full-year RENE report (not partial, as in 2014), which was presented to SEMARNAT in 2015, since most emissions GHGs come from electrical energy.

Italika saw an increase of **3,724** GJ in energy consumption in 2019 compared to 2015

Banco Azteca had a decrease of **22,511** GJ in energy consumption in 2019 compared to 2015

302-4, 302-5

Unidad de negocio	Target expected in electricity consumption for 2019	Result 2019	Goal 2020
Tiendas Elektra	Elektra Do not exceed 150 GWh, according to the initial expansion program projected in the same year.	154.4 GWh of electricity consumed, exceeding the target by 4.4 GWh.	12% increase in electricity consumption, due to the planned expansion of 65 additional stores and 37 transformations.
Italika	15% increase in electricity consumption, due to the entry into operation at the end of 2018, Nave 5 and Nave 6, and the increase in operations of Nave 5 took place.	6.4 GWh of electrical energy consumed by Italika.	10% increase in electricity consumption, because, for the time being, two additional storage vessels are considered.
Banco Azteca	10% increase in electricity consumption compared to the 2018 financial year, which amounted to having an energy consumption below 53.0 GWh	78.3 GWh of electricity consumed by Banco Azteca, exceeding the target expected by 48%.	10% increase in electricity consumption, due to the expansion of the business.

Total energy consumption at Banco Azteca increased 12% compared to 2018, mainly due to the expansion of the business, while renewable energy consumption remained constant from 2018 to 2019. It should be mentioned that all new properties must start operation with CFE energy and then be analyzed and integrated into the renewable energy program, approximately one year later.

By improving the processes of construction, management and connection of CFE energy, the consumption of diesel by operation of emergency plants was reduced to the committed opening of new stores, where 30% of the operation corresponds to Ban-

co Azteca. This implies savings of MXN\$9.4 million for Banco Azteca and MXN\$22 million for Elektra Stores, due to the reduction in the use of emergency plants and 383,500 liters of diesel in stores during 2019, which also translates into the mitigation of Scope 3 emissions, estimated at 1,087 tCO2eq.

MXN **\$31.4** million in diesel consumption savings from branch emergency plants

The target for 2020 is to maintain current energy demand in branches and a similar or higher consumption of renewable energy per company – about 35% for Elektra Stores and Banco Azteca – which would result in an increase in renewable energy of 8% for Banco Azteca and 14% for Elektra Stores from 2019 to 2020.





Emissions

GRI 305: 103-1, 103-2, 103-3

Elektra Group, through the development of electrical redesign projects, the implementation of LED lighting, the optimization of air conditioning equipment, the installation of thermal insulators in stores, branches and agencies, the certification of some more efficient and saving technologies, the execution of more efficient maintenance and the implementation of communication campaigns to raise awareness of the importance of turning off the lights, computer equipment and air conditioning, as well as keeping doors closed, has managed to mitigate and even reduce the generation of GHG emissions.

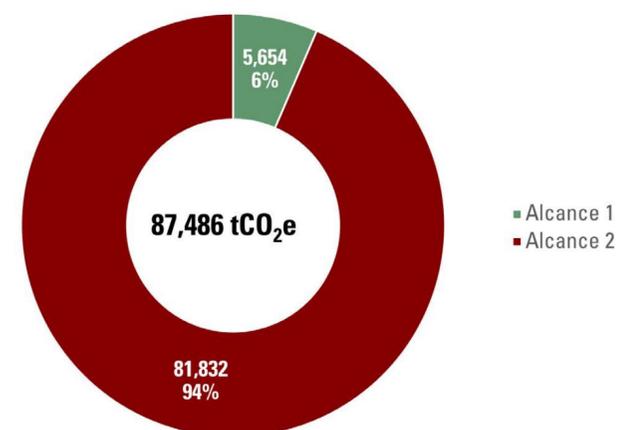
SIGEN is a tool that helps decision-making on actions to minimize or avoid consumption that generates indirect Scope 2 emissions in the short and medium term.

The regulations that Elektra Group companies comply with are aligned with the carbon disclosure project (CDP) criteria, as it considers the protection and good use of natural resources, as well as the reduction of the carbon footprint.

In addition, the companies that make up Grupo Elektra prepare the annual report of the RENE, which allows to identify the main sources of direct and indirect emissions (Scope 1 and Scope 2) and establish programs to reduce consumption and mitigation of environmental impact. The first complete RENE of Elektra And Banco Azteca Stores was calculated in 2015, while the first partial RENE for Italika was calculated in 2018.

305-1, 305-2, 305-4, 305-5

Tiendas Elektra GHG emissions (tonnes of carbon dioxide equivalent)



46 The RENE is partial where only one semester data are reported; the following year that SEMARNAT requests the report, it must integrate the data for the full year.

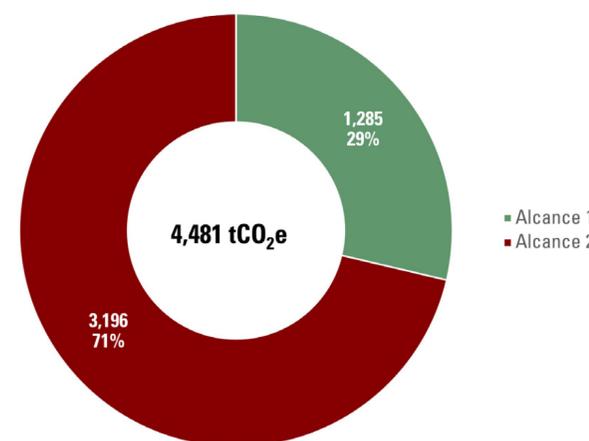
Notes:

- Direct and indirect emissions are composed of carbon dioxide (CO₂), methane (CH₄) and nitrogen oxide (N₂O).
- GHG emissions calculations come from fuel and electricity consumption reported to the RENE. The base year was 2015, the first year of the report; in it the results obtained were as follows:
 - Scope 1: 5,519.4 tCO₂e.
 - Scope 2: 69,179 tCO₂e.
 - Total Scope 1 + Scope 2: 74,698.79 tCO₂e.
- In this methodology, the volume of each fuel is multiplied by an emission factor and by its Global Warming Potential. Each type of gas (CO₂, N₂O, CH₄) has its own factor. For more information see: <https://www.gob.mx/semarnat/actions-and-programs/national-broadcast-rene> registration.
- The approach taken for emissions consolidation concerns financial and operational control.
- In 2019, Tiendas Elektra used 135 tCO₂e of hydrofluorocarbons (HCFC) and 0.5 tCO₂e carbon dioxide (CO₂) in the extinguisher refill.

74 tCO₂e issued per Elektra Stores branch in 2019 (scope 1 and 2)

305-1, 305-2, 305-4, 305-5

Italika GHG emissions (tonnes of carbon dioxide equivalent)



Notas:

- Direct and indirect emissions are composed of carbon dioxide (CO₂), methane (CH₄) and nitrogen oxide (N₂O).
- fuel and electricity consumption reported to the RENE. The base year was 2018, the first year of the partial report to the RENE and the year before the opening of new ships and restructuring of Italika; in it the results obtained were as follows:
 - Scope 1: 85.83 tCO₂e.
 - Scope 2: 468.72 tCO₂e.
 - Total Scope 1 + Scope 2: 554.55 tCO₂e.
- In this methodology, the volume of each fuel is multiplied by an emission factor and by its Global Warming Potential. Each type of gas (CO₂, N₂O, CH₄) has its own factor. For more information see: <https://www.gob.mx/semarnat/actions-and-programs/national-broadcast-rene> registration.
- The approach taken for emissions consolidation concerns financial and operational control.

533 tCO₂e issued by Ensamblika ship; 118 tCO₂e issued by Italika's own agency in 2019 (scope 2)

The emission measurement process in Ensamblika is critical to its reduction. Therefore, in order to protect air quality, the Assembly Plant must comply with NOM-085-SEMARNAT-2011, which sets the maximum permissible emission levels of indirect heating combustion equipment, which can release particles, carbon monoxide (CO), sulfur dioxide (SO₂) and nitrogen oxides (NO_x), for using conventional fuels or their mixtures. This is especially true when testing the start-up and operation of motorcycles in adjustment cabins more than 3,000 times a day.

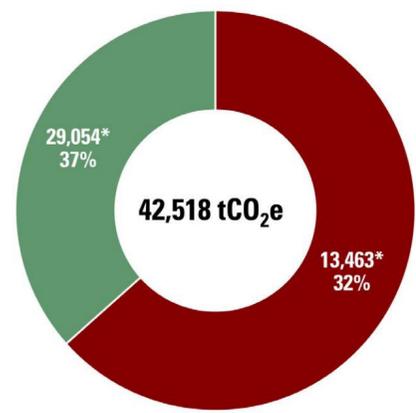
305-1, 305-2, 305-3, 305-4, 305-5

9 tCO₂e emitidas por sucursal de Banco Azteca en 2019 (alcance 1 y 2)

Banco Azteca GHG emissions (tonnes of carbon dioxide equivalent)**

These estimates considered the calculations made for reNE, with emission factors provided by the Secretariat of Environment and Natural Resources (SEMARNAT) and Global Warming Potentials provided by the Fourth Evaluation Report of the United Nations Intergovernmental Panel on Climate Change (IPCC AR4)

* This data was verified by a third party for more information refer to page 238 of this report.



- Notes:
- Direct and indirect emissions are composed of carbon dioxide (CO₂), methane (CH₄) and nitrogen oxide (N₂O).
 - GHG emissions calculations come from fuel and electricity consumption reported to the RENE. The base year was 2015, the first year of the report; in it the results obtained were as follows:
 - Scope 1: 13463.3 tCO₂e.
 - Scope 2: 29,054 tCO₂e.
 - Total Scope 1 + Scope 2: 42,518 tCO₂e.
 - In this methodology, the volume of each fuel is multiplied by an emission factor and by its Global Warming Potential. Each type of gas (CO₂, N₂O, CH₄) has its own factor. For more information see: <https://www.gob.mx/semarnat/acciones-y-programas/registro-nacional-de-emisiones-rene>.
 - The approach taken for emissions consolidation concerns financial and operational control.

2019 was the first year in which the Energy and Environment Area estimated Scope 3 emissions for Banco Azteca for business or air travel, adding up to 2,000 tCO₂e.

1,562 tCO₂e issued by Banco Azteca for business/work-by-air travel during 2019 (scope 3); in doing so, the Institution achieved the goal of staying below 3,000 tCO₂e, equivalent to 45 million km of flight**

302-4, 302-5

Business unit	Target set for the maximum issue for 2019	Result 2019	Goal 2020
Elektra Stores	78,900 tCO ₂ e, metric established considering an 18% increase proportional to the previous year.	87,147 tCO ₂ e, result 10% above the expected goal, due to the expansion of the business above the number of projected Stores.	95,800 tCO ₂ e, considering an increase of 10% due to the expansion of the business and the inclusion of Scope 3 emissions.
Italika	5,000 tCO ₂ e, considering the change of company name that includes new warehouses and sales agencies.	4,412 tCO ₂ e, exceeding the target by 12%.	4,500 tCO ₂ e, considering a 1% increase in the current operation. Additionally, Scope 3 emissions will be quantified.
Banco Azteca	21,500 tCO ₂ e, considering a decrease of 10% proportional to the previous year.	21,650 tCO ₂ e, exceeding the target by 0.7%. Although Scope 2 emissions remained below 10,000 tCO ₂ e due to the strategy of constant maintenance of energy demand per branch, there was a 19% increase in the consumption of electrical energy as a consequence of the expansion of the business nationwide. , especially due to the opening of 114 offices in 2018 and 95 more in 2019.	24,000 tonCO ₂ e, assuming an increase in Scope 3 emissions. For 2020 and 2021, the gradual decrease in fuel consumption by Banco Azteca is expected, for example, gasoline consumption of less than 5.5 million liters per year, impacting the reduction of Scope 1 emissions, remaining below the 13,000 tCO ₂ e.

Today, Grupo Salinas companies are in the process of authorizing and implementing the verification of emissions data, to be completed in 2020. This requirement, requested by SEMARNAT, applies to all those companies that exceed 25,000 tons of CO₂ equivalent annually. Verification consists of verifying that the data reported annually is repeatable by the verifier.

Additionally, in 2019, GHG mitigation was contributed through A New Forest, a reforestation campaign, in which, with the help of 22,000 volunteers nationwide, 221,340 trees were planted, involving the capture of more than 4,400 tons of CO2 from the atmosphere and more than 53,000 tons of O2 released into the atmosphere.

Water

Water

GRI 303: 103-1, 103-2, 103-3

Grupo Salinas and Grupo Elektra reinforce the commitment to save natural resources year after year through conscious use and various communication campaigns to reduce water consumption, avoiding waste due to leaks and inappropriate use. Additionally, in 2019, they carried out different initiatives to contribute to the sanitation of this resource, highlighting the following:

- Awareness campaigns. 31 campaigns were carried out within Grupo Salinas companies, which included topics such as: saving water within companies; Grupo Salinas' participation in the United Nations Global Compact and its contribution to the Sustainable Development Goals; ideas on how to take care of the environment; the importance of World Water Day, International Day of Forests and World Environment Day; climate change.
- Replacement of water jugs. During 2019, 70 water dispensers were installed in Corporatives and a pilot test was carried out in the branches - 18 Grupo Elektra properties. Each dispenser implies a 31% cost savings compared to a jug - estimated at MXN \$ 10.8 million a year by the total network of branches. Other advantages of replacing jugs with dispensers are:
 - Reduction in physical storage space in branches and stores.
 - Elimination of costs included for marketing and the transfer of the jugs from the purification plant to the branch or store.
 - By suppressing the transport of carboys to stores and branches, GHG emissions from the use of fossil fuel are avoided.
 - Savings in the salary of the outsourced worker dedicated to its distribution to each place of consumption.
 - Savings in the time and effort invested by collaborators to install them.
 - Mitigation of the health risk due to injuries when placing them and due to the consumption of the water contained in the plastic containers that have probably been exposed to the sun, and which, under this condition, release substances that are harmful to the health of the collaborators.
- Water treatment plant . In Torre Grupo Salinas - a building where Italika's offices are also located - between 10 and 30 m3 of waste water are recycled daily and

returned to the sanitary facilities, contributing to savings of approximately 20% of the water consumed per year.

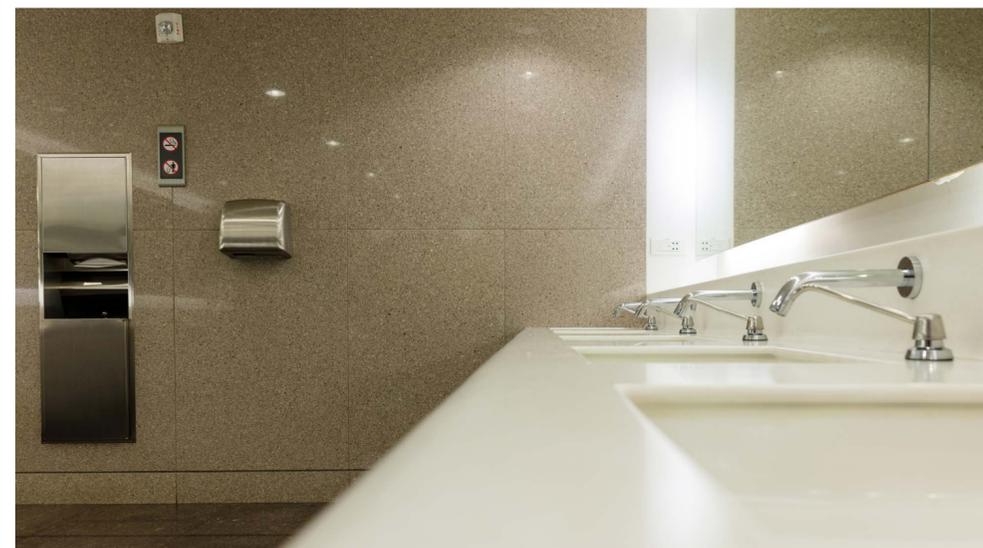
- 13,155 m3 of wastewater treated at Torre Grupo Salinas during 2019; 3,650 m3 treated in the floors occupied by Italika.

303-4

- Rainwater catchment. Two Grupo Salinas properties house business units of Banco Azteca and Italika –Montes Urales 450 and Torre Grupo Salinas–, which contribute to saving around 330 m3 of water per year from rainwater harvesting.

About 330 m3 of water saved per year from rainwater harvesting

- Reforestation water sanitation. In 2019, Un Nuevo Bosque -TV Azteca campaign in which Grupo Elektra participates-, had the reforestation of more than 221,000 trees, which contributed to the retention of more than 44,000 m3 of water in the soil.
- Water sanitation due to reduced consumption. Banco Azteca's paperless project could save more than 150,000 m3 of water per year, the amount of water used from source to completion of paper production.



13,155 m³ of wastewater treated at Torre Grupo Salinas during 2019; 3,650 m3 treated in the floors occupied by Italika

About **12%** of the total water collected by Italika was treated and reused

303-1, 303-3

The water consumed by Grupo Elektra Corporations - Elektra Stores, Italika and Banco Azteca - in Mexico City is provided 100% by the Mexico City Water System (SAC-MEX), while Geography depends on local distribution by municipality. The resource is used in toilets, irrigation - an activity for which the Corporations also acquire treated water pipes -, canteens, cooling systems and potable water dispensers / purifiers in flats. In the case of Ensamblika, the water consumed in the plant comes from the Water Commission of the State of Mexico.

303-2

For Grupo Elektra, pre-management opinions are carried out that include a verification of services, such as electricity, drainage and water; Within this last heading, the viability of the supply is evaluated with the local authorities, including the water pressure, the feasibility opinion of the supply and the type of drainage or final destination of the wastewater. Likewise, there is a procedure for evaluating the use of soil, the permeability of the substrate and the extension of the surrounding green areas, which impact on the recharge of local water tables.

303-5

427,953 m³ of water consumed by Grupo Elektra in 2019

Business unit	Target set for the maximum issue for 2019	Result 2019	Meta 2020
Elektra Stores	240,900 m ³ of water for 2019, considering a zero increase in consumption in the same stores and the addition of 120 new stores from the base year -2017-, which implies an average annual consumption of 175 m ³ per store, in addition to consumption in Corporate.	242,082 m ³ of water consumed by Elektra Stores*; 41,144 m ³ in Corporate and 200,938 m ³ in Geography. Tiendas Elektra exceeded its goal by 1%.	246,500 m ³ , calculating an increase in consumption only for new stores – around 40– and without considering an increase in the same stores, with an approximate consumption of 40,000 m ³ in Corporate.
Italika	33,800 m ³ of water, considering an average annual consumption of 70 m ³ per agency and 9 m ³ per person in Ensamblika.	33,800 m ³ of water, considering an average annual consumption of 70 m ³ per agency and 9 m ³ per person in Ensamblika and meeting the goal by 100%.	Based on an increase in the number of agencies - around 18 - and a similar consumption in the same agencies and corporations, the expected goal will be a maximum water consumption of 35,000 m ³ .
Banco Azteca	152,072* m ³ of water, considering an average consumption of 60 m ³ per year per stand alone branch (DAZ), an average of 75 m ³ per branch located within Elektra Stores and an expansion of 45 new stores and 22 new DAZs.	116,306 m ³ of water consumed by Banco Azteca; 35,766 m ³ in Corporate and 116,306 m ³ in Geography. Banco Azteca managed to exceed the goal set at the beginning of the year by 22*%.	Maximum consumption of 200,000* m ³ of water, considering an increase in consumption only for new branches - about 40 in 2020 - and an average annual consumption of 60 m ³ per site.

* Note: Corporate water consumption is accounted for from the water meter readings, which are recorded monthly. To obtain water consumption in Geography, the per capita consumption of the commercial business (70%) and the financial business (30%) was considered, based on the use of toilets and sinks (discharge of 4.8 liters in toilets and 1 liter in sinks), consumption for cleaning (3 to 5 buckets daily of 17 liters each), as well as the use of toilets by customers and visitors.

*This data was verified by a third party for more information refer to page 238 of this report

The objectives that Grupo Elektra set for 2019 in terms of reducing costs and continuing the increase in savings in the management of water resources, will continue in 2020, except for the monitoring of water consumption through SIGEN , since it is an activity that, after the evaluation, was ruled out. The Group will focus on the substitution of conventional sanitary furniture for savers in Corporate and Geography; evaluation of the establishment of more wastewater treatment plants and rainwater harvesting systems; as well as improving communication between areas to collect data on water consumption.



Materials

GRI 301: 103-1, 103-2, 103-3
301-1

Derived from the nature of the business, the materials used by Grupo Elektra for the operation are mostly lighting, air conditioning and packaging material:

6,728 pieces of lighting fixtures, 596 pieces of air conditioning and 5,094,562 pieces of packaging material acquired by Grupo Elektra in 2019

The variations in the materials purchased are due to the expansion of the business and the accounting for packaging materials for both Elektra Stores and Italika.

In Banco Azteca, a paperless project has been implemented to reduce the consumption and use of paper in bank branches and internal operations –more than 250 operations–, in addition to social programs –becas and Well-being cards–, with savings estimated at more than MXN \$360 million annually, avoiding the use of more than 3,129 tons of paper.

If the savings of 3,129 tons of paper were met, the use of more than 21 GWh of electricity and the emission of more than 11,700 tons of CO2 into the atmosphere would be avoided.



Waste

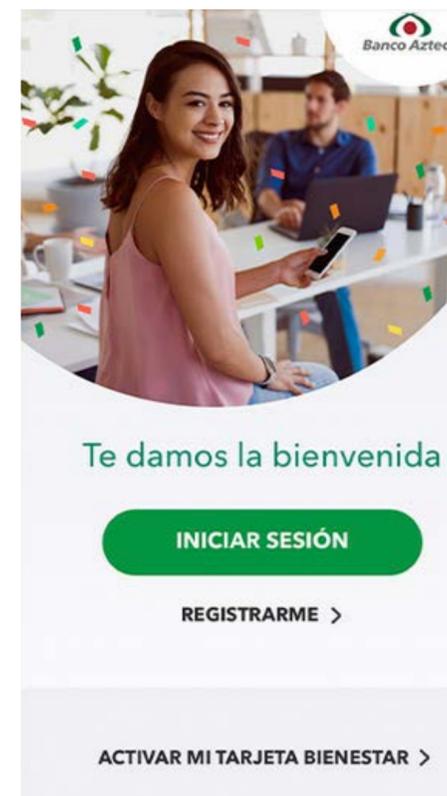
GRI 306, 307: 103-1, 103-2, 103-3; GRI 308: 103-2
301-2, 306-2, 306-4

In accordance with the applicable regulations, the Solid Waste Collection Policy and the internal Manual for the classification of solid waste, Grupo Elektra continued with the waste separation program in all companies, which has infrastructure for recycling stations , considering four categories of waste: organic, inorganic, recyclable and hazardous.

The monitoring of the generated waste continued to be carried out based on the data provided by the maintenance personnel and the providers that provide the collection service. For the latter, preferably, they must generate value chains and be socially and environmentally responsible; To identify them, quality standards have been developed for the requirements of the requests for quotations in the tenders for waste collection and cleaning.

Grupo Elektra, in addition, continues to promote waste management actions, to maximize its value and mitigate landfill discharges. For this reason, it continued to carry out communication campaigns on waste management within companies, with the aim of further separating waste and being able to recycle as many materials as possible. In 2019, 14 tons of recyclables were recovered from the Las Torres Corporate - Torres Esmeralda - shared by Tiendas Elektra and Banco Azteca, while 7 tons of recyclables were recovered from the Distribution Centers - plants for the business and bank operations.

Additionally, individual office cans were removed to avoid garbage mixes and mitigate the risk of being subject to penalties for non-compliance with regulations.



47 For more information, see page 220 of the section "Annexes to this Report".

Internal initiatives

301-2

To these actions are added the initiatives developed by other areas of Grupo Salinas, such as:

- Project to save 93,000 cardboard cups by replacing them with ecological ones, avoiding the use of 46 tons of paper and 147 tons of wood.
- Socio Verde Recicla, through which 327 kg of PET, 391 kg of bottle caps –polypropylene–, 13.2 kg of aluminum cans and 1,287.5 kg of electronics were recycled.
- 200,000 plastic bags were no longer used in corporate canteens.
- 'Zero Waste' social participation, which consisted of receiving 386 proposals from collaborators to reduce waste and environmental impact. The proposals were condensed into nine items and actions have been implemented for seven of them: rejection of plastics, discounts for reuse of glasses, paperless in branches, removal of individual garbage cans, separation of waste, free transportation for members, removal of plastic bags.

301-3

48 6,016 tons of these wastes were sent to certified landfills:
 2,277 by Tiendas Elektra;
 3,329 by Banco Azteca and 410 by Italika.
 Banco Azteca generated 6 tons of hazardous waste, while Italika generated 5 tons of this type of waste, amounts that were delivered to accredited suppliers for their management.

306-2

14,934 tons of waste generated⁴⁸ and managed by Grupo Elektra in 2019.

Business unit	Target set for the maximum issue for 2019	Result 2019	Meta 2020
Tiendas Elektra	2,520 tons, considering the generation of 1,000 tons per year in Corporate and 1,500 tons in Geography, as well as a 10% increase in recyclable waste.	2,306 tons of waste generated and managed by Elektra Stores; 2,277 of them corresponding to urban solid waste; 3 to special handling waste; 26 sent for recycling. Tiendas Elektra exceeded the goal by 8.5% at the end of the year.	2,600 tons, estimating a 3.5% increase in Geography, compared to 2019, due to the growth in the number of stores, and a 10% increase in the recovery of recyclable waste. Tiendas Elektra has proposed to carry out a national census of waste to determine the feasibility of implementing a waste collection logistics for Geography..
Italika	9,100 tons, considering a 40% increase in recyclable waste compared to the previous year, due to the start-up of a new assembly line. Recyclable and special handling waste from Italika corresponds to 96% of the total waste generated by the company.	9,279 tons of waste generated and managed by Italika; 410 of them corresponding to urban solid waste; 1,525 to special handling waste; 7,339 sent to recycling. Italika exceeded the target set for waste generation by 2%.	10,000 tons of waste, considering an increase of 10% of these due to the increase in the number of agencies. Increase the volume of recyclable waste in accordance with the proportional increase in motorcycle assembly in Ensamblika (767,893 motorcycles assembled in 2019).
Banco Azteca	3,349* tons, considering that in Geography 96% of waste is generated.	3,349 tons of waste generated and managed by Banco Azteca; 3,329 of them corresponding to urban solid waste; 1 to special handling waste; 13 sent for recycling. Banco Azteca exceeded the generation of waste at the end of the year by 11%*, derived from the expansion of the business and, therefore, from the increase in the number of employees.	3,200 tons*, considering an increase of 2% in the number of collaborators, due to the opening of nearly 40 new branches. Banco Azteca will strengthen its paperless project in branches, with which additional annual savings of more than 620 tons of bond and thermal paper would be expected in operations.

Grupo Elektra's main focus to achieve the planned goals will be to strengthen efforts in the separation of waste from the source, in order to increase the recovery of recyclables. To achieve this, the Group will carry out awareness-raising campaigns and will monitor the recycling activities of Ensamblika and in Corporate.

* This data was verified by a third party for more information refer to page 238 of this report

About This Report

102-1, 102-5, 102-50

For Grupo Elektra, S.A.B. de C.V. it is very pleasant to present the 8th edition of its Sustainability Report, which expresses the results of the economic, social and environmental performance of its operations during the period from January 1 to December 31, 2019.

102-54

This Report has been prepared in accordance with the GRI Standards: Essential option, in addition to complying with the Sector Supplement for Financial Services (FSSS).

102-45

The scope of economic and social information corresponds to the operations of Tiendas Elektra, Banco Azteca and Italika, in Mexico and, when possible, in Guatemala, Honduras, Panama and Peru. Regarding environmental data, only operations in Mexico are considered - for more detail on the coverage of environmental information, see page XX of the Annexes to this Report.

102-10

Among the main changes that took place during the reporting period are the sale of all the shares of Banco Azteca El Salvador by Grupo Elektra, so for this Report it no longer reports information regarding its operation.

Likewise, Advance America changed its name to Purpose Financial, in addition to integrating the latter as a brand.

In accordance with Grupo Elektra's commitment to evolution and its participation in various evaluations, for this Report it decided to emphasize the presentation of environmental, social and corporate governance information - ESG - by Banco Azteca, which is why which shows detailed information about this business unit. Grupo Elektra plans to report this type of information for Elektra and Italika Stores in an approved manner in the medium term.

At the date of publication of this Report, Mexico is going through a health crisis that has affected stability at the global level, so there are issues in which it is not possible to standardize the depth or coverage of the information, while in others it is anticipated that the goals and objectives will not be satisfactorily achieved; For further details, please see pages 35 and 75 of the Grupo Elektra Annual Report, available at: <http://www.grupoelektra.com.mx/Documents/ES/Downloads/Grupo-Elektra-Informe-Anual-2019.pdf>.

The amounts contained in this Report are expressed in Mexican pesos (MXN / MN), unless the use of another currency is specified.

102-48, 102-49

The financial figures reported in this Report for 2018 differ from those published in the previous year's Report, due to internal changes.

102-56

Derived from Grupo Elektra's corporate commitment to accountability and transparency, and based on the precepts of the Ethics, Integrity and Compliance Program (PEIC), for the first time the Sustainability Report was object of external verification of the data corresponding to Banco Azteca, which was carried out by Valora Sostenibilidad e Innovación, SA. de C.V.

Principles for preparing the Report

The importance of Grupo Elektra's Sustainability Report 2019 is that it is a clear, balanced, comparable, precise, punctual and accurate communication tool, since it complies with the principles to determine the content and quality of the report established by the Global Reporting Initiative. (GRI) as explained below:

Context of sustainability

Grupo Elektra expresses the contribution to the fulfillment of its purpose to generate inclusive prosperity through the creation of economic, social and environmental value. This is how in 2019 and as a result of Grupo Salinas' accession to the United Nations Global Compact in the previous year, Grupo Elektra ratified its commitment to the 2030 Agenda, by linking the material aspects of the three companies that make it up to the Sustainable Development Goals (SDGs) and identify the specific goals to which their actions contribute.

Materiality

Grupo Elektra's objective is to generate economic, social and environmental value; To achieve this, understanding the impacts of its operations and focusing on the most relevant issues are crucial. For this reason, in 2019 it again carried out a materiality study, in order to validate the material aspects and, in this way, take advantage of the areas of opportunity in terms of strengthening the management processes of key issues and the strategy of sustainability in each of the companies that comprise it.

Stakeholder participation

Once again, the participation of stakeholders was a key factor in the continuous improvement of Grupo Elektra, since in order to validate the material aspects, a dialogue was held with suppliers and collaborators. Thus, for the creation of this Report, the opinions provided by these and other stakeholders regarding the information they consider most relevant were considered, both for communication and for strengthening the Group's sustainability strategy.

Completeness

The results of the economic, social, environmental and corporate governance performance of Grupo Elektra and its companies are exhaustively presented, in such a way that it is possible to identify the significant impacts in the material aspects and their coverage, as well as denoting the evolution of the key issues when comparing the information with the data reported in previous exercises.

Annexes

Sustainable value creation

Materiality

Dialogue with stakeholders

The relevant issues derived from the analysis of the risk factors to which the companies that make up Grupo Elektra are subject were presented to two of its stakeholders - collaborators and suppliers -, through a dialogue based on online surveys, with the objective of validating the material aspects to be managed during the 2019-2020 period.

The sample was made up of:

- 368 collaborators
- 215 providers

The survey was comprised of three sections:

- Questions that made it possible to know the opinion of the stakeholders, as well as the context in which their relationship with Grupo Elektra is developed in qualitative terms.
- Questions that allowed the quantitative evaluation of the relevant topics of the 2019 materiality study.
- A question for prioritizing the Sustainable Development Goals (SDGs).

102-44

The results of the dialogue with stakeholders were as follows:

Co-workers

26% of the employees surveyed consider that equal opportunities in terms of growth and compensation is a priority issue for Grupo Elektra, since as there is an environment of equity, healthy competition is fostered and a greater commitment is generated by employees with the Companies that make it up, impacting the increased productivity of work teams and the consequent achievement of business objectives.

When questioning the collaborators about the topic that they consider most relevant for their complete development:

71% of the mentions were for training and reinforcement of the knowledge of the products and services to be offered to the client, since they consider that having information regarding the manuals and procedures of each product and service is relevant for the continuous improvement of sales techniques. and, in this way, offer the best customer experience.

Most relevant topics	Dimension	Less relevant topics
<ul style="list-style-type: none"> • Ethics and integrity • Corruption, bribery and transparency • Money Laundering Prevention • Product and service development / product liability • Customer Relationship Management 	Economic	<ul style="list-style-type: none"> • Corporate Governance • Financial topics
<ul style="list-style-type: none"> • Environmental policies / environmental management system • Water resources management • Biodiversity • Climate change and other atmospheric emissions • Waste management 	Environmental	<ul style="list-style-type: none"> • Materials • Energy eco-efficiency
<ul style="list-style-type: none"> • Human capital development • Diversity and equal opportunity • Human Rights • Financial inclusión 	Social	<ul style="list-style-type: none"> • Management of social issues • Talent attraction and retention • Occupational health and safety • Social Impact • Standards with providers

Providers

74% of the suppliers surveyed assure that their companies have programs or actions that, in addition to guaranteeing regulatory compliance, address various sustainability issues, such as environmental protection, labor practices, human rights, support for society, anti-corruption, fair trade and free competition.

65% of participating suppliers consider that Grupo Elektra has influenced their companies to adopt this type of program.

Most relevant topics	Dimension	Less relevant topics
<ul style="list-style-type: none"> • Management of the Corporate Social Responsibility • Ethics and integrity • Corruption, bribery and transparency • Money Laundering Prevention • Product and service development / product liability • Customer Relationship Management 	Economic	<ul style="list-style-type: none"> • Corporate Governance • Financial topics • Operations
<ul style="list-style-type: none"> • Environmental policies / environmental management system • Water resources management • Biodiversity • Climate change and other atmospheric emissions • Waste management 	Environmental	<ul style="list-style-type: none"> • Materials • Energy eco-efficiency
<ul style="list-style-type: none"> • Human capital development • Diversity and equal opportunity • Human Rights • Standards with providers 	Social	<ul style="list-style-type: none"> • Management of social issues • Talent attraction and retention • Social Impact • Financial Inclusion

Correlation between material topics and GRI Standards

102-47

Once the material aspects of Grupo Elektra for the 2019-2020 period had been obtained, the review and translation into the topic-specific standards established by the GRI Standards was carried out as shown below:

Material topics	Topic-specific Standards
Corporate Social Responsibility management	GRI 102: General Disclosures > Organizational profile GRI 203: Indirect Economic Impacts
Social impact	
Financial inclusion	GRI 413: Local Communities
Corporate governance	GRI 102: General Disclosures > Governance
Risk management	GRI 102: General Disclosures > Organizational profile GRI 102: General Disclosures > Strategy
Cybersecurity	GRI 102: General Disclosures > Governance
Money-laundering and fraud prevention	
Ethics and integrity	GRI 102: General Disclosures > Ethics and Integrity GRI 205: Anti-corruption GRI 206: Anti-competitive Behavior
Corruption, bribery and transparency	GRI 415: Public Policy
Financial topics	GRI 102: General Disclosures > Organizational profile GRI 201: Economic Performance GRI 207: Tax
Products and services development / product responsibility	GRI 102: General Disclosures > Organizational profile GRI 416: Customer Health and Safety GRI 417: Marketing and Labeling
Customer relations management	GRI 418: Customer Privacy
Brand management	
Operations	GRI 419: Socioeconomic Compliance

Material topics	Topic-specific Standards
Environmental policies / environmental management system	GRI 301: Materials GRI 302: Energy
Materials	GRI 303: Water and Effluents GRI 304: Biodiversity
Energy eco-efficiency	GRI 305: Emissions
Water resources management	GRI 306: Effluents and Waste
Biodiversity	
Climate change	GRI 307: Environmental Compliance
Waste management	
Talent attraction and retention	GRI 102: General Disclosures > Organizational profile
Social topics management	GRI 401: Employment
Occupational health and safety	GRI 403: Occupational Health and Safety
Human capital development	GRI 404: Training and Education GRI 405: Diversity and Equal Opportunity
Diversity and equal opportunity	GRI 406: Non-discrimination GRI 408: Child Labor
Human rights	GRI 409: Forced of Compulsory Labor GRI 412: Human Rights Assessment
Requirements to suppliers	GRI 102: General Disclosures > Organizational profile GRI 204: Procurement Practices GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment

Material topics by company

Material topics	Elektra Stores	Italika	Banco Azteca
Corporate Social Responsibility management	●	●	●
Corporate governance	●	●	●
Risk management	●		●
Cybersecurity	●	●	●
Ethics and integrity	●		●
Corruption, bribery and transparency	●	●	●
Money-laundering and fraud prevention			●
Brand management	●	●	●
Financial topics	●	●	●
Operations	●	●	●
Products and services development / product responsibility	●	●	●
Customer relations management	●	●	●
Environmental policies / environmental management system	●	●	●
Materials	●	●	●
Energy eco-efficiency	●	●	●
Water resources management	●		
Biodiversity		●	●
Climate change	●	●	●
Waste management	●	●	●
Social topics management		●	
Talent attraction and retention	●		●
Human capital development	●	●	●
Diversity and equal opportunity	●	●	●
Occupational health and safety	●	●	
Human rights	●	●	●
Social impact	●	●	●
Financial inclusion			●
Requirements to suppliers	●	●	●

Prioritization of the Sustainable Development Goals

As part of the dialogue with collaborators and suppliers carried out in 2019, the interest groups participated in the prioritization of the UN Sustainable Development Goals, in accordance with the relevance for their business unit and / or company to which they belong. The results for Grupo Elektra were as follows:



Note. The percentages shown represent the frequency of the mentions.

Linking Sustainable Development Goals (SDGs) and material aspects

Material Aspects	Priority SDGs	Specific targets of the SDGs	Goals 2020 Grupo Elektra	Advance at the end of 2019
Management of the CSR Social Impact Financial Inclusion		3.5 Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol	Continue promoting the "Drug-Free Living" program. Hold at least 20 "Drug-Free Living" events.	The "Drug-Free Living" program continued to be promoted; 26 events were held in Mexico.
		3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents	Reduce the number of accidents of Banco Azteca employees by 20% compared to 2019. Carry out the second round of certification to 100% of the Portfolio Leaders in Mexico.	13% reduction in the number of accidents in all categories of Banco Azteca in relation to 2018. The first round of road safety certification was carried out; 1,353 Banco Azteca employees certified nationwide.
		4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development.	Provide financial education to children and youth through the "Learn and Grow" program. Maintain at least 14 million beneficiaries of the "Learn and Grow" program.	Financial education was provided to children and youth through the "Learn and Grow" program. The target for 2019 regarding maintaining 11 million program beneficiaries was exceeded, reaching 14.8 million.
		5.a Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws.	Promote financial inclusion and contribute to the progress of women.	Financial inclusion was promoted and women progressed through "Learn and Grow" and specific products, such as those offered by Banco Azteca through Micronegocio Azteca.
		5.c Adopt and strengthen sound policies and applicable laws to promote gender equality and the empowerment of all women and girls at all levels.	Hold two courses a year for corporate collaborators on gender equality and the empowerment of women. Provide, through "Learn and Grow", at least one course or workshop on financial education and business aimed at women. Carry out at least 10 projects at the national level on gender equality. (Kybernus)	An online course was given to all collaborators, called "Measures to avoid discrimination". 16 face-to-face Financial Education and Business workshops were held for women. In 2019, through the Kybernus collectives, 57 initiatives were launched to eradicate gender violence and substantive gender equality in the public and private spheres.
		8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries*	Maintain the percentage change in the average salary of Banco Azteca employees in Mexico vs. the minimum wage above 200%*.	
		8.6 Reduce the proportion of young people who are not employed and do not study or receive training.	Provide 180 hours of training to each beneficiary of the Youth Building the Future program.	The tutors gave 74,202 hours of training to the scholars of the Youth Building the Future program.
		8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.	Promote financial inclusion by facilitating access to financial services for millions of Mexican families.	Banco Azteca contributes to the economic development of Mexico by serving nearly 15.5 million customers.
		8.b By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization	Benefit 1,200 people with the Youth Building the Future program	1,200 beneficiaries of the Youth Building the Future program.
		17.16 Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and exchange knowledge, expertise, technology and financial resources, in order to support the achievement of the Sustainable Development Goals in all countries, particularly countries in developing.	Follow up on the goals established for each material aspect of Banco Azteca in connection with the Sustainable Development Goals	
17.19 Build on existing initiatives to develop indicators that measure progress in sustainable development and complement gross domestic product, and support statistical capacity building in developing countries.		Carry out a study of environmental, social and corporate governance (ESG) risks.	In 2019 the Banco Azteca ESG impact study began.	

Material Aspects	Priority SDGs	Specific targets of the SDGs	Goals 2020 Grupo Elektra	Advance at the end of 2019
Risk Management Cybersecurity Money Laundering Prevention		16.4 By 2030, significantly reduce illicit arms and financial flows, strengthen the recovery and return of stolen files, and fight all forms of organized crime.	Train 100% of Banco Azteca employees in risk management. Train 100% of Banco Azteca employees with access to privileged information on the subject of cybersecurity. Maintain training in Money Laundering Prevention and Terrorism Financing for 100% of Banco Azteca's staff.	88% of Banco Azteca employees ** were given training in risk management. Training was provided to 91% of Banco Azteca employees ** with access to privileged information on the subject of cybersecurity. Training in Money Laundering Prevention and Terrorism Financing was provided to 96% of Banco Azteca's staff **.

Notes:

* Derived from the health crisis that has affected stability at the global level, there are issues in which it is expected that the goals and objectives will not be satisfactorily achieved. For more information, please see pages 35 and 75 of the Grupo Elektra Annual Report, available at: <http://www.grupoelektra.com.mx/Documents/ES/Downloads/Grupo-Elektra-Informe-Anual-2019.pdf>.

** For which the variations in the Head Count throughout the year are considered; corresponds to data from Banco Azteca Mexico.

Economic value

Prosperity that builds trust

Banco Azteca

Total income

Banco Azteca Mexico Total Income (Amounts in millions of pesos)	2016	2017	2018	2019
Interest revenue	32,924	39,378	46,841	53,726
Receivable Commissions	1,599	1,873	1,633	2,063
Financial intermediation	814	1,643	1,883	1,866
Other income, net	528	410	95	0
Total	35,864	43,304	50,451	57,654
INCOME FROM OPERATIONS	2,409	3,432	4,032	2,736
Administration and Promotion Operating	(26,621)	(30,784)	(35,198)	(41,081)

• Note. The operating profit shown in this table includes the effect of the Profit or Loss in Subsidiary Participation. This Amount decreases after operating profit. * It considers the economic activities that are part of the classification made by the National Institute of Statistics and Geography.

Tax principles

GRI 207: 103-1, 103-2, 103-3
207-1, 207-2, 207-3

For Banco Azteca, the tax calculation methodology represents, rather than a strategy, compliance with the provisions of the Tax Authorities Law based on three main approaches:

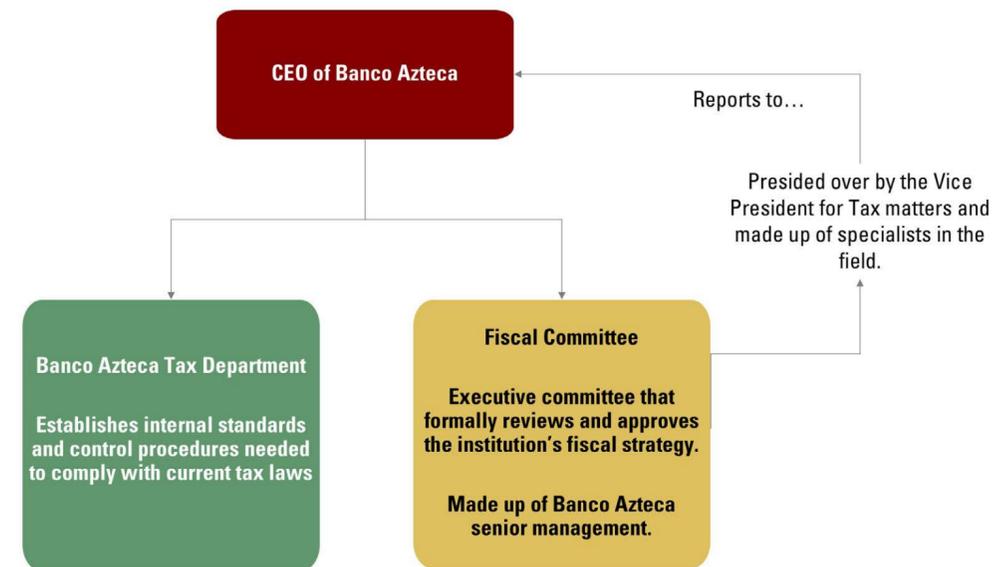


Thus, the determination and presentation of Banco Azteca’s tax obligations are based on the principles of transparency, integrity and prudence, for which reason the Institution is committed to complying with the following basic rules:

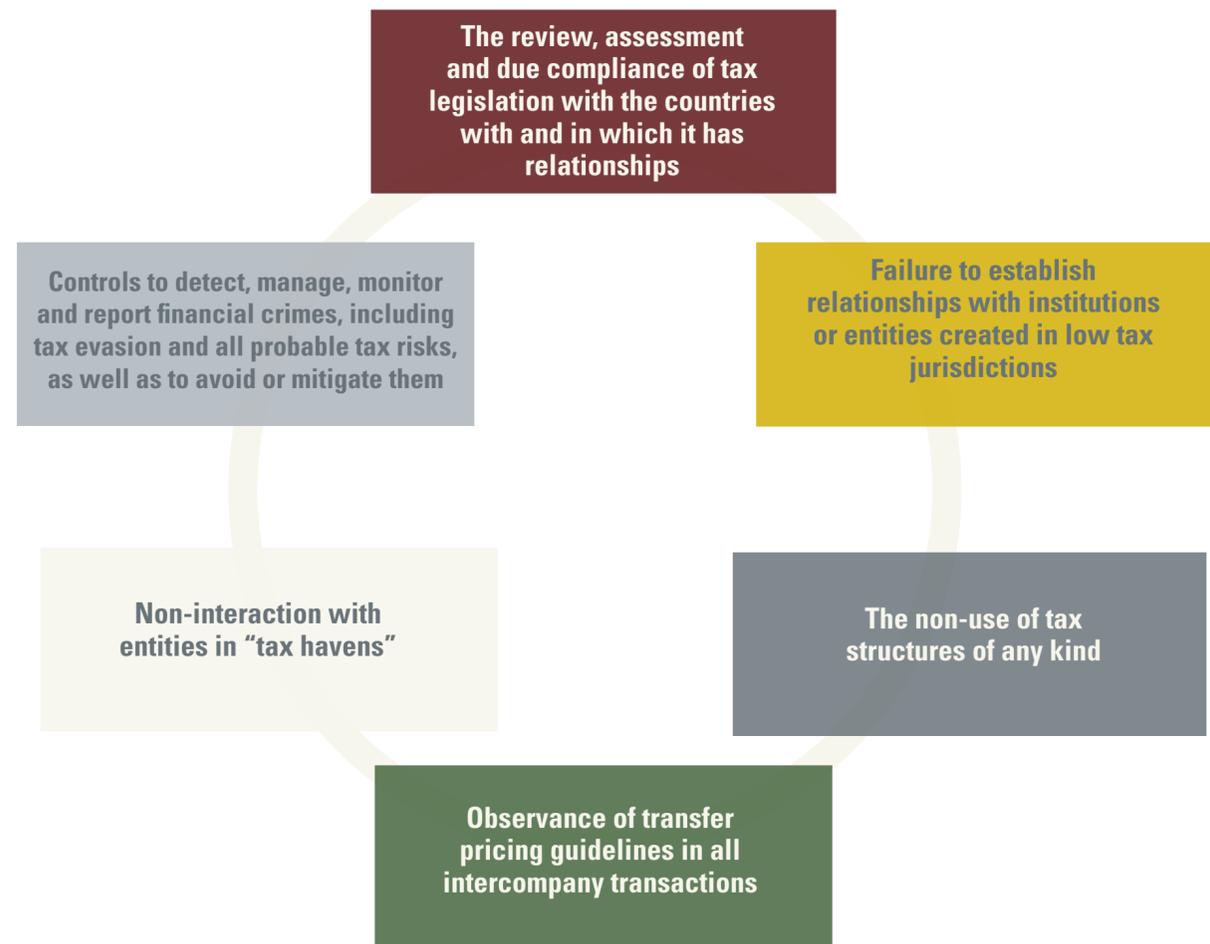
- Banco Azteca’s tax decisions are linked to the payment of taxes in the country and in all jurisdictions where it engages in economic and commercial activities.
- Employs structures with sufficient economic substance, aligning its tax payment with effective business practices and generating value.
- Make fair interpretations of tax regulations and the provisions of double taxation treaties.
- Banco Azteca established a transfer pricing policy for all your transactions with related parties, be they individuals or corporations. In it, it prioritizes the principles of free competition, value creation and the assumption of risks and benefits. In this context, the transactions carried out between the companies of the economic group comply with the transfer pricing rule, to follow the conditions of open market prices - at a principle of arm’s length. Additionally, agrees not to transfer the generated value to low-tax jurisdictions, or to use tax structures for the purpose of tax evasion.
- The digital economy has transformed economic relations and the will to continue doing so, altering the very structure of productivity, growth and value creation; impacting nationally and internationally. Tax systems are evolving, and Banco Azteca is taking active measures to adapt to this new environment and to face the challenges of the digital economy in tax matters, incorporating its virtual presence in all areas and in its value generation evaluations.

- It strives to establish relations of reciprocal cooperation with all the tax authorities with which it works, as a consequence of their business activities. These relationships are based on the principles of transparency, mutual trust, good faith and fairness.
- For Banco Azteca, the payment of taxes, in accordance with the applicable regulations, is an important part of its contribution to the economy and well-being, both nationally and in all the jurisdictions in which it operates, since it contributes to the resources collected by the authority they take advantage of the different expenses and investments of the Federal Government, in search of a Sustainable Development.
- When designing and developing financial products, Banco Azteca takes into account its tax implications for its clients and provides them with relevant information, in a clear, transparent and responsible manner, to help them comply with their tax obligations.

Governance



The correct management of tax affairs is a fundamental part of Banco Azteca’s culture and business practices; To do this, the Institution has developed strict policies and procedures that address various issues, including:



Thus, to avoid breaches, the Fiscal Directorate is in charge of publicizing the regulations, policies and procedures among all strategic and operational areas, through technical opinions, fiscal studies, technical notes and normative instructions, encouraging commitment of its collaborators.

To evaluate the fiscal strategy management processes and the operation of its supervisory body, an analysis is carried out on a monthly basis. It compares progress and is monitored in accordance with the Annual Plan established by the Fiscal Committee, in accordance with annual projections, aimed at meeting the expected results.

For its part, the Internal Audit area, within its sphere of competence, collects all the information and cases in tax matters, and identifies those that compromise the ethics and integrity of the organization, for its due attention and relief. In addition to this verification, the results of the fiscal strategy are audited by an external firm; Its procedure is based on the issuance of its opinion in accordance with the International Standards on Auditing (NIA), issued by the Mexican Institute of Public Accountants and which must be complied with in the review of Financial Statements and the Code of Ethics.

In addition to the ISAs, the external auditor must apply articles 32A of the Federal Tax Code and 58, sections I, IV and V of its regulations.

One of the channels through which Banco Azteca relates to the tax authorities is the Association of Banks of Mexico (ABM), of which the Fiscal Committee is a member. One of the main functions of this Committee is to establish the means of communication with the tax authorities to clarify criteria, incentives and mechanisms related to Credit Institutions.

207-4

Banco Azteca is a Financial Institution with a presence in the Mexican Republic and does not have entities or representations in other countries that consolidate your financial and tax information. The results of the management in Mexico are presented below:

Banco Azteca, SA Multiple Banking Institution Report on commercial, financial and fiscal information

(figures in millions of pesos)

Item	2018	2019
Total Income	51,068	57,770
Interest revenue	46,841	53,726
Collected commission and rates	1,633	2,063
Financial intermediation	1,883	1,866
Other income	100	115
Declared tax rate (income statement) and the cash tax rate (cash flow statement)	30%	30%
Operating income	3,962	2,728
Taxes reported	484	1,109
Accumulable adjustments (annual adjustment report for inflation in the ISR)	406	299
EFFECTIVE TAX RATE	27%	26%
Cash taxes paid	484	1,109

Risk management

Financial stability and systemic risk

Banco Azteca complies with the General Provisions Applicable to Credit Institutions of the National Banking and Securities Commission (CNBV), available on the page: <https://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20aplicables%20a%20las%20instituciones%20de%20cr%C3%A9dito.pdf>, so you can consult the results of the consolidated balance sheet corresponding to 2019 on the pages: <http://www.grupoelektra.com.mx/es/banco-azteca-financieros> http://www.grupoelektra.com.mx/News/Reporte.aspx?idP-df=3021&tp_doc=2&sit=IREKT.

According to information from the CNBV, in Mexico there are seven multiple banking institutions of local systemic importance, classified into four grades. Banco Azteca is not in this group, however, due to regulatory issues, the Institution complies with the established calculations that are aligned with the minimum requirements of Basel. For more information, see the statement located on the page: https://www.gob.mx/cms/uploads/attachment/data/file/350032/Comunicado_de_Prensa_047_Instituciones_de_importancia_sist_mica_dic_17.pdf.

Leverage Ratio

In order to ensure the financial stability of the banking system as a whole, as well as to comply with the agreements of the Basel Committee on Banking Supervision, the National Banking and Securities Commission, through the General Provisions applicable to the Institutions of Credit, established the methodology to calculate the leverage ratio of credit institutions and the obligation to disclose it. Based on Article 2 Bis 120 of these Provisions, Banco Azteca disseminates the general public through its electronic page on the Internet (<http://www.grupoelektra.com.mx/es/banco-azteca-financieros>), the information regarding your Leverage Ratio.

The Leverage Ratio of Banco Azteca, SA at the end of December 2018 and 2019 it was:

Components of the leverage ratio	2018*	2019*
Adjusted Assets (millions of pesos)	164,307	202,728
Basic Capital (millions of pesos)	19,735	21,371
Leverage ratio or debt to equity ratio	12.01%	10.54%

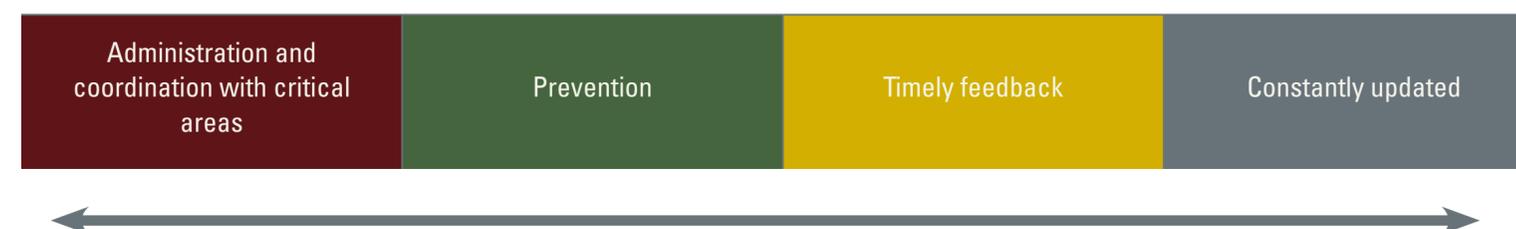
* The information sources: By 2018: www.grupoelektra.com.mx/Documents/ES/Apalancamiento/Formato%20Razon%20de%20Apalancamiento_Dic18.pdf · www.grupoelektra.com.mx/News/Reporte.aspx?idPdf=2899&tp_doc=2&sit=IREKT
By 2019: http://www.grupoelektra.com.mx/Documents/ES/Apalancamiento/Formato%20Razon%20de%20Apalancamiento_Dic19.pdf · www.grupoelektra.com.mx/News/Reporte.aspx?idPdf=3025&tp_doc=2&sit=IREKT

** The leverage ratio is defined as the ratio of the Basic Capital between the Adjusted Assets.

Business Continuity Planning

Risk management 103-1, 103-2, 103-3
FS2

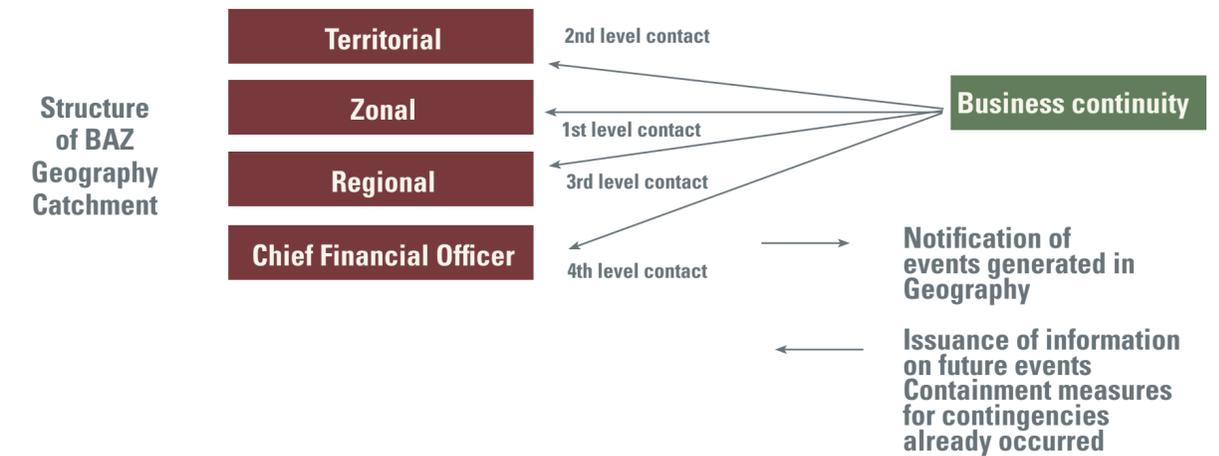
The Business Continuity Plan has the objective of guaranteeing the persistence of operations when a risk materializes. It is a strategic guide so that the business operation has continuity in a contingency situation, caused by an event that interrupts Banco Azteca's critical processes due to adverse conditions or threats. The four main guidelines that guide this Business Continuity Plan are:



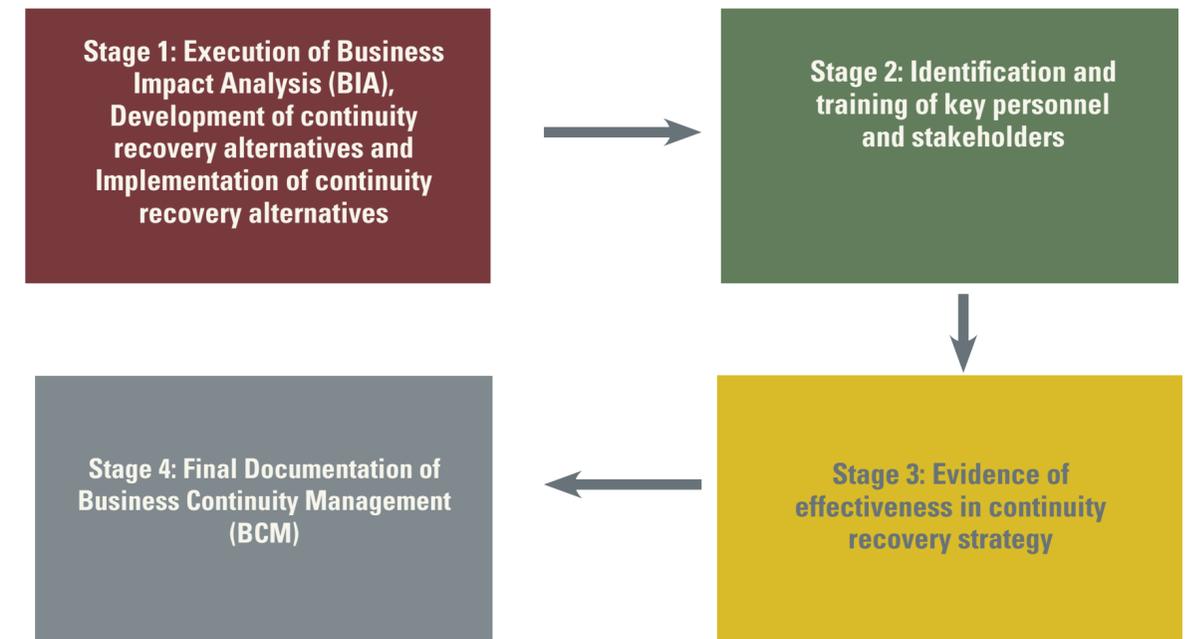
Collaborators:	Real Estate:	Systems:	Clients:
Includes measures aimed at providing financial aid to collaborators who are damaged by the occurrence of any natural or climatic event. In the event that your home is damaged, there is a process coordinated by Fundación Azteca, which consists of managing a fund of donations made by employees. In addition, it seeks to streamline immediate supports, such as medical care or transfers through specialized areas.	Involves the request to the areas of Civil Protection, Real Estate and Maintenance, the evaluation of the damages suffered by the structure in case of any physical eventuality that generates the interruption of the operation. This is with the aim of determining the way in which the operation will be reactivated in the short and medium term, being able to transfer it to another headquarters, repair the affected property or close it permanently.	Consists of validating the viability of carrying out the collection and credit processes in a normal way, and identifying if there is any physical damage to equipment and services so that, if positive, a care report is generated for the responsible areas .	It is that, in the event of a contingency, the involved Directorates evaluate the situation in the areas of influence, in order to determine the application of support to clients, such as interest subsidies. This may be a mandatory measure in the event that the corresponding authority establishes it, or voluntary, since Banco Azteca has the power to determine whether or not support is provided. Thus, the institution identifies clients who failed to make their payment, eliminating the commission generated during the contingency period and avoiding the affectation of their history due to an external situation.

The objectives of the Business Continuity Plan are to determine the critical processes for business continuity in the event of operational contingencies; estimate the quantitative and qualitative impacts that the organization could suffer as a result of the occurrence of any interruption event; assess the recovery priority of critical processes, target times (RTO) and tolerance to loss of related information (RPO); as well as defining the minimum requirements for contingency operations, such as:

- IT requirements (applications, systems, services, backups, software, hardware)
- Essential (critical) staff
- Vital information (physical and / or electronic)
- Furniture and equipment (workstations, computer equipment, among others)
- Supplies and inputs (formats, stationery, among others)



The Business Continuity Plan consists of four stages:



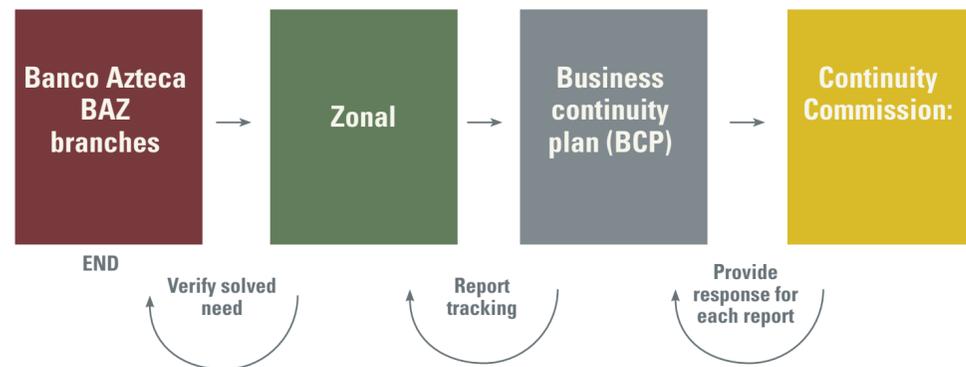
The Business Continuity Plan is applied to Geography - branches - and Corporate, so Banco Azteca discloses the guidelines to the collaborators who are in all the places where it operates through various documents, such as guides, manuals and protocols. . These instruments establish the actions to be carried out prior, during and after the materialization of any natural, social, technological or physical security risk, with the aim of raising awareness among employees on the appropriate way to respond to a risk identified in advance. or that it appears suddenly and, in this way, preserve its integrity and guarantee the continuity of the operation with the least possible impact.

With the support of the Institutional Communication Area, these documents are disseminated through the internal Zeus application, which considers a document repository (Zeus Box) and an official chat (BCP Geography), as well as the institutional portal for Methods and Procedures (Policies and Processes). The latter has eight contingency operation guides that address the procedures for dealing with the materialization of hydrological, volcanic and seismological risks, as well as those referring to massive concentrations, technological failures, fires, assaults and pandemics. These guides are directed at the financial manager and establish the steps to be followed immediately and locally before, during and after the contingency event to avoid the negative impact on the operation of the branch; include care contacts to provide support centrally.

In the event of a contingency, the Business Continuity area issues specific recommendations aimed at addressing existing needs, while also requesting support from the areas responsible for monitoring it. Likewise, it carries out the monitoring and coordination of the pertinent activities to achieve the recovery of the operation at acceptable levels in the shortest possible time.

The process for dealing with contingencies if they arise is shown below:

Start of contingency



In 2019, Banco Azteca modified the processes of the Business Continuity Plan in accordance with the guidelines issued by banking regulators, such as Banco de Mexico (BANXICO) and the National Banking and Securities Commission (CNBV). In this way, he successfully achieved:

- Document eight contingency guides and 203 processes.
- Alignment of 11 systems to Business Impact Analysis (BIA) and Disaster Recovery Plan (DRP).
- Execute and document two BCP tests in the year, thus complying with the test that is required by regulations and carrying out a second test as best practice by Business Continuity.
- Perform and document the first comprehensive BCP test in a DRP execution scenario; managed to do one more in the year.
- Double the number of alternative centers, from two to four, with the installation of:
 - An Additional Alternate Center in the City of Querétaro with an active-active operating scheme.
 - A Command Center, whose main function will be to house strategic personnel for relevant decision-making, aimed at guaranteeing business continuity.
- Develop and document 22 BIA questionnaires, by means of which it managed to gather pertinent and detailed information to know the critical areas and personnel that the systems that will give continuity to the business must operate.
- Develop the continuity strategy for the Banco Azteca back office.
- Implement the Business Continuity Plan in Latin America:
 - Obtained the approval of the methodology in Panama, Honduras and Guatemala.
 - Applied the BIA questionnaire in the three countries to identify the critical processes of the Institution.
 - Presented the work plan.
 - Published the BCP Manual on the Panama Methods and Procedures portal.

Likewise, 2019 was the year in which the Business Continuity area implemented a pilot monitoring protocol program to assess the level of knowledge and application of contingency action protocols in branches by employees. To do this, it carried out a monthly survey, coupled with the visit of franchise validators, who through 17 indicators obtained a weight for each branch visited, a process that will continue in 2020.

The report with the evaluation results is issued in the second week of the month after the visit. In it it is possible to identify the branches with a low performance in the validation and generate the remediation plan, which consists of sending via email to the branches, the necessary documents to optimize the results. In the three months of pilot operation, the results were as follows:

Parameter	October 2019	November 2019	December 2019
90% -100% = complies: branch of excellence	383	1,092	1,118
70-89% = below target: branch with inconsistencies in performance	55	111	127
51% -69% = does not comply: branch that must present an immediate service plan	52	23	14
0% -50% = economic damage: branch that is affecting the Bank's results and / or the customer and collaborator experience	187	275	234
Monthly total of evaluated venues	677	1,501	1,493

Nearly 80% of the branches comply with the branch of Excellence, which implies that they know the action protocols to react before, during and after a contingency, guaranteeing the timely response of the collaborators and ensuring the continuity of the operation in the branches.

FS9

In accordance with the regulations, the results of the Business Continuity Plan were evaluated through the Internal Audit procedure, a process that is carried out once a year. According to the reviewing body, the Business Continuity policy, the BIA analyzes, the BCP, the assessment of critical processes and the tests applied to the plan, it partially complies with the Internal Control standards that guarantee correct operational execution and the thorough adherence to applicable regulations. The areas of opportunity to serve by 2020 based on work plans and effectiveness tests will be:

- Establishment of a process in Business Continuity tests and report of the results to Senior Management.
- Running tests on various processes and resources.

Achievements 2019:

- Authorization was obtained for an internal model to calculate reserves for the non-revolving weekly billing consumer portfolio. It is worth mentioning that with

this model, a segmentation by product was achieved that allowed to better recognize the risk for each one of them, identifying variables that help to adequately recognize the probability of non-compliance with the offer.

- The evaluation and recalibration of the Credit Scoring models used in the origination.
- The development of "Behavior Score" models to automate campaigns, automatic increases to clients, the improvement of the repurchase of existing clients and the administration of the current loan portfolio.
- New executive reports on credit risk were developed, which allow the information to be consulted directly with the updating of Banco Azteca's databases. This allows guaranteeing the latest information for decision making.
- The automation of regulatory processes and reports to Banco de Mexico (BANXICO) that allow for more timely monitoring of Liquidity Risk (CCL / CFEN).
- The revision, updating and improvement of manuals, norms and policies that allowed the development and strengthening of the Risk Management culture.
- The strengthening of the relationship and perception of Banco Azteca in the matter of Comprehensive Risk Management before the authorities, such as the National Banking and Securities Commission (CNBV), Banco de Mexico (BANXICO), the Ministry of Finance and Public Credit (SHCP), the Institute for the Protection of Bank Savings (IPAB), the National Commission for the Protection and Defense of Users of Financial Services (CONDUSEF), the National Commission of the Retirement Savings System (CONSAR) and the National Commission of Insurance and Bonds (CNSF).
- Capitalization levels are the result of active management, which allows supporting the growth and speed of the business. There is an internal policy that seeks to maintain a level above the regulatory minimum defined as an institutional goal. There is a strategy to estimate the Bank's solvency before the end of the month, and if necessary, capital contributions are made. This strategy has been carried out since the beginning of operations and has made it possible for the Institution to face adverse situations in the national economy, always maintaining an adequate balance between the level of capital and its profitability.

2020 Objectives

- Continue promoting the development and application of a Comprehensive Risk Management culture, establishing guidelines that allow the efficient application of prudential policies and procedures in this area.
- Maintain an independent Comprehensive Risk Management Unit (UAIR) to achieve efficient Comprehensive Risk Management.
- Maintain a clear organizational structure through which a Correct dissemination and application of the Manual of Policies and Procedures on Comprehensive Risk Management.

- Have solid practices in Comprehensive Risk Management, consistent with the prudential criteria established by the national authorities and with the recommendations made at the international level.
- Implement the necessary elements to maintain the timely identification, measurement, surveillance, limitation, control, information and disclosure of the different types of quantifiable and non-quantifiable risks from a comprehensive perspective, consistent with the institutional mission and with the business strategy established by the board of directors.
- Incorporate environmental, social and corporate governance criteria –ESG, in risk management for the analysis of commercial credit and Afore Azteca.

Environmental risk management

Bonuses made by Banco Azteca and Micronegocio Azteca in support of customers, derived from contingencies that took place in 2019

Bonuses made to Banco Azteca clients				
Contingency	Month of occurrence of the event	Number of discounted orders	Balance Bonus *	Late payment bonus *
Disaster in Miacatlán	April	114	MXN\$2,950.00	-
Disaster in Tamazunchale	April	666	MXN\$16,201.00	MXN\$2.00
Disaster in La Morita	April	425	MXN\$10,860.00	MXN\$191.00
Fire in Cárdena, Tabasco	June	548	MXN\$25,908.00	MXN\$47.00
Credimax, tropical storm Narda	September	3,271	MXN\$76,910.00	MXN\$11.00
Credimax, tropical storm Narda 6008 DAZ Ocampo	September	55	MXN\$771.00	-
Credimax, conflict in Culiacán	October	1,931	MXN\$47,069.00	-
Credimax, conflict in Culiacán	October	524	MXN\$11,474.00	MXN\$34.00
Cold front in Sinaloa	November	536	MXN\$19,952.00	MXN\$304.00
Total		8,070	MXN\$212,095.00	MXN\$589.00

Bonuses made to clients of Micronegocio Azteca				
Contingency	Month of occurrence of the event	Number of discounted orders	Balance Bonus *	Late payment bonus *
Electricity failure in Jonuta	May	20	MXN\$5,015.00	-
Electricity failure in Jonuta	May	20	MXN\$5,015.00	-
Tropical storm Ivo, Los Mochis	August	45	MXN\$3,627.00	-
Tropical storm Ivo, Los Mochis	August	23	MXN\$2,036.00	-
Flood in Monterrey, Nuevo León	September	51	MXN\$10,833.00	-
Tropical storm Ivo, Los Mochis	August	8	MXN\$602.00	-
Tropical storm Ivo, Los Mochis	August	25	MXN\$3,430.00	MXN\$227.00
Hurricane Lorena, September	September	42	MXN\$6,920.00	MXN\$492.00
Tropical storm Narda, Pacific	September	112	MXN\$27,319.00	-
Tropical storm Narda, Pacific	September	9	MXN\$1,621.00	-
Culiacán and Navolato	October	60	MXN\$9,891.00	-
Culiacán and Navolato	October	6	MXN\$1,214.00	-
Culiacán and Navolato	October	38	MXN\$6,099.00	-
Tropical storm Narda, Pacific (missing group)	September	9	MXN\$2,093.00	-
Aztec Micro Business System Contingency	November	58	MXN\$5,933.00	-
Cold front no.19	December	8	MXN\$1,746.00	-
Total		534	MXN\$93,394.00	MXN\$719.00

* Note: Data expressed in mexican pesos.

Risks matrix related to environmental management and climate change for Banco Azteca

201-2, 307-1, FS5

Item	Relevance and inclusion	Description
Environmental regulations	Relevant. Always considerate	Grupo Salinas and Grupo Elektra companies always analyze regulatory requirements in environmental matters. The importance and magnitude of environmental risks are reflected in materiality matrices, in which compliance with regulations is considered an external impact for Group companies, for Banco Azteca and its stakeholders. The impacts related to climate change derive mainly from the consumption of electricity and fuels, for which the identified risks are framed in the General Law of Climate Change of Mexico and the National Registry of Emissions (RENE).
Emerging Federal and State Regulations	Relevant. Always considerate	In order to stay ahead and ready to respond to changes in risk factors, Grupo Elektra companies constantly monitor reforms to emerging legislation and regulations in Mexico.
Technological innovation	Relevant. Always considerate	Technological improvements and innovations that support the transition to lower carbon emissions and that have a positive impact on efficiency and cost are constantly evaluated. For example, in the transition to renewable energy options (such as wind and geothermal), or investment in improvements to increase the efficiencies of electromechanical and lighting equipment.
Legal and legal framework	Relevant. Regularly considered	The Legal and Energy and Environment Areas attend internal audits to avoid breaches related to environmental issues, should they arise. In 2019, Grupo Elektra companies did not receive environmental sanctions.
Markets and business opportunities	Relevant. Regularly considered	Changes in the market for certain basic products, products and services, as well as climate-related risks, are considered relevant indirect effects. For example, the increase in the cost of energy and fuels –which have a climatic impact– can directly impact the industrial sector and affect the profitability of its commercial activities and, therefore, the ability to pay the respective loans. Additionally, Banco Azteca includes in its portfolio corporate loans for the generation of large-scale renewable energy projects, as well as consumer loans for products that reduce energy and water consumption in the home.
Business reputation and brand management	Relevant. Always considerate	The company is focused on becoming the best financial group in Mexico. Therefore, it meets the needs of its stakeholders and considers its brand and reputation management within materiality analyzes, which, in addition to representing the tool for the Institution to focus on the most relevant aspects, serve as the basis for further analysis of risks and opportunities. Thus, if there are environmental issues within the material aspects, Banco Azteca is responsible for generating strategies for its management.

Item	Relevance and inclusion	Description
Real estate and operational management	Relevant	Through an internal communication system (Zeus) of Geography, the Maintenance and Operations areas constantly monitor the state of company properties, including areas vulnerable to climate risks such as floods, hurricanes or volcanoes. In the event of an accident, there are action protocols, within the Operational Continuity Program, to provide employees with instructions for before, during and after the event. There is also insurance that covers properties for natural disasters.
Energy efficiency	Relevant. Always considerate	Grupo Salinas has an Energy Seal –which determines the maximum efficiency of air conditioning and lighting– and the constant replacement of equipment, in addition to the implementation of thermal insulation and good practices –such as keeping doors closed, regulating equipment, reporting failures , etc. - that help save electricity. Thanks to this, it is possible to increase the performance of branch air conditioners in areas with high temperatures, thus avoiding nonconformities that could affect the operation of the business. On the other hand, looking for energy efficiency in branches Banco Azteca is in the process of evaluating a pilot to determine the feasibility of installing solar panels in branches.
GHG emissions	Relevant. Regularly considered	The direct and indirect GHG emissions generated by Banco Azteca depend mainly on the consumption of electricity and fuels, respectively. Those indirectly generated by the acquisition of goods and services and business trips are also relevant. The risks of refrigerant gas emissions, particularly R-22, are controlled by recharging services with suppliers and by replacing equipment that uses ecological refrigerants - such as R410A. Renovations are part of the annual maintenance budget. Likewise, many business trips have decreased over time, following the current and permanent digital transformation within companies, as well as promoting online meetings and collaborative work at a distance.
Water & Waste	Relevant. Always considerate	Banco Azteca constantly promotes the correct separation of waste generated by employees and maintains a recycling program together with the Energy and Environment Area, which links collection and processing providers to create value chains. Likewise, during the year communication campaigns are implemented that refer to saving water and other supplies for toilets and dining rooms, in order to raise awareness and promote the good use of resources.
Value chains	Relevant. Always considerate	Banco Azteca pays special attention to its links with industrial sectors sensitive to climate change, such as mining, oil and gas, chemicals, technological tools, among others, due to the potential they have to affect natural areas, their effects on indigenous communities and cultural heritage. Hence, in its supplier certification process, it includes social and environmental factors in its value chain, as well as promoting the adoption of sustainable practices, permeating the Global Compact Objectives among its suppliers.

Organizational culture

Anti-corruption policy

Breakdown of lawsuits or fines for corruption against Grupo Elektra during the period 2015-2019

205-3

Fines or lawsuits for corruption	Amount 2015	Amount 2016	Amount 2017	Amount 2018	Amount 2019*
Number of fines or lawsuits	MXN\$0.00	MXN\$0.00	MXN\$0.00	MXN\$0.00	MXN\$0.00
Total amount of fines or lawsuits	MXN\$0.00	MXN\$0.00	MXN\$0.00	MXN\$0.00	MXN\$0.00
Percentage of income	0%	0%	0%	0%	0%

Lobbying, representation of interests

Breakdown of contributions by representation of interests during the period 2015-2019

415-1

	Amount 2015	Amount 2016	Amount 2017	Amount 2018	Amount 2019*
Lobbying, representation of interests	MXN\$11,800,000.00	MXN\$12,100,000.00	MXN\$12,300,000.00	MXN\$12,600,000.00	MXN\$14,515,900*
Local, regional or national political campaigns / candidates / political organizations	MXN\$0.00	MXN\$0.00	MXN\$0.00	MXN\$0.00	MXN\$0.00
Trade associations or tax exemption groups	MXN\$0.00	MXN\$0.00	MXN\$0.00	MXN\$0.00	MXN\$0.00
Other	MXN\$0.00	MXN\$0.00	MXN\$0.00	MXN\$0.00	MXN\$0.00
Totals	MXN\$11,800,000.00	MXN\$12,100,000.00	MXN\$12,300,000.00	MXN\$12,600,000.00	MXN\$14,515,900*
Percentage of income	0.02%	0.02%	0.02%	0.02%	0.02%

*This data was verified by a third party for more information refer to page 238 of this report

Free competition

Breakdown of lawsuits or fines for unfair competition against Grupo Elektra during the period 2015-2019

206-1

Fines or lawsuits for unfair competition	Amount 2015	Amount 2016	Amount 2017	Amount 2018	Amount 2019*
Number of fines or lawsuits	MXN\$0.00	MXN\$0.00	MXN\$0.00	MXN\$0.00	MXN\$0.00
Total amount of fines or lawsuits	MXN\$0.00	MXN\$0.00	MXN\$0.00	MXN\$0.00	MXN\$0.00
Percentage of income	0%	0%	0%	0%	0%

Protection of personal data

Data privacy protection mechanisms disclosed to customers by Banco Azteca

2020 Objectives

- In accordance with the commitment to continuous improvement of the SGSDP, optimize the portal www.datospersonalgs.com to improve the user experience and streamline the generation of ARCO requests.
- Continue with the dissemination and promotion of the culture of personal data protection.
- To resume the signing of a collaboration agreement between Grupo Salinas and INAI to provide training to employees and managers.

Mechanism	Coverage	Description of the mechanism or process
Nature of the information captured	100%	Banco Azteca informs its clients about the nature of the information collected and its use, through the comprehensive privacy notice on the website, in the section called "Personal Data that will be subject to treatment", available at www.bancoazteca.com.mx for prospects, clients and users of the Institution nationwide.
Use of collected information	100%	
Possibility for customers to decide how their information is collected, used, retained and processed	100%	The acceptance of the Privacy Notice is optional for prospects, clients and users, so it is always shown prior to the treatment of personal data, in addition to the fact that they can assert their ARCO rights at any time.
That consent is not obtained	100%	Consent is obtained at all times, except the tacit consent rules contemplated in the LFPDPPP
Availability of the objection option	100%	The Privacy Notice - physical or electronic - contains boxes that give the prospect, client and user the possibility of objecting to the processing of their personal data with respect to secondary purposes.
If the consent option is required	100%	
Request for access to data on behalf of the company	100%	The Privacy Notice - physical or electronic - contains boxes that give the prospect, client and user the possibility of objecting to the processing of their personal data with respect to secondary purposes.
Request that your data be transferred to other service providers	100%	The integral privacy notice of the website mentions it in the section called "With whom is Personal Data shared", available at www.bancoazteca.com.mx for prospects, clients and users of Banco Azteca nationwide
Third party disclosure policy (public and private entities)	100%	
Request that your data be corrected	100%	The integral privacy notice of the website mentions it in the section called "Means and Procedures to exercise the Right of access, rectification, cancellation and opposition ("ARCO Rights ") and Revocation of Consent", available at www.bancoazteca.com.mx for prospects, customers and users of Banco Azteca nationwide.
Request that your data be deleted	100%	
Time in which your data is kept in corporate files	100%	They are kept for 10 years, in accordance with the provisions of article 115 of the Credit Institutions Law.
How the information is protected	100%	The comprehensive privacy notice of the website mentions it in the section called "Conservation and Security of Personal Data".

Money Laundering Prevention

Prevention of money laundering / fraud: 103-1, 103-2, 103-3

Based on the model based on Objectives and Key Results (ORCs), Banco Azteca transversally established a series of key performance indicators (KPIs) to guide its efforts towards the optimal operation of the PLD / FT Program, including find:

Item	KPIs	Result 2019
Prevention of Money Laundering and Financing of Terrorism (PLD / FT) –Mexico–	Compliance with obligations by the Compliance Officer	100%
	Analysis of all alerts generated by the system	
	Development of the PLD / FT training course for all staff	
	Attention to internal audit requirements	
	Sending all regulatory reports in a timely manner to the authority	
	Updating of the Institution's risk assessment methodology	
	Issuance of opinion regarding legal initiatives regarding PLD / FT	
	Direct participation or through the associations in the exercises of regulatory update in the matter of PLD / FT that affect the Institution	
	Attention to all queries from business units to determine mitigators for compliance with regulations and risk management of PLD / FT in products, services and channels	
	Prevention of Money Laundering and Financing of Terrorism (PLD / FT) –Latin America–	
Regulatory requirements attention		It allowed to respond to the requirements of the authorities in time and form with information 100% analyzed and reviewed by the responsible areas.

To address the strategy and achieve adequate performance on the key indicators it established, Banco Azteca continued to consolidate its management through a set of tools, such as:

Solid corporate governance structure of Banco Azteca

Formed in Mexico by the Regulatory and Best Practices Committee, the body that performs the functions of the Communication and Control Committee; and, in Latin America, by the collegiate compliance bodies in each country. It should be noted that,

in Guatemala, the regulation does not require the existence of a Committee, however, Banco Azteca has adopted this good practice.

Manual on Prevention of Money Laundering and Terrorism Financing

It is the document on the basis of which Banco Azteca has developed its policies of identification and knowledge of the Client and the User, as well as the criteria, measures and internal procedures that it adopts to comply with the provisions of the provisions on PLD / FT , and to manage the risks to which it is exposed.

Operational Guide

In addition to the Manual, Banco Azteca Mexico has a complementary document called “Mitigants for the Prevention of Money Laundering and Terrorism Financing” –MDigantes PLD / FT–, which describes the measures and procedures implemented by the Compliance Officer regarding related activities with the Institution’s PLD / FT Program. This ensures that Banco Azteca Mexico complies with the provisions of the General Provisions (DCG) referred to in Article 115 of the Law on Credit Institutions in Mexico, in relation to the minimum measures and procedures that must be observed to prevent, detect and report acts, omissions or operations that could favor, provide aid, aid or cooperation of any kind for the commission of the crime provided for in articles 139 Quater or 400 Bis of the Federal Penal Code. For entities in Latin America, Manuals are established that comply with the specific regulatory guidelines of each of the countries. In all cases, these documents are intended to:

- Strengthen the uniform criteria established, in accordance with the operational processes aimed at preventing, detecting and reporting those operations that could be carried out with resources from illicit sources and financing of terrorism.
- Describe each monitoring module that generates the alerts, in order to know the characteristics and reasons why a client could fall into an unusual operation.
- Inform about the parameters that a client must meet in order to be alerted in the PLD system; as well as the periodicity in which each generated alert must be treated.
- Detail the consultation results observed in each alert created, information with which the case analysis is carried out.

Policies

Instruments that incorporate the provisions of each country and the best international practices and include due diligence for the knowledge of the prospects of the interest groups that interact with Banco Azteca, have updated information and keep it to comply with the PLD / FT Program, which, in accordance with the applicable regulations, being for a period of not less than 10 years

KYC Policy

It establishes the necessary measures that allow identification and knowledge of the client and users, including those with a reinforced regime and politically exposed persons (PEPs) clients.

Policy Know your Employee

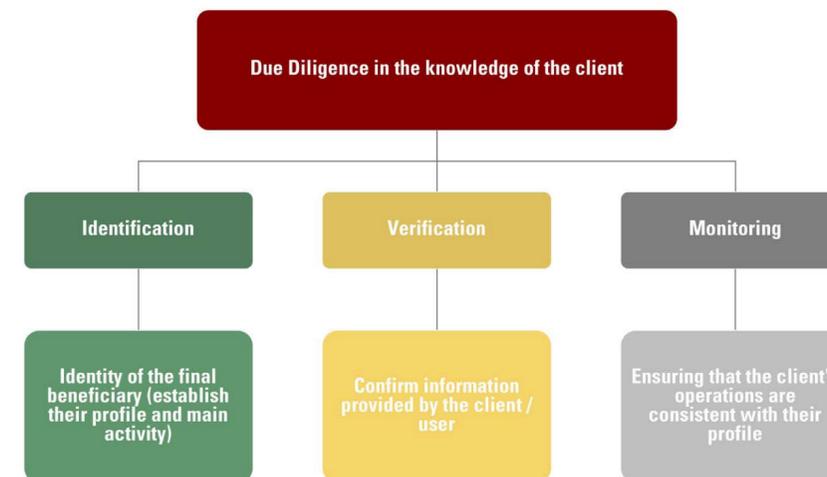
It addresses the necessary measures that allow identification and knowledge of the prospective collaborator, which is found in the Institution’s Human Resources Manual.

Know Your Provider Policy

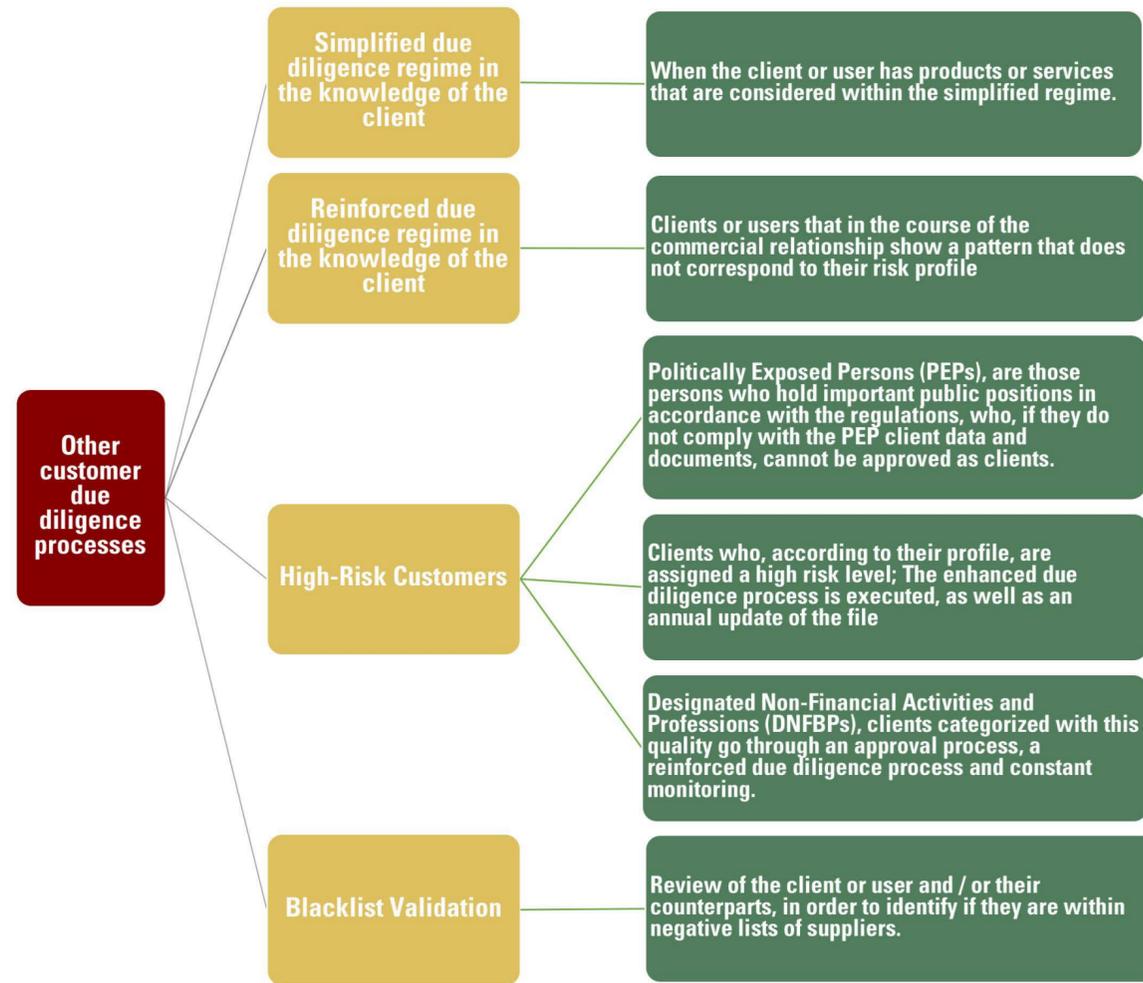
Establishes due diligence controls during the selection, contracting and renewal of supplier contracts.

Due diligence procedure in the knowledge of the client

Banco Azteca has the due diligence process in the knowledge of the client, comprised of three stages: identification, verification and monitoring. The first two are to collect and confirm customer or user information, while monitoring information will allow evaluating the relevance of continuing with the business relationship.



For the inclusion of a new client, different risk mitigation standards were defined for the establishment of the commercial relationship, which are also applied during the course of said relationship.



¹ Unusual or suspicious operations are those transactions, operations or commercial relationships, which are not consistent with the previously determined profile of the client, which are not related to professional or economic activity, which depart from the normality parameters established for a certain market range, or that could lead us to believe that the client, user or employee is developing activities that do not have an evident legal economic basis, as well as those that are constituted or related to illegal activities or that are considered to be intended for money laundering or terrorist financing.

PLD / FT monitoring system

System developed internally by the PLD Unit in order to comply with the applicable regulations in Mexico. This system is integrated by submodules that provide the tools for the exercise of the monitoring and analysis functions, among which are:

- Statistical information regarding the number of clients and / or users - individuals and legal entities.
- Conserve and update, as well as consult customer identification and knowledge data.
- Historical transactionality by clients and / or users.

- Detection of clients and users who are registered in black lists and PEPs, through online or nightly processes.
- Generation, analysis and ruling of alerts of unusual and internal operations concerning reports of transactions that help in the analysis of customers and / or users.
- Generation, encryption, sending and backup of regulatory reports for transmission to the authority.
- Maintain security schemes of the processed information that guarantees its integrity, availability, auditability and confidentiality.

In the case of Latin America, it is the process of monitoring and attention to alerts generated within the PLD system that the institution has, which allows monthly to know the alerts that are in the process of attention, in follow-up as requested of additional information, or closed.

Suspicious Operation Button (BOS) / Unusual Operation Button (BOI)

Tool available in the first line of defense, in Geography; It refers to the electronic means that the staff of the branches in Mexico and of the agencies in Latin America can safely and confidentially send information to the Compliance Officer about possible unusual or troubling internal operations.

Analysis of unusual operations and determination of suspicious operations

In order to detect unusual and / or suspicious operations, Banco Azteca has two types of alerts:

- **Quantitative**, which depend on the automated PLD system, which reports operations that obey transactional parameters, considering risk factors of the customer, product, service, channel, geographical area and transactionality.
- **Qualitative**, which are detected and communicated by the collaborators, through the BOS / BOI of the branches and which may be due to any of the scenarios described above, or to situations specific to the client or user. Thus, from the first line of defense, personnel in operational positions act as a fundamental part in the detection, escalation and prevention of risks.

The Institution monitors the alerts generated in order to identify possible unusual operations¹ and based on the consultation of various sources, with the objective to collect and collect information that will allow having sufficient knowledge about the

reason for the operation carried out, the origin of the funds and the real owner or final beneficiary of the resources. The process is as follows:

- Download of alerts, making the query in the corresponding module in the monitoring system according to the periodicity of each one.
- Global pre-analysis of all alerts based on a risk-based approach to identify and classify the operations that caused the alert according to their degree of risk. In this way, operations that represent a lower degree of risk are discarded.
- First level of analysis of alerts that were not ruled out in the global pre-analysis.

Based on the result of the analysis of the alerts with the PLD / FT risk factors, the analysts detect if one or more circumstances or elements arise to consider unusual operations. In case of identifying them, they will proceed to prepare the report for the Compliance Officer to analyze and, if deemed necessary, submit to the Committee the approval of the operations.

Subsequently, in the event that the Committee determines that the operation should be reported as unusual, the analysts will prepare the reason and description of the report in accordance with the provisions of the best practices document for the notification of unusual operations issued by the authority.

Of the more than 15.5 million Banco Azteca clients, only 0.01% of them presented unusual or worrying internal transactions in 2019.

100% of the collaborators involved in worrisome internal operations reports sent to the authority in 2019 were withdrawn from the Institution and blocked, in such a way that they cannot be clients or users of Banco Azteca.

Review of internal and international blacklists

It is the process of analysis of the official letters received and issued by the different authorities or intergovernmental organizations - such as the Ministry of Finance and Public Credit (SHCP), the Financial Intelligence Unit, the Specialized Deputy Attorney General's Office for Investigation of Organized Crime, the International Financial Action (FATF), the United Nations Security Council or the Office of Foreign Assets Control of the United States Department of the Treasury (OFAC) 2 - or reports of unusual and worrying operations sent to the authority . Its objective is to identify and validate prospects to customers, users, suppliers and employees in each of the lists that the Institution manages. Banco Azteca has three list providers:

- Two of them are recognized in issues related to Regulatory Compliance at the international level, as they are considered leaders in information solutions, as they

provide robust online research databases that contribute to monitoring and analysis of clients and users, decision-making and risk mitigation.

- A national provider of expertise in the field of information services in the government and financial sectors; He has extensive experience in researching, collecting, automating, developing and updating reliable databases.

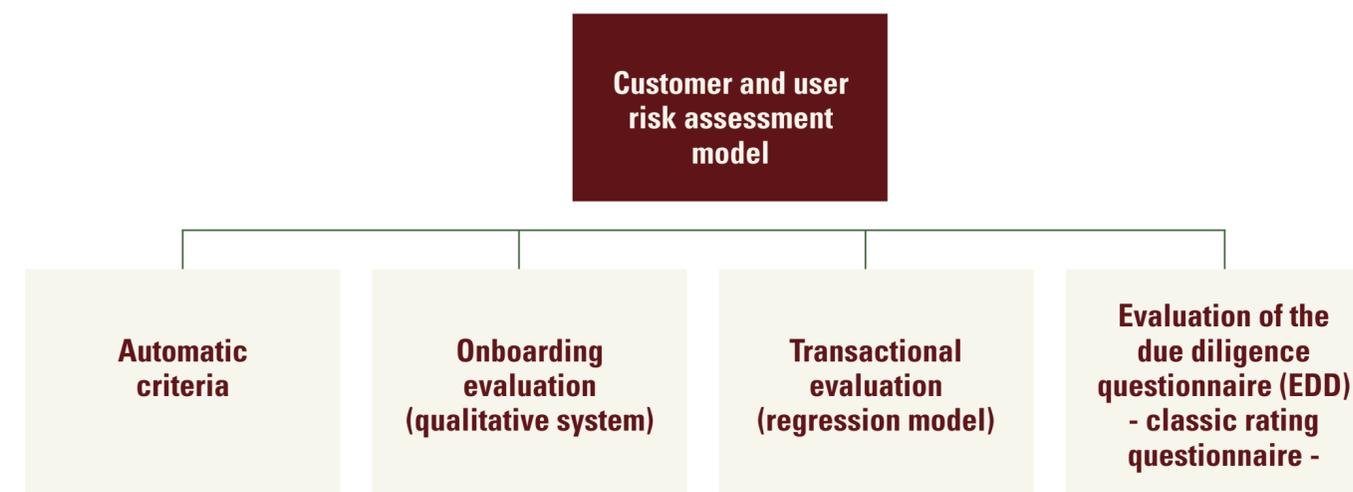
Banco Azteca uses two procedures to identify and mitigate risks regarding matches with negative lists:

- Online, when someone tries to enter into a contract or carry out an operation with the Institution, it is detected and does not allow the process to continue.
- Automated nightly, in which the updates of the suppliers' lists are downloaded daily and checked against the database of all Banco Azteca customers and users. By identifying a match between name and date of birth, an alert is generated in the PLD / FT System for analysis and possible reporting.

In 2019, the proximity criterion was implemented to identify matches between the names of clients and / or users against negative list registrations, which allowed Banco Azteca Mexico to increase the effectiveness of the process of detecting people subject to sanctions programs.

Risk assessment

Process whose objective is to determine the degree of risk of each client - low, medium and unacceptable - and, in this way, to assess the viability of opening or continuing business relationships. To this end, Banco Azteca in Mexico has created a series of risk management policies, procedures, and controls called the "Customer and User Risk Assessment Model", which consists of;



In 2019, the risks that arose were: extortion, unusual operations with currencies and transfers, as well as internal activities by employees against Banco Azteca's PLD policies.

2 In accordance with the provisions to which Banco Azteca is subject, the Institution has no obligation to cross with OFAC lists, however, it adopted this measure as internal policy.

Automatic criteria

The Model includes automatic classification criteria, that is, that, with the conjunction of specific characteristics, Banco Azteca can immediately determine a degree of risk without having to review the global set of factors, regardless of when these characteristics meet. Its use is based on objective criteria in accordance with best practices in PLD / CFT management, where the degree of risk will be assigned by simply materializing the scenario.

One of the default allocation scenarios is the coincidence of the data of the client or its related parties - beneficiaries, partners, shareholders or legal representatives - with the data of people located on the lists published by intergovernmental or governmental organizations. In case of coincidence with these lists, the Model will assign the client or client prospect an unacceptable degree of risk.

The Model will also assign an unacceptable degree of risk to clients or prospects whose country of nationality is on the FATF lists of non-cooperating jurisdictions or with strategic deficiencies in PLD / CFT or, alternatively, is in the sanctions programs of the OFAC.

Regarding the clients or prospects that should be considered PEPs, in accordance with the list published by the SHCP and who also have a country of nationality other than Mexico, the Model will assign a high degree of risk. In the event that the client or prospect must be considered as PEP and that, in addition, his country of nationality is Mexico, the Model will assign a degree of risk that cannot be less than medium.

In the event that a client – moral person – has the authorization of Banco Azteca Mexico to deposit cash dollars unlimitedly, in accordance with the provisions of the Credit Institutions Law, the Model will assign a high degree of risk.

If the scenarios described above continue to materialize, the degree of risk may not be modified downward in any of the above cases, even after the six months of allocation of the current risk have elapsed.

Onboarding evaluation

In the client identification process, the Risk Model uses a rating scheme based on a qualitative system. In this way, the Institution determines risk exposure using predefined scales. The intention of creating this qualitative system is to form a knowledge base that can eventually be verified with statistical tests and an empirical data set.

If the customer prospect has not been located in any of the aforementioned assumptions, the degree of risk will be determined by estimating the risk index, which is obtained from evaluating the information declared and presented by the prospect using a calculator in the front containing the identified risk factors.

Transactional evaluation

The procedure to classify clients based on their transactionality uses a regression model, with the objective of using risk exposure characteristics. From the moment clients begin to carry out operations, the Model evaluates, through automatic processes, each of the transactions to detect changes in their behavior.

Due Diligence Questionnaire (DDQ)

The Model applies due diligence questionnaires to private clients in order to carry out an evaluation with complete and verifiable information; For these purposes, it became a “classic rating questionnaire”, for which questions were defined with clear answers about the relevant risk factors to determine the client’s risk exposure.

Use of categories and risk factors

The Risk Model uses a categorization of ML / FT risks in accordance with the guidelines of the FATF and the Wolfsberg Group - risks related to types of client, geographic areas and distribution channels. When evaluating these risks, Banco Azteca must consider risk variables related to each category, factors that can increase or decrease the risk posed.

Risk factors are those indicators that explain how and to what extent each client represents risk to Banco Azteca, such as:

- Risks associated with customer characteristics:
 - Negative lists
 - Politically exposed people
 - Economic activity
 - TRANSACTIONAL PROFILE
 - Seniority (date of incorporation / birth)
- Shareholding structure
- Risks associated with the jurisdictions involved: Country risk and Municipality risk.
- Risks associated with the types of transactions: Type of product, Type of service and distribution channel.

Degrees of Risk

The Model contemplates a client classification system that has four well-defined degrees of risk: low, medium, high and unacceptable. This set of degrees of risk is considered ideal, since, in the first place, it includes the “high” and “low” degrees, which are the minimum required by the provisions. On the other hand, it has a “medium” grade, to allow better risk differentiation. Lastly, the set of degrees of risk includes a transitory category of “unacceptable”, which describes the criteria by which Banco Azteca Mexico must prohibit or interrupt a commercial relationship, since these are unmanageable risks for the Institution.

Criteria for limiting or canceling business relationships

Banco Azteca has objective criteria documented in the policies and procedures manuals, about the beginning, continuation and closure of business relationships with its clients, among which it considers the following assumptions:

At the beginning of the business relationship

- That, as part of the process of crossing lists, the client is registered in one of the lists of blocked persons that disclose national or foreign authorities, international organizations or intergovernmental groups in matters of money laundering prevention and financing to the terrorism, or on any of the lists issued by OFAC.
- When the person in question refuses to submit to Banco Azteca all the information and / or documentation necessary for identification and knowledge, or it turns out to be false or apocryphal.
- When it represents an unacceptable degree of risk for Banco Azteca, in terms of the Model.
- In the case of institutions or financial intermediaries that do not have a physical presence in any jurisdiction.

During the business relationship

- When the operations carried out are not consistent with what was initially declared and / or the information provided does not justify them.
- When the client or user has been reported by Banco Azteca to the SHCP through the Commission, derived from the fact that their operation, activity, conduct or behavior do not agree with the background or activity known by Banco Azteca or with the usual transactional profile of said client depending on the origin and destination of the resources.
- When they act in benefit, by order or on behalf of a third party without having declared it. Banco Azteca has documented processes to limit or cancel the com-

mercial relationship or provision of services, which do not contemplate any type of distinction, discrimination or assignment of a specific type of risk due to the inherent nature of the client or client prospect, that is, performs a comprehensive evaluation through a statistical model, which considers all risk-generating factors in ML / FT, except for the assumptions referred to in the section “Criteria to limit or cancel commercial relationships”.

In Latin America, Banco Azteca has the “Client and User Risk Matrix”, a control and management instrument made up of policies, processes, products, services, among others, used to identify the most important activities of the Institution, the type and level of inherent risk of these activities and the exogenous and endogenous factors that generate these risks.

Internal controls

Integrated by processes designed to guarantee that the Compliance Program is executed correctly, including:

Identification of the real owner or final beneficiary

Process to know the natural person who, through another or any act or mechanism, obtains the benefits derived from an account, contract or operation and who ultimately exercises the rights of use, enjoyment, use or disposal of resources, that is, as the true owner of resources. In the case of legal entities, it also applies to that person or group of persons who exercise control over it, as well as, where appropriate, to persons who can instruct or determine, for their own economic benefit, the acts that may be carried out through trusts, mandates or commissions.

Operational limits

It refers to limits regarding the number and amount of operations per client or, where appropriate, user, taking into account the channel, monetary instrument and the geographical area. Some of them were strengthened in 2019 to reduce the risk of LD / FT, among which are:

Controls in amount to operations of purchase of dollars in cash

During 2019, Banco Azteca updated limits to carry out operations to purchase United States dollars in cash at branches located in geographic areas where ML / FT risks were identified.

Controls on cash withdrawals from deposit accounts

Limits were established on the amount that can be withdrawn in cash in deposit accounts, in municipalities where transactions related to the Ruta de Dinero typology were identified, which is used by criminal groups to move funds from the northern border of the country to areas of high exposure at the risk of drug trafficking.

Controls for withdrawals at foreign ATMs

The controls that allow managing the frequency of ATM withdrawals that Banco Azteca clients can carry out abroad are in the process of being implemented, derived from the fact that unusual movements have been observed in ML / FT risk jurisdictions.

Level 2 account opening restriction

Controls were established on the opening of level 2 accounts for Politically Exposed Persons, with the objective that said segment use an appropriate product in accordance with their profile, as well as carry out a proper identification of the client.

Control of number of cash operations in deposit accounts

Controls have been maintained on the number of cash credit transactions that can be carried out in personal fundraising accounts, in order to mitigate the risk associated with the use of bank products to receive and transfer resources in small amounts according to patterns typically related to extortion typologies.

Compliance testing

It consists of the execution of constant validations by the PLD Unit in branches and agencies, in order to verify that the policies and controls established through automated systems, both in Mexico and in Latin America, work correctly.

Operations monitoring

It is the daily process by which all the operations carried out by Banco Azteca customers and users are grouped together to monitor and identify early alerts that may lead to possible unusual operations.

Control figures

It is the process of validating the effectiveness of the information flow that PLD / FT units receive, in order to guarantee the integrity of the information.

Compliance Check

Procedure performed by the PLD implementation and control area. In it, a series of tests is carried out with the aim of verifying the optimal functioning of the PLD / FT mechanisms and systems.

Independent review

Evaluation of the PLD / FT Program, in accordance with the provisions and guidelines described in the regulations of the subject, to determine the degree of compliance and effectiveness of the program. The main findings of this evaluation in Mexico during 2019 and attended during the same year were:

- Detection of incidents in the integration of identification files.
- Pass in cash transactions to purchase United States dollars.
- Data quality in the regulatory report of objective operations.
- Incidence in automatic process, in which the client files that opened a new account are validated.

In Latin America, the areas of opportunity detected in 2019 and that will be addressed in 2020 were:

- Updating of manuals and files.
- Strengthening of tools and technological development.
- Improvements in due diligence processes.

Compliance with Banco Azteca's PLD / FT actions generates certainty among the saving public knowing that their resources are protected in an Institution with a high level of compliance, which results in a better reputational position in the market.

Likewise, this level of compliance contributes to having a solid and nationally and internationally recognized prevention system, which is reflected in the high degree of trust placed in Banco Azteca by its commercial partners, authorities and correspondents. The latter represent the group with whom the Institution shares the manual of policies and procedures at the beginning of the relationship with the correspondent banks and, later, when they are required to do so. Likewise, this document is provided to you only in the event that it has been subject to any modification or update that should be known to you. This document is shared through the Correspondent Director, or the Compliance Officer, along with the correspondent bank via email.

Additionally, Banco Azteca participates actively in the banking associations of the countries in which it has a presence, in order to generate, strengthen and spread a PLD / FT culture.

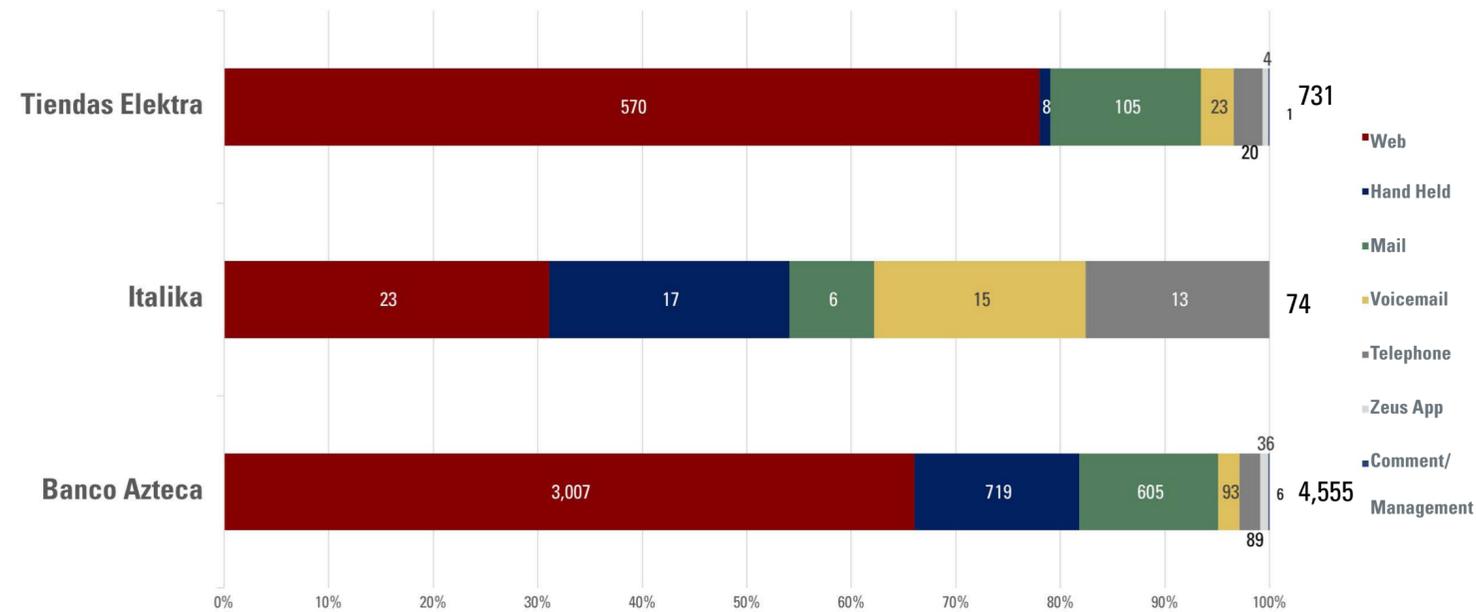
Banco Azteca participates actively in other union associations, such as the Union of Financial Institutions of Mexico (UNIFIMEX) and the Association of Banks of Mexico (ABM); In the latter, he collaborates as co-coordinator of the Compliance Committee.

Banco Azteca serves as the liaison of the banking union with the financial authorities and other participants in the Mexican financial system, as well as with international organizations, such as FATF, FINCEN, OFAC, among others. Banco Azteca Honduras is part of the Honduran Association of Banking Institutions (AHIBA), where it participates in the Committees of Compliance Officers and shares relevant cases and best practices in PLD / FT matters.

Honesty

Honestel

Channels of contact



Honestel's key performance indicators

Complaints received and confidence index

Company	Complaints received	Anonymity
Tiendas Elektra	731	36%
Italika	74	31%
Banco Azteca	4,555	31%

Status of complaints

Business	Checked	Not checked	Under investigation	Total
Tiendas Elektra	408	257	66	731
Italika	35	35	4	74
Banco Azteca	2,754	1,445	356	4,555

Closed complaints and effectiveness index

Company	Complaints received	Effectiveness
Tiendas Elektra	665	61%
Italika	70	50%
Banco Azteca	4,199	66%

Shared prosperity

Objectives and Goals:

Based on the performance of 2019 around the management of the supply chain, Central de Compras has established its objectives for 2020, among which are:

- **Results Focus**
 - Increase the value of the Central Purchasing by 0.50%, in order to contribute to the profitability of Grupo Salinas.
- **Customer focused**
 - Guarantee at least 80% of user satisfaction.
 - Ensure the use of innovative products and services to internal customers, in order to offer other supply alternatives.
 - Develop 95% of suppliers.
- **Strategic management processes**
 - Implement the "6 Step High Performance Management Model" by at least 95%.
 - Execute the models of certification and performance evaluation.
 - Automate at least 70% of purchases.
 - Achieve 30% compliance efficiency on agreed delivery dates.
 - Reduce response times in different parts of the process.
- **Processes for generating inclusive prosperity**
 - Promote collaboration and synergies between Grupo Salinas and Central de Compras companies.
 - Have a base of socially responsible suppliers for Fundación Azteca and environmental projects.
 - Promote the participation of the Central Purchasing team in programs that generate inclusive prosperity.
- **Organizational capabilities**
 - Fill 80% of the vacancies that arise in the Central Purchasing with the promotion of personnel.
 - Achieve 95% adherence to the Training Plan for employees.
 - Improve the environment of the work area and maintain an adequate level of motivation, for which it will seek to carry out order and cleaning audits based on the "5S + 1" model by 90%.
 - Achieve at least 80% in the satisfaction of the employees of Central de Compras.
 - Have 95% availability of the Purchasing System to ensure the support of the operation, in addition to training employees in its use.

³ The "5S + 1" model refers to the methodology that aims to have orderly, clean and safe workplaces, which translates into greater productivity and a better organizational climate; It is made up of five stages, whose names start with the letter "S" in Japanese. The names in Spanish are: Organization, Order, Cleaning, Standardization and Discipline, while the number "1" signifies the contribution made by each collaborator to achieve the "5S" methodology.

Inclusive development

Customer-centred strategy

Customer focused

Italika

Key Performance Indicators (KPIs)

Concept	Key Performance Indicators (KPIs)	Results 2019
Knowledge of customer	Carry out studies of 100% of the 11 motorcycle categories in which Italika participates –work, semi-automatic, scooter, sports / naked, dual purpose, ATV, chopper, adventure, electric and café racer–.	It started with 3 categories and in 2019 carried out the study of the remaining 8 categories
	Increase the unique customer database from 800 thousand to 1.5 million	1,795,045 unique customers in the database. 100% compliance
Customer-focused value offering	Carry out 28 business cases in 11 categories and 14 subcategories in which Italika participates, plus 4 categories in which the company plans to enter	It started with 5 categories and in 2019 he managed to document the 23 business cases. 100% compliance Additionally, Italika prepared the Brandbook by categories.
	Measure the Net Promoter Index (NPI) annually	The updating of different processes and tools was carried out, such as: <ul style="list-style-type: none"> • Brand Dynamics • Customer Satisfaction Index Study • Continuous IPN of after-sales service
Positioning of Italika as the most relevant motorcycle brand	Increase Italika Brand Power from 16.7 to 17.5 to increase the willingness to choose Italika over the competition.	Italika's Brand Power was increased from 16.7 to 22.1, consolidating itself as the most powerful brand in the industry in Mexico. The goal was exceeded by 26%.

Concept	Key Performance Indicators (KPIs)	Results 2019
Developing a strategy to improve brand reputation	Increase a positive opinion in the conversation regarding Italika on Facebook, from 27.9% in 2018 to 30% in 2019	In 2019 Italika's positive opinion on Facebook increased to 36.4, exceeding the goal by 21%.
	Conduct quarterly interviews with Italika Racing drivers	90 interviews were carried out, derived from the Rodada sin Límites".
	Cover 9 events a year by the media and publications	In 2019, 15 events were covered with the press, a result 67% higher than expected at the beginning of the year.
	Generate a monthly content, with notes and infographics on the categories in which Italika participates, aimed at the national and local press.	35 content generated in national and local press.
Improving customer experience	Participate in the most relevant motorcycling events to strengthen the customer experience with the brand	Participation in 12 motorcycling events.
	Execute from 5 to 20 exit campaigns that accompany the client and that allow them to be empowered based on the specific objectives of each one of them	31 campaigns executed in 2019; 55% higher than the maximum number forecast for the year.
Validation and Product Development	Validation of motorcycle models according to the new model launch program	38 100% compliance
	Delivery of product knowledge courses based on new platforms or technologies	4 100% compliance
	Number of types of tests implicit in the validation process	19 Goal exceeded by 27%.

Synergies

Banco Azteca

Profile of beneficiaries of social programs

Profile of beneficiaries of social welfare programs at Banco Azteca		
Escuela Media Superior <ul style="list-style-type: none">• Age: 18-24 años• Gender:<ul style="list-style-type: none">• Female 51%• Male 49%• States in which the beneficiaries are:<ul style="list-style-type: none">• State of Mexico• Veracruz• Puebla• Benefit Meaning:<ul style="list-style-type: none">• Parental independence• Savings• Learning how to be economic providers• Daily expenses:<ul style="list-style-type: none">• Transport• Clothes• Scholar materials	Older adults <ul style="list-style-type: none">• Age: > 65 años• Gender:<ul style="list-style-type: none">• Female 46%• Male 54%• States in which the beneficiaries are:<ul style="list-style-type: none">• Mexico City• Veracruz• State of Mexico• Benefit Meaning:<ul style="list-style-type: none">• Put aside the role of weak links• Symbolic extension of own productivity• Daily expenses:<ul style="list-style-type: none">• Clothes• Medicines• Tools	People with disabilities <ul style="list-style-type: none">• Age: 25-54 años• Gender:<ul style="list-style-type: none">• Female 45%• Male 55%• States in which the beneficiaries are:<ul style="list-style-type: none">• Veracruz• Puebla• Chiapas• Benefit Meaning:<ul style="list-style-type: none">• Symbolic reward for reduced job opportunities• Family savings• Daily expenses:<ul style="list-style-type: none">• Clothes• Medicines• Tools

Digital inclusión

E-commerce

Goals 2020:

Tiendas Elektra

- Provide the customer with the best omnichannel experience through a solid diversified offer.

Italika

- Improve the customer experience by reducing delivery times nationwide to an average of seven business days.
- Launch the form of digital credit payment in conjunction with Banco Azteca.
- Generate strategic alliances with various mobility platforms or aggregators.

Digital Bank

Goals 2020:

- Achieve the digitization of 10.5 million customers.

Medium-term objectives:

- Migrate 50% of Banco Azteca's sale operation to the App.
- Diversify Digital Banking revenues with products beyond the Institution, as well as with the sale of digital capabilities to the open market.

Long-term objectives:

- Convert Digital Banking into a daily ally of people, quickly and easily approaching solutions according to their life moments, promoting their development.

Clear and accurate information

Banco Azteca

In addition to the general requirements that Banco Azteca products must meet, there are some of them that, in addition, are subject to certain specifications by business unit, such as:

Crédito

- Notice in credit administration in unpaid balances.
- Consumer credit product contract.
- Terms and conditions of specific programs.
- Commissions charged if the client does not comply with any condition of the contracted credit.
- Total Annual Cost
- Ordinary Annual Interest Rate without IVA
- Account statement, applicable for example for the Azteca Card, Guaranteed Gold Card and Revolving Gold Card. It is the document that informs, among other data, the agreed periods, the amount or credit limit, the initial balance and the date of the cut-off date; the amount to be paid in the period, the payment deadline; the amounts corresponding to the minimum payment, to the payment so as not to generate interest, to the minimum payment plus the demandable part of the promotions without interest or, where appropriate, to the fixed payment; the amount of available credit, the balance in favor; the commissions collected, the amount, the concepts that generate them, their date and currency in which they originated.
- In the case of the pledge business and specifically for the sale of gold, the Federal Law on Consumer Protection and some Official Mexican Norms.

Afore

- Registration and transfer contract, where AFORE Azteca's obligations are detailed.
- Net returns compared to other AFORE.

AFORE Azteca monitors its performance based on the AFORE Attributes and Services Meter (+ MAS AFORE), an indicator that placed it in position number 8 in 2018.

AFORE Azteca was ranked number 8 on the AFORE Attributes and Services Meter (+MAS AFORE) in 2018.

Insurance

- General conditions, with the description of the coverage, general clauses and exclusions.
- Policy or certificate, document that formalizes the insurance contract.
- Brochure of the rights of the insured, which includes a brief regulatory description of the general rights of the insured.

Brokerage

Requirements specified in:

- Law on the securities market
- The Unique Circular of Brokerage Firms
- The Law for the Protection and Defense of the User of Financial Services

Digital Bank

- Adhesion contracts for electronic banking.
- Information about costs and commissions.
- Proof of operation.
- Applicable advertising for Internet banking.
- Implementation of sound practices for the relative use of the offering and commercialization of financial operations and services.

Likewise, Banco Azteca has a set of actions that contribute to guarantee compliance with the regulations in all the products and services offered by each of the segments, such as:

- Consulting on regulatory solutions and application of standards, as well as identification of vulnerabilities, in order for business units to include in their processes or launch of new products, regulatory adaptations to comply with the provisions.
- Care of trades.
- Inspection visits
- Authorities requirements.
- Self-correcting plans.
- Approach with authorities in specific business needs.
- Internal and external audits carried out at least once a year.

The effectiveness of these mechanisms is assessed based on the findings of non-compliance that the Internal Audit area could detect or based on the observations of the authorities on your inspection visits. Additionally, Grupo Elektra has various communication channels managed by the Contact Center area and its objective is to provide answers to questions or suggestions from customers regarding products and / or services.

Phone	Email	Website and Chat	Social Network	Specialized Unit of Attention to Users
<p>Tiendas Elektra Customer Care Center: 01-800-510-1111</p> <p>Banco Azteca Azteca Line: 5447-8810 opción 4</p>	<p>Tiendas Elektra contacto@elektra.com.mx</p> <p>Banco Azteca infobazteca@bancoazteca.com.mx</p>	<p>Investor Relations www.grupoelektra.com.mx</p> <p>Tiendas Elektra www.elektra.com.mx</p> <p>Banco Azteca www.bancoazteca.com.mx</p> <p>App Banco Azteca Móvil</p>	<p>Tiendas Elektra Facebook: @TiendasElektraMexico</p> <p>Banco Azteca Facebook: @BancoAzteca</p> <p>Twitter: @Tiendas_Elektra</p> <p>Twitter: @BancoAzteca</p>	<p>Banco Azteca Via telephone: 55-1720-7272; 01-800-808-7272 Email: ueau @ bancoazteca.com.mx</p>

Sponsorships

With the aim of promoting the safe practice of sports motorcycling and enhancing the talent of riders of all ages, in 2016 Italika launched the Platform Italika Racing – the same that received the Distinctive Road to Moto GPTM in 2018 –, the year in which the ITALIKA High Performance Centers (CIAR), created in collaboration with Lorenzo Competition Mexico, also started operations. In addition to sports training courses, in these schools Italika teaches driving safety classes for motorcyclists of all levels and ages.

It was also in 2018 that Italika increased its presence in international championships with the ITALIKA Women’s World Cup, the first single-brand Women’s International Cup in the history of speed motorcycling.

In 2019, Italika participated in the first Round without Limits, an event held in conjunction with the Mexico Include Foundation and which consisted of an inclusive motorcycle ride by the Mexican Republic; It involved 23 people with and without disabilities, who rolled for 30 days to prove that the motorcycle does not recognize limits.

In order to continue to boost sports competitiveness and the adoption of healthy lifestyles, Italika sponsored In 2019 Astrid Madrigal as the brand's official driver for Italika Racing, as well as the Monarchs Race, earmarking MXN\$400 thousand.

In 2019, Banco Azteca also participated as the official sponsor of the "Expo Tendero", an initiative in which the invitation was extended to more than 30 thousand small business owners in Mexico City and that was an opportunity for the Institution to present the offer of solutions for this Entrepreneur segment – such as Credit Empresario Azteca, Debit Business and Acepta Pago–.

Banco Azteca also invited exhibitor David Konzevik to give a lecture for 38 young people between the ages of 17 and 25; this event consisted of guiding them to focus their efforts on productive activities in favor of society.

Finally, Afore Azteca participates as a co-sponsor of the financial education fairs held through the Mexican Association of AFORES (AMAFORE), as well as mass media communication regarding the planned savings.

Continuous improvement

In order to strengthen the process of continuous improvement, Grupo Elektra and its companies have set various objectives and targets for the 2020 financial year, including:

Tiendas Elektra

- Achieve greater market share in telephone and motorcycle lines.
- Grow in customer preference with Milenia⁴ product.
- Run 35 in-store remodels to provide a better customer experience.

Italika

- Deepen customer knowledge through market research, qualitative, quantitative, surveys and interactions to understand it and meet your expectations.
- Connect and reconnect 100% of Italika's interaction channels in Hybris Marketing SAP – a platform specialized in software development and omnichannel for customer and product management – to know in depth the user navigation in the various

channels and generate particular strategies, according to the needs of customers.

- Develop a digital transformation through various channels, such as the website and app, to break anonymity with 50% of customers and offer personalized experiences.
- Make business case for 100% of the launches that take place in 2020, based on the needs of the customer.
- Maintain the value of the Italika brand and continue to be the most powerful in the industry, according to Millward Brown Kantar's Brand Dynamics studio.
- Strengthen the brand's reputation by inviting media to cover 15 brand events during the year and increase publications.
- Consolidate the value of the Italika brand as a Socially Responsible Company (ESR®) that provides mobility facilities to transform lives, through the development of a social agenda.
- Increase a positive conversational review about Italika on Facebook, from 36.4% to 39%.
- Validate 34 motorcycle models according to the new model launch program.
- Achieve EURO III - IV certification for 15 Italika motorcycle platforms.
- Deliver eight product knowledge courses based on new platforms or technologies.
- Increase three types of implicit tests in the motorcycle validation process.
- Lay the foundations for the development of new motorcycle suppliers in other countries.
- Expansion of five outlets in Peru.

Banco Azteca

- **Generals**
 - Deploy new products for various segments.
 - Provide in-person and online training on various segments, products and benefits.
- **Collection**
 - Contribute to recovery, reaching the stated target of MXN\$1.6 billion; with an average weekly recovery of MXN\$20-MXN\$25 million.
 - Systematize payment processes to managers and dispatches, in order to achieve greater efficiency in times and reduce possible manual errors in the processes.
- **Catchment**
 - Reduce the opening time of an N4 account to 10 minutes.
 - Improve the level of cash management service to reach 99.0%.
 - Achieve a 70% Acquisition Client NPI
 - Renew investments at 95%.
 - Recover 10% of Recruitment customers.

⁴For more information about this product, please visit: <https://www.elektra.com.mx/garantia-milenia>.

Continue to work to enable Banco Azteca to:

Implement the Digital Recruitment Ecosystem to increase balances massively, reduce cash outflows and promote customer digitization, driving:

- Building a massive payment acceptance network with QR code in microbusinesses.
- The increase in catchment balances in your accounts.
- The momentum in e-commerce, through the promotion of transactions on Internet portals.
- Brand visibility and penetration.
- Expand its own ATM network so that by 2021 it will be made up of 3,500 ATMs.
- Develop promotional campaigns that allow to add value to customers from the offer of each of the products.
- Strengthen the paperless project in branches, both in the Recruitment segment and in Boxes and ATMs with:
 - Implementing a plan for eliminating transaction ticket printing for customers.
 - The start of an impression deletion plan by digitally sending the main documents, such as statement, withholding tax record, and contract reprint.
 - The implementation of a digital pedestal for regulatory documents.

- **Digital Banking**

- Promote omnichannel among customers, promoting the use of Banco Azteca's alternate channels, such as mobile banking, third-party channels, their own permanent ATMs and those resulting from other institutions' alliances, in order to carry out their banking operations without having to go to a branch and, in this way, improve their experience.

- **Micronegocio Azteca**

- Reach a placement of MXN\$6,685 million and MXN\$1,164 million in portfolio.
- Achieve a net contribution of MXN\$116 million and reach 193,300 customers.

- **Banco Azteca Guatemala:**

- To facilitate the accessibility of products and services of the Institution to the population.
- Meet customers' needs with innovative financial products and services.
- Design and implement accompaniment in the customer lifecycle.

- Have 200 bank agents at the end of the year.
- Count on 7.5% of the acquisition customers in Digital Banking.
- Generate 15% of new customers through online origination channels.
- Increase the number of customers with cross-selling, credit and acquisition from 13% to 20% at the end of 2020.
- Grow the portfolio at the rate of GTQ\$1.4 million.
- Generate new jobs in the localities where it has a presence.
- Maximize customer experience through quality service and reduce opening times from 35 to 25 minutes.
- Improve the Catchment mix, increasing the percentage of participation of Save balances.
- Grow The Guardadito portfolio by 35%.

- **Banco Azteca Honduras:**

- Continue with the expansion plan under the new franchise model.
- Facilitar la apertura de cuentas en forma ágil y con base en un proceso simplificado, a través de cuenta básica.

- **Banco Azteca Panamá:**

- Develop advanced analytics capabilities to better understand and serve the entrepreneur in the business life cycle - prospecting, origination, behavior, retention, collections and recovery.
- Increase loans vs 2019, with an emphasis on Consumption.
- Prioritize the customer experience in Recruitment products.
- Have a balanced fund-raising mix in which the liquidity index is greater than 85%.
- Carry out campaigns to attract the Inversión Azteca product three times a year.

- **Banco Azteca Perú:**

- Develop advanced analytics capabilities to better understand and serve the entrepreneur in the business life cycle - prospecting, origination, behavior, retention, collections and recovery.
- Increase loans vs 2019, with an emphasis on Consumption.
- Prioritize the customer experience in Recruitment products.
- Have a balanced fund-raising mix in which the liquidity index is greater than 85%.
- Carry out campaigns to attract the Inversión Azteca product three times a year.

- **Afore Azteca:**

- Innovate the business model and take advantage of new technologies.
- Establish a strong customer focus to reduce your affiliate exit rate by 70 basis points.
- Establish a model that preserves a high sense of fiduciary responsibility in the investment of funds.
- Be the best place to work.
- Complete the development of the Comprehensive Service Platform.
- Guarantee that 85% of the affiliations correspond to clients with a balance greater than zero.
- Expand the sales force with 4,000 multi-product advisors with profitability and decrease the rotation of promoter agents.
- Reduce by 20% the expenses derived from sending account statements, concluding at the end of 2020.
- Contribute MXN \$ 8.3 million of capital gains during 2020.

- **Punto Casa de Bolsa:**

- Development of the new version of your digital application.
- Money market:
 - Take advantage of the Group's relationships with parastatal companies and government entities, with the aim of increasing the customer base and operating flows.
 - Strengthen, through the analysis area, the relationship with existing clients.
 - Attend the different forums that take place during the year in order to maintain closeness with clients and counterparties, such as the Mexican Association of AFORES (AMAFORE), the Mexican Associa-

tion of Stock Market Institutions (AMIB) and the Association of Banks of Mexico (ABM), among others.

- Increase revenues by 11.15% considering an annual inflation rate of 3.00%.
- Capital market:
 - Increase own account operation by 15%.
 - Generate income of MXN \$ 15 million.
 - Implement an algorithm for own and third party operations.
- Physical person
 - Generate income of MXN \$ 4.5 million.
 - Increase the current portfolio by 30%, reaching a new portfolio for MXN \$ 82 million.
 - Have 560 new contracts.
 - Create a new design for the corporate page.
 - Have an online opening flow.
 - Perfect customer service.

- **Investment banking:**

- Continue with the expansion of the products it offers, incorporating structured capital products, such as: Development Trust Certificates (CKDs) and Investment Project Trust Certificates (CERPIs).
- Continue offering debt products, such as securitization proposals, long and short-term unsecured issues.

Social value

The value of talent

Talent retention

Goals 2020

Tiendas Elektra

- Develop a strategy to improve the experience of the candidate and internal customers.
- Reduce the time to fill vacancies.
- Promote the organizational culture to direct behaviors.
- Automate the recruitment, selection and hiring process.
- Develop a talent pipeline for the different areas of the organization.
- Efficiency of attraction and contracting flows and processes.
- To be an aspirational company in the labor market.
- Continue with Great Place to Work certification and increase the result.
- Decrease rotation in Geography.
- Promote 10% of employees, compared to 2019.

Italika

In Ensamblika, hire:

- 223 people to increase two production groups from 30 operators to 60.
- 365 people for Assembly Line number 6.
- 105 people for the opening of ship number 7 of finished product.

Banco Azteca

- Coverage of 98% front-line vacancies in Collection and Credit.
- Decrease in turnover in Collection and Credit as a business unit below 30%.
- 75% permanence of the Geography template, i.e. have a maximum of 25% rotation.
- Coverage of 95% of the Digital Banking and Client Strategy template.
- Reduce digital banking staff turnover to 25%.
- Retain the top talent by 95%.
- Cover the current 10 replacement vacancies of Afore Azteca and Seguros Azteca efficiently in a time frame that allows the business unit to fill 100% of the vacant positions with high quality talent in the long term.

Talent Development.

Training

Tiendas Elektra

Coverage of training courses

Course/program	Percentage of total employees trained globally
Omnichannel Store Leaders Certification	100% of all employees globally (59% was certified, while the rest is in the process of certification)

Goals 2020

- Development of Elektra University.
- Train 100% of Elektra Store collaborators at Elektra University.
- Implement Top Talent programs.
- Coach Leader Training.
- Raise the productivity of sales advisors.
- Implement special training plans for in-store Advisors and collaborators at Distribution Centers.

Banco Azteca

Breakdown of trained collaborators and training hours delivered in 2019

Indicator	Mexico	Latin America	Total
Total number of trained collaborators	57,467	12,700	70,167
Total training hours	1,529,495	143,748	1,673,243
Number of training men	36,394	7,467	43,861
Number of training women	19,690	5,233	24,923
Number of collaborators trained in ethical issues	55,955	6,855	62,810
Number of hours of training on ethical issues	41,920	36,302	78,222
Number of collaborators trained in human rights issues (full courses or modules within other courses)	33,655	7,302	40,957
Number of hours of human rights training	36,961	13,558	50,519
Number of collaborators trained in knowledge of the Code of Ethics	48,705	4,873	53,578
Number of hours of training in the knowledge of the Code of Ethics	51,307	3,236	54,543
Number of partners trained in anti-corruption	51,239	8,165	59,404
Number of hours of anti-corruption training	137,839	28,246	166,085
Number of cybersecurity/information security-trained collaborators	54,899	7,659	62,558
Number of hours of cybersecurity/information security training	48,288	7,660	55,948
Number of employees trained in risk management	51,239	7,388	58,627
Number of hours of risk management training	43,026	8,568	51,594
Number of employees trained in issues to reinforce knowledge of the product or service offered by the company	50,352	8,523	58,875
Number of hours of training on issues to reinforce the knowledge of the product or service offered by the company	1,170,154	46,179	1,216,333
Average training days per employee:	3.71	1.57	3.2

Coverage of training courses

Type of training	Percentage of total employees trained globally
Induction	100% of all employees globally (new income employees)
Ethics	> 75% of all employees globally
Human Rights	> 50% of all employees globally
Anti-corruption	> 75% of all employees globally
Cybersecurity and information security:	> 75% of all employees globally
Money Laundering Prevention	> 75% of all employees globally
Risk Management	> 75% of all employees globally
Leadership	100% of the collaborators of the first line; <50% of all employees globally
Strengthening the knowledge of the product or service offered by the company	> 75% of all employees globally
Certifications and other regulatory courses	> 75% of all employees globally

Goals 2020

Mexico

Collection and Credit

- Continue with the Leadership Certification, maintaining 95% of the nationally certified staff.
- To provide further training to the Collection team to reduce complaints from the Collection Dispatch Register (REDECO) to the National Commission for the Protection and Defense of Financial Services Users (CONDUSEF).
- Achieve a maximum rotation of 30%.
- Increase productivity per collaborator.
- Have certified staff in the post.

Local branches

- Achieve the satisfaction of employees with respect to the Management Fundamentals program by 98%.
- To train 100% of the first line of Corporate Directors and Zonal and Territorial Directors of the Directorate General of Branches in the Leaders of Excellence program.
- Implement in 2020 the Leaders of Excellence program in the second line of Directors, with the participation of 45 managers of the Directorate General of Branches.
- Approval of 90% of the participants of the Leaders of Excellence program.
- Achieve the satisfaction of employees with respect to the Leaders of Excellence program by 98%.
- 100% compliance in approved and certified PML.
- 98% compliance in the BANXICO Certification.

Micronegocio Azteca

- Have more specialized training and develop a certification process that ensures that the collaborator has the necessary skills to perform the functions of his position.
- Continue to continuously train all business unit employees, reinforcing the issues that are priorities to the achievement of business objectives.
- Design training content for team trainers.
- Conduct reinforcement sessions through virtual classrooms.

Presta Prenda

- Encourage interest and commitment among management to participate in the program.

Institutional and Government Banking (BIG)

- Continue the development of learning articles on products and services for Business and Government, with the aim of promoting the Comprehensive Training Program for each BIG trading post.

- Keep the cross-cutting educational offering of Payroll Products for individuals up to date to train financial services advisors.
- Develop learning articles for the development of leadership skills among team trainers.

Afore Azteca and Seguros Azteca

- Generate a Comprehensive Training Program aimed at all Banco Azteca employees and staff of the Telefónica Service Center to:
 - Be certified in accordance with the Service Circular issued by CONSAR.
 - Have greater mastery over the procedures and services of Seguros Azteca; to ensure that this is reflected in better customer service and the increase in product placement.
- Develop a teaching-learning model, in which the collaborator is provided with the knowledge and tools necessary to advise and guide the client on the benefits of being affiliated with Afore Azteca and to attract more customers who purchase insurance products.
- Conduct quarterly assessments to identify training needs and improve the process.

Latin America

Banco Azteca Guatemala

- Increase the NPI of employees in the annual assessment to 70%.
- Improve productivity in Excellence programs by 20%.
- Achieve Great Place to Work recertification, maintaining 87%.
- Train 100% of employees.
- Migrate 100% of the content from the current platform to GS Talent.
- Develop 100% of the curricular meshes by key platform positions.
- Develop special content for key positions.

Banco Azteca Honduras

- Develop the skills of all leaders to achieve better management of collaborators, both in soft skills and in the management of results.
- Develop programs:
 - Excellence Managers - Silver Level
 - Regional Of Excellence - Silver Level
 - Be Leader: Seal of Leaders

Banco Azteca Panamá

- Update at least six face-to-face courses and four online courses.
- Create at least four face-to-face courses and two online courses.
- Increase the percentage of face-to-face training by 15% compared to 2019.
- Decrease the percentage of pending courses to be completed from 3.4% to 2.2%.

Banco Azteca Perú

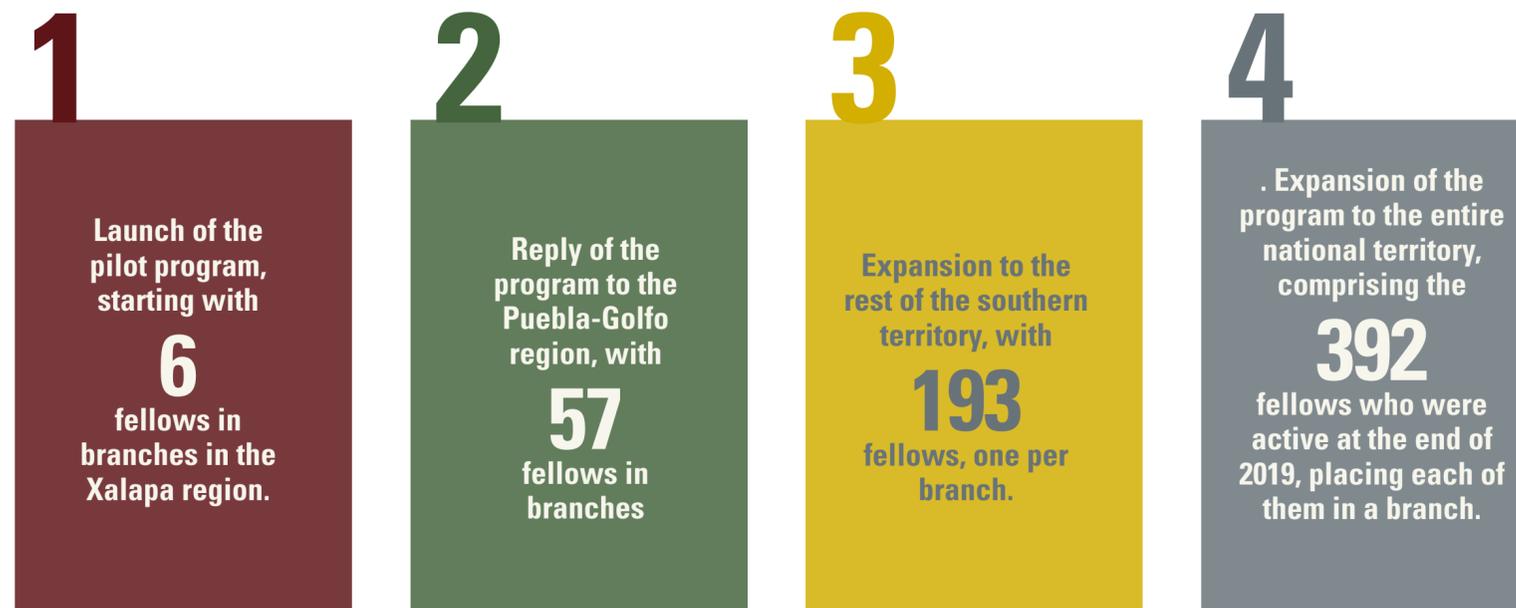
- Identify alternatives that increase the number of face-to-face trainings for both Geography and Corporate.
- Redesign the onboarding processes for Geography and reinforcement training, in order to carry them out in person.
- Strengthen “The Way to Sell Better” for all Financial Advisors and Agency Managers; as well as the reinforcement of “The Way to Charge Better,” aimed at Collection Chiefs.
- Continue to develop:
 - Leadership Workshops
 - Schools of Collection Chiefs and Financial Advisors; at least six new Schools (three per seat) are planned.
 - Complement the online training platform offering, in such a way as to enable onboarding training, regulatory courses, product, service and process updates, as well as the strengthening of soft skills and competencies.
- Create at least eight virtual content.
- Achieve training coverage of at least 75%.
- Achieve a minimum compliance rate for policy courses of 85%.

“Young people building the future”

Pilot program

“Launch of specific activity of measuring customer time in a row through the Fly High App”

The programme will consist of four phases:



Goals 2020

Banco Azteca

- Link 100% of apprentices in the 10 business days after enrollment on the STPS platform.
- Have a response time of 48 hours for the unsubscribe process.
- Make two weekly apprenticeships.
- Distribute the total number of apprenticeships at the end of 2020 by 80% for Banco Azteca and 20% for the rest of Grupo Salinas' businesses.
- Reduce to zero the percentage of trainees affected in their financial support due to the lack of performance assessment by the tutor on the STPS platform.
- Address 100% of complaints filed by fellows and STPS, within no more than 72 hours.
- Certify 100% of fellows more than six weeks old.
- Achieve an 80% apprentice satisfaction rate.
- Comply with 80% of the row measurement in branches by trainees.
- Deliver uniforms to 100% of apprentices.
- Encourage 40% of fellows to complete the 12 months of their Collection and Credit training.
- Increase the percentage of success stories – hiring hiring fellows – through the dissemination of CVs of trained apprentices in the Customer Service Center (CAT) and with the Human Capital Specialists of Collection and Credit.
- Reduce response time to requests from fellows from 8 to 6 days.
- Reduce the turnover of fellows from 59% to 50%.
- Work in conjunction with Human Capital Territorials and Human Capital Specialists to reduce declines because they cannot contact fellows – the main cause of decline in 2019.
- Train 100% of active tutors.
- Integrate Organizational Development Specialists.
- Integrate new profiles according to the needs of the business.
- Integrate a fellow in corporate pilot.
- Train 100% of apprentices in Collection and Credit content and cross-cutting.

Performance Evaluation

Goals 2020

Tiendas Elektra

- Generate action plans for each of the areas and track them quarterly.
- Generate a feedback culture in which it takes place every six months.
- Evaluate eligible talent in Geography for replacement grills.

Banco Azteca

- Incorporate 100% of Directors into the Performance Assessment system.
- Incorporate Geography Managers in the process of assigning individual ORCs and applying performance evaluation on a semi-annual basis to the areas of General Management, Central Areas and personnel that integrates the Chain of Command of Geography.
- To encourage Afore Azteca and Seguros Azteca staff to let 100% of them know their individual goals, get proper feedback and have the 9 box considered for development and succession action plans.

Quality of life Benefits and benefits

Goals 2020

Tiendas Elektra:

- Establish a clearing scheme divided into fixed salary and variable part, which will generate profitability and allow the reduction of the turnover rate.
- Implement staggered schedules in Geography, which will allow a positive impact on the quality of life of employees.
- Continue to remodel offices in the Corporate and Distribution Centers, in order to create offices closer to the operation.

Partner's Satisfaction.

Goals 2020

- Net Promoter Index (IPN)
 - Increase effective participation to reach 100% participation in the medium term.
 - Build programs that address the main causes of dissatisfaction in Elektra Stores.
- Boss with Star
 - Increase the number of leaders nominated to achieve the nomination of 100% of the leaders in the medium term.

Occupational health and safety

Road Safety

Goals 2020

- Reduce the number of accidents by 20% compared to 2019.
- Count on the first basis for the systematization of the personal and asset information of each collaborator in Geography for capture in a software that allows a connection with all offices and barracks.
- Reduce accidents and casualties from employee accidents.
- Carry out the second round of certification to 100% of the Portfolio Leaders in Mexico.
- Transfer the training of the portfolio leader (Manager) to the managers, through:
 - The standardization of leading-manager training.
 - The opening of the permanent training center in metropolitan areas.
- Install more than 1,521 italikas with GPS and immobilizer, to count on 3,468 italikas with these security mechanisms in the country.
- Migrate inventory management to SAP from Grupo Salinas to ensure:
 - Operational continuity and centralization of processes.
 - Have tools by position (function) and not per person.
 - The automation of the immediate allocation of equipment by creating a position, in case of theft or damage, or at the end of life.
 - The link for immediate execution to offices and related areas of insurance and bonds, C4, gasoline, CESIT of Italka, telephony, among other factors.
- Migrate the operation in Mexico to the use of "All in One", replacing more than 9,000 tablets with Android devices, in order to benefit the 12,000 employees of Cobranza in Mexico.
- Expand collection capabilities by enabling Contactless Card Collection, CoDi, QR Code and Digital Wallet.
- Diversify the supply of the Android device, minimizing the risks of having a single provider and generating greater competition in prices, improvement in the devices and service offering.

Solidarity for well-being and progress

Opportunity promoter

Banco Azteca

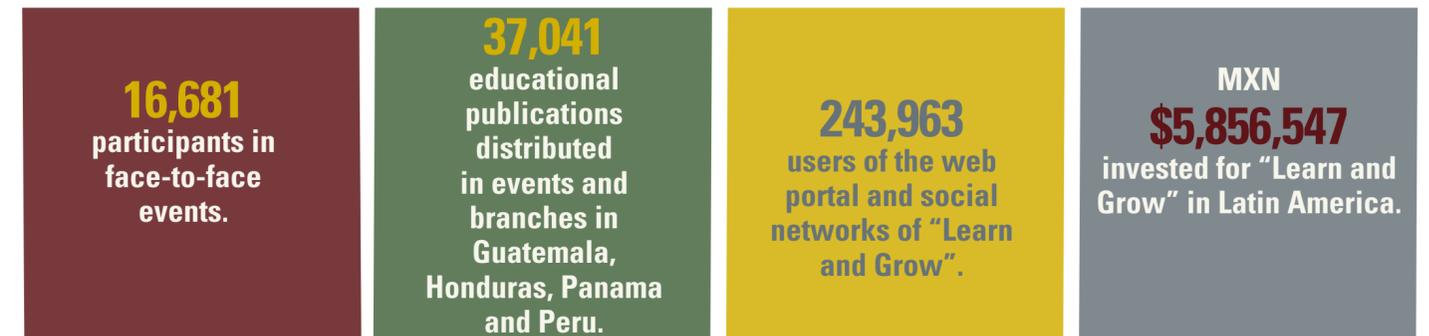
Financial inclusión

Financial education

Results of the Financial and Business Education Program “Learn and Grow”, in Mexico in 2019



Results of the Financial and Business Education Program “Learn and Grow”, in Mexico in 2019



Goals 2020

- Strengthen the “Learn and Grow” Financial e-Learning Diploma, by:
 - The positioning of the online platform through a strategic campaign to strengthen both engagement and user traffic in on/offline media.
 - The integration of e-Learning to the Banco Azteca “School for Clients” and to the human capital platform for the training of branch employees (Geography).
 - Establish a strategic alliance with a prestigious university institution in Mexico to endorse the content of e-Learning.
 - The launch of e-Learning in:
 - Guatemala by 2020, with content endorsed by a university institution.
 - Panama and Peru by 2021.
 - Honduras by 2022.
- Deliver the Workshop “Learn your finances in a digital world” to promote the use of digital banking and continuous learning for informed financial decision making.
- Promote the “Space Academy of Savers”, by:
 - The boost of education for the use of digital banking through a strategic campaign to disseminate the facility through on/offline means.
 - Installation of the “Space Academy of Savingsnauts” in:
 - Guatemala by 2020, in a museum of high influx.
 - Panama and Peru by 2021.
 - Honduras by 2022.
- Install another permanent exhibition in a high-influx museum, which aims to develop the financial capabilities of the attendees, through the use of cutting-edge technologies.
- Implementing the Impact Monitoring and Assessment Model planned for 2019, but was not carried out due to the focus on establishing new initiatives and strengthening existing ones.

Community Support

Number of volunteer participants

Activity	Business unit	Participants
"Young people building the future"	Banco Azteca	1,441
Banking volunteering	Banco Azteca	700
Activities carried out by the Corporate Area of Human Development, Communication and Integration of Grupo Salinas	Grupo Elektra	66
	Other areas and business units	225
Total Grupo Elektra		2,207
Global Total		2,432

Institutions benefiting from the volunteer initiatives implemented by the Corporate Area of Human Development, Communication and Integration of Grupo Salinas

	Institutions benefited	Support
1.	Albergue Reina Sofía de Cancerología	Shelter
2.	Albergue Ronald Mc Donald	
3.	Un granito de arena	Refugee
4.	Albergue la Esperanza	
5.	Hospital Vicentino Casa Hogar	
6.	Luz Azteca	
7.	Asilo nuestra señora del Camino	
8.	Hogar San Vicente de Paul	
9.	Casa Hogar Vicente García Torres	
10.	El pueblito de los abuelos	
11.	Casa Hogar Isabel la Católica	
12.	Quinta Carmelita	
13.	Casa Paco	
14.	Centro de vida independiente Cuautitlán	Community
15.	Iniciativa Solidaria por la Alimentación	
16.	Centro Comunitario Jalmolonga	
17.	Ministerios de amor	
18.	Actitud femenina	
19.	Nivel Humano	
20.	APAC	Disability
21.	Fundación Mosaico Down	Blood donation
22.	Blooders	
23.	Fundación Don Bosco	Education
24.	Tecnológico Anáhuac	
25.	INP	Hospital
26.	Hospital Regional Coahuila	
27.	Suma Hospital para niños con Paladar Hendido	
28.	Hospital Shriners	
29.	Olimpiadas Especiales	Inclusion
30.	Owen	Pets
31.	Ladridos	
32.	Refugio el Gato Pardo	
33.	VIFAC	Women
34.	Hospital Siglo XXI	Health

Fundación Azteca

Contributions of corporate citizenship and philanthropy

Mexico

Contributions of corporate citizenship and philanthropy by Grupo Elektra during 2019	Tiendas Elektra (Amount en MXN)	Italika (Amount en MXN)	Banco Azteca (Amount en MXN)	Total	Percentage
Donation ¹	\$1,968,700.00	-	\$1,064,791.00	\$3,033,491.00	2.3%
Community investments ²	\$59,913,592.00	-	\$66,913,592.00	\$126,827,184.00	94.5%
Business initiatives (sponsorships) ³	-	\$400,000.00	\$4,017,000.00	\$4,417,000.00	3.3%
Total	\$61,882,292.00	\$400,000.00	\$71,995,383.00	\$134,277,675.00	100.0%

1 The distribution of donations made by Elektra and Banco Azteca Stores was as follows:
- Elektra Stores: MXN\$1,947,103.00 for in-kind donations to Fundación Azteca and MXN\$21,597.00 to ventures driven by UNDP's Empodérate initiative, for the 3 donated tablets.
- Banco Azteca: MXN\$1,000,000.00 for in-kind donations to Fundación Azteca and MXN\$64,791.00 to ventures driven by UNDP's Empodérate initiative, for the 9 tablets donated.

2 The investments in the community made by Tiendas Elektra and Banco Azteca correspond to the amounts destined for Fundación Azteca.

3 The distribution of the commercial initiatives or sponsorships carried out by Italika and Banco Azteca corresponds to:
- Italika: MXN\$400,000.00 for sponsorship to Astrid Madrigal as official brand driver for Italika Racing and the Monarch Race.
- Banco Azteca: MXN\$2,000,000.00 for sponsorship to Expo Tendero, MXN\$2,000,000.00 for the exchange of tv pattern and the cost linked to the operation of the stand; MXN\$17,000.00 for the sponsorship of the David Konzevik conference.

Total monetary value corporate citizenship and philanthropy contributions made by Grupo Elektra during 2019	Tiendas Elektra (Amount en MXN)	Italika (Amount en MXN)	Banco Azteca (Amount en MXN)	Total	Percentage
Contributions in cash	-	-	\$0.00	0.0%	2.3%
Volunteer Time ¹	-	\$1,830,705.00	\$1,830,705.00	1.4%	94.5%
Gifts In Kind ²	\$1,968,700.00	\$1,064,791.00	\$3,033,491.00	2.3%	3.3%
General management expenses ³	\$59,913,592.00	\$67,913,592.00	\$127,827,184.00	96.3%	100.0%
Total	\$61,882,292.00	\$70,809,088.00	\$132,691,380.00	100.0%	

1 The volunteer time donated by Banco Azteca corresponds to the hours of training given by tutors to Fellows of the Young Building the Future program.

2 The distribution of in-kind donations made by Elektra And Banco Azteca Stores was as follows:
- Elektra Stores: MXN\$1,947,103.00 to Fundación Azteca and MXN\$21,597.00 to ventures driven by UNDP's Empodérate initiative, for the 3 donated tablets.
- Banco Azteca: MXN\$1,000,000.00 to Fundación Azteca and MXN\$64,791.00 to ventures driven by UNDP's Empodérate initiative, for the 9 donated tablets.

3 The general management costs correspond to the amounts allocated by each company to the operation of Fundación Azteca.

Latin America

1 The distribution of donations was as follows:
 - Banco Azteca Honduras donated MXN\$59,000.00 to Hospital del Sur.
 - Banco Azteca Panamá made a donation of MXN\$43,401.00 to the Operation Sonrisa Panama Foundation and a donation of school supplies to the Emberan Wounaan Community, which amounted to MXN\$56,610.00.

Contributions of corporate citizenship and philanthropy by Banco Azteca in Latin America during 2019	Banco Azteca In Latin America (Amount en MXN)	Total	Percentage
Donation ¹	\$159,011.00	\$159,011.00	100.0%
Community investments ²	-	\$0.00	0.0%
Business initiatives (sponsorships) ³	-	\$0.00	0.0%
Total	\$159,011.00	\$159,011.00	100.0%

1 The distribution of cash contributions was as follows: Banco Azteca Honduras donated MXN\$59,000.00 to Hospital del Sur and Banco Azteca Panama made a donation of MXN\$43,401.00 to the Operación Sonrisa Panama Foundation.
 2 It consisted of the donation of school supplies by Banco Azteca Panama to the Emberan Wounaan Community.

: Contributions of corporate citizenship and philanthropy by Grupo Elektra during 2019 Banco Azteca In Latin America (Amount en MXN)	Banco Azteca In Latin America (Amount en MXN)	Percentage
Contributions in cash	\$102,401.00	64.4%
Volunteer Time ¹	-	-
Gifts In Kind ²	\$56,610.00	35.6%
General management expenses ³	-	-
Total	\$159,011.00	100.0%

Programs that boost Youth Skills

Strategic Alliances

Plantel Azteca

- Gobierno del Estado de Puebla
- Gobierno del Estado de Guanajuato
- Universidad ICEL –International College for Experienced Learning–

Bonding and scholarships

- Nacional Monte de Piedad
- Secretaría de Educación Pública (SEP)
- Sindicato Nacional de Trabajadores de la Educación (SNTE)
- Banco Azteca
- TV Azteca
- BEO World

Robotics

- FIRST

Orquesta Sinfónica y Coros Esperanza Azteca (OSEA)

- Secretaría de Educación Pública (SEP)
- Global Leaders Program
- Organización para la Cooperación y el Desarrollo Económicos (OCDE)
- Youth Orchestra of the Americas
- Orquesta Sinfónica de Minería
- Audi
- Curtis Institute of Music

Goals 2020

Plantel Azteca

- Sign collaboration agreements with two new federation entities, in order to implement the EE-PAZ for the 2020-2021 school year.
- Implement the Plantel Azteca Educational Intervention Model (MIE-PAZ) in at least two additional public campuses in the country.

Bonding and scholarships

- Have a sustainable scholarship program with clear operating rules and efficient processes.
- Ensure that all beneficiaries can give solidarity the supports received by adding to the causes of Fundación Azteca or other social, environmental, cultural, etc. initiatives, by Grupo Salinas.

Robotics

- Increase the scope of Robotics programs in Azteca Campuses and maintain team performance in different competencies.
- Increase the number of team members who decide to study a STEM-related career.

Orquesta Sinfónica y Coros Esperanza Azteca (OSEA)

- Fortalecer las capacidades del Instituto Superior de Música Esperanza Azteca.
- Consolidar “La Constancia Mexicana” –ubicada en Puebla de Zaragoza– como sede nacional de Esperanza Azteca.
- Posicionar a la Orquesta y Coro Nacional Esperanza Azteca en alianza con Directores y solistas internacionales.

Environmental value

Environmental Commitment

Environmental management

Compliance

GRI 302, 303, 305, 306, 307: 103-2

Water quality and waste management standards:

- ISO 9001:2015, risk management system in Quality Management Systems.
- ISO 14001:2015, management system for the improvement of the life cycle of goods, risk management and improvement of environmental performance.

Energy

- Regulations
 - NOM-001-SEDE-2012, safety for electrical installations.
 - NOM-031 and 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.

- National Emissions Registry / General Climate Change Law, annual report of CO2 emissions levels and greenhouse gases (GHGs), mainly because most of these emissions are derived from the energy consumption required for the operation.
- Annual High Consumption Pattern Users (UPAC) report applicable to Elektra Stores with respect to the Esmeralda Torre 1 corporate building, derived from the Energy Transition Act, to ensure sustainable energy use.

Internal Policies

- Power Services Centralization and Payment Policy: It details the procedures that must be met to secure electricity payments.
- Energy Efficiency Policy: establishes actions to efficient the use of electricity, without affecting the comfort and operation of the properties.
- Energy Saving Policy in Points of Sale and Energy Saving Policy in Distribution Centers: both contain the procedures for maximizing electricity in shopping centers and distribution centers, respectively.

Water

Each month, tank cleaning tests are performed for monitoring the microbiological quality of water in certified laboratories, as well as to verify compliance with the following standards:

- NADF-015-Water-2009: Maximum allowable limits of contaminants in wastewater discharges from processes and services to the CDMX drainage and sewer system from fixed sources.
- NOM-092-SSA1-1994: water analysis. Method for counting aerobic bacteria on plaque.
- NMX-AA-042-SCFI-2015: water analysis. Enumeration of total coliform organisms, fecal coliform organisms (thermotolerants) and Escherichiacoli-method of the most likely number in multiple tubes.
- NMX-AA-108-SCFI-2001: water quality. Determination of free chlorine and total chlorine.

Waste

- NOM-017-STPS-2008, personal protective equipment, use and management in the workplace.
- NOM-002-STPS-2010, security, prevention and fire protection conditions in the workplace.
- NOM-005-STPS-1998, safety and hygiene conditions in the workplace for the handling, transportation and storage of chemical substances.
- NOM-006-STPS-2014, handling and storage of materials, safety and health conditions in the workplace.
- NOM-052-SEMARNAT-2005, procedure to identify hazardous waste.
- NOM-161-SEMARNAT-2011 and its modification, criteria for classifying Special Handling Waste.
- NADF-024-AMBT-2013, criteria and technical specifications under which the separation, classification, selective collection and storage of waste from the Federal District must be carried out.
- NOM-055-SEMARNAT-2003, requirements that must be met by sites to be used for a controlled confinement of previously stabilized hazardous waste.
- NOM-087-SEMARNAT-SSA1-2002, classification and specifications for handling biological-infectious hazardous waste for environmental health and protection.
- NOM-054-SEMARNAT-1993, procedure to determine the incompatibility between two or more hazardous wastes.
- ISO 9001: 2015, Quality Management System.
- ISO 14001: 2015, Environmental Management System.
- NMX-AA-164-SCFI-2013, minimum environmental criteria for green buildings.

Coverage of environmental information

Coverage of environmental information *	Tiendas Elektra	Banco Azteca	Italika
Energy	Real coverage = 100%, considering a total of 1,187 RPUs.	Real coverage = 100%, considering the energy of 1,633 RPUs from branches and 1,299 RPUs from stores (which host a branch), adding up to a total of 2,932 RPUs.	Real coverage = 94%, considering a total of 43 RPUs from a total of 46 locations.
Water	Actual coverage = 16% (data from corporate readings). Estimated coverage = 84% (with calculations of water consumption in Geography).	Actual coverage = 14% (data from corporate readings). Estimated coverage = 86% (with calculations of water consumption in Geography).	Actual coverage = 92% (Ensamblika water reading data). Estimated coverage = 8% (with calculations of water consumption in Geography).
Waste	Real coverage = 29% (data measured in corporate). Estimated coverage = 71% (with calculations of waste generation per person in Geography).	Real coverage = 37% (data measured in corporate). Estimated coverage = 63% (with calculations of waste generation per person in Geography).	Real coverage = 95% (data measured in Ensamblika). Estimated coverage = 5% (with calculations of waste generation per person in Geography).

*Notes:

The coverage of energy consumption by company is given by the invoicing issued by CFE and is therefore standardized for all Grupo Elektra companies.

It is not possible to standardize the coverage of water consumption, because each region or zone bills water in a different way and there is no Geography monitoring, therefore estimates have to be made based on the number of employees per site for all companies.

Waste coverage cannot be standardized either because there is no monitoring regarding waste generation in Geography; only the waste generated in Corporate is recorded.

However, a census is planned to obtain more accurate data on the volume and type of waste generated in Geography.

Key environmental performance indicators (KPIs)

Main KPIs identified by the Energy and Environment Area for Banco Azteca (at the end of 2018)	Goal linked to the KPI	Target year (year in which the goal will be met)	Progress at the end of 2019 (amount and percentage)	Modification in target year. Describe reasons
Energy projects	MXN \$ 4.4 million investment	2021		
Management of information on energy bills and consumption	MXN \$ 4.6 million investment	2021		
Compliance with environmental regulations and efficiency policies	MXN \$ 0.08 million investment	2021		
Energy purchase proposals, guaranteeing the best commercial conditions	MXN \$ 23.1 million Power Purchase Agreement (PPA) for Elektra Stores and TV Azteca MXN \$ 9 million in the Chinampas Photovoltaic Park project in Tiendas Elektra and TV Azteca MXN \$ 0.4 million in photovoltaic projects at Tiendas Elektra and Banco Azteca	2021	0%	Review of the Power Purchase Agreement (PPA) Chinampas Photovoltaic Park Chinampas Photovoltaic Park
Recovery for electricity bill errors	MXN \$ 2,800,700 for Tiendas Elektra MXN \$ 1,390,300 for Banco Azteca MXN \$ 60,000 for Italika	2019	Total Grupo Elektra = MXN \$ 4.3 million 100%	N/A
Savings for implemented projects (lighting design, tenders, pilots and solutions, AA optimization, plant rent optimization, electrical optimization, AA lighting solution, UPS optimization).	MXN\$2,702,614 at Tiendas Elektra MXN \$ 7,922,658 at Banco Azteca MXN \$ 142,044 in Italika	2019	Total Grupo Elektra = MXN\$10.8 millions 100%	N/A
Medium voltage power supply project (avoiding the use of generating plants)	MXN \$ 12.5 million in Tiendas Elektra MXN \$ 18.8 million in Banco Azteca	2019	Elektra Stores + Banco Azteca = MXN \$ 31.3 million 100%	This project is in permanent operation

Energy

Energy consumption

Indicator for Banco Azteca	Unit of measurement	Results for 2015	Results for 2016	Results for 2017	Results for 2018	Results for 2019	What was the goal for the end of 2019?
Total non-renewable energy consumption	MWh	31,219.2	17,195	13,821.18	48,100	57,100	53,000
Total consumption of renewable energy (biomass, solar, wind), purchased or generated for self-consumption.	MWh	N/A	7,000	6,300	21,600	21,200	22,200
Total cost of energy consumption.	Mexican Pesos (MXN)	179,911,146	171,868,282	207,129,813	214,262,113	216,500,000	Depends on existing rates
Data coverage (as a percentage of the denominator)	Percentage of total revenue: \$65,533 million pesos	0.0045	0.0045	0.0045	0.0033	0.0033	Cost between earnings

Goals 2020

- Do not increase the consumption of electric energy in the same stores / branches of Tiendas Elektra and Banco Azteca, as well as in Ensamblika and Italika's own agencies and that consumption only increases in proportion to the expansion of the business, within the established standard (minimum necessary to operate). For 2020, an increase in electricity consumption is expected in:
 - 12% for Tiendas Elektra, due to the planned expansion of 65 additional stores and 37 transformations.
 - 10% of electricity consumption, because, at the moment, two additional warehouses are considered for storage.
 - 10% for Banco Azteca, due to the expansion of the business.
- Increase the consumption of renewable energy gradually into the future, maintaining by 2020 the current energy demand in branches and a similar or higher consumption of renewable energy per company - around 35% for Tiendas Elektra and Banco Azteca.

Emissions

Scope 1 emissions

Indicator for Banco Azteca	Unit of measurement	Results for 2015	Results for 2016	Results for 2017	Results for 2018	Results for 2019	What was the goal for the end of 2019?
Direct GHG emissions (scope 1)	Tons of CO2 equivalent	13,355.28	13,668.90	13,647.57	16,872.76	13,457	15,000
Data coverage (as a percentage of the denominator)	For the calculation, 25,000 t of CO ₂ equivalent was considered as the denominator, established as a minimum limit for the companies reported.	53	55	55	67	54	60

Scope 2 emissions

Indicator for Banco Azteca	Unit of measurement	Results for 2015	Results for 2016	Results for 2017	Results for 2018	Results for 2019	What was the goal for the end of 2019?
Total indirect emissions (scope 2)	Tons of CO2 equivalent	14,298.40	7,875.31	8,043.93	7,038.09	8,192.62	10,000
Data coverage (as a percentage of the denominator)	For the calculation, 25,000 t of CO ₂ equivalent was considered as the denominator, established as a minimum limit for the companies reported.	57	31	32	28	33	40

Scope 3 emissions

Indicator for Banco Azteca	Unit of measurement	Results for 2015	Results for 2016	Results for 2017	Results for 2018	Results for 2019	What was the goal for the end of 2019?
Emissions from business trips	Tons of CO ₂ equivalent	N/D	N/D	N/D	N/D	2,000	3,000
Data coverage (as a percentage of the denominator)		N/D	N/D	N/D	N/D	8	12

Note: N / A means Not Available.

Information Source	Explanation of its relevance	Tons of CO2 equivalent	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or alliances in the value chain
Business trips	Airplane flights for business trips, necessary for negotiations, monitoring and business expansion.	2,000	The average of 0.109 kg of CO ₂ was taken for each km traveled by plane. The conversion factor is based on calculations presented in section 8 (Table 33) of 2018 GOVERNMENT GHG CONVERSION FACTORS FOR COMPANY REPORTING. Methodology paper for emission factors: final report*.	Considering a total of 21,650 tCO ₂ e emitted by Banco Azteca in 2019, Scope 3 represents 9.2% of emissions.

Goals 2020

Tiendas Elektra

- Not to exceed 6,000 tCO₂e of Scope 1 per year, and maintain any increase proportional to the consumption of fossil fuels due to the expansion of the business.
- Do not increase more than 80,000 tCO₂e of Scope 2 per year, although an increase may be considered due to electricity consumption proportional to the expansion of the business.
- Maximum emission of 95,800 tCO₂e, considering an increase of 10% due to business expansion and the inclusion of Scope 3 emissions.

Italika

- Keep Scope 1 and 2 emissions below 5,000 tCO₂e per year.
- Maximum emission of 4,500 tCO₂e, considering a 1% increase in the current operation, coupled with the quantification of Scope 3 emissions.

Banco Azteca

- Not to exceed 15,000 tCO₂e of Scope 1 per year, which means keeping the consumption of fossil fuels stable in fleets of cars and motorcycles.
- Not to exceed 9,000 tCO₂e of Scope 2 per year, maintaining an increase in electricity consumption proportional only to the expansion of the business.
- Maximum emission of 24,000 tCO₂e, assuming an increase for Scope 3 emissions.

Climate goals

	Goals	Is it a science-based goal?	Scope	Percentage of emissions in scope	Base year level	Emissions in the base year in absolute tons of CO ₂ e	Intensity / metric measurement	The goal was set in the year	Percentage reduction from base year	Target year	Percentage achieved (emission reduction)
Relative goals	Set goal	No	Scopes 1 and 2 combined	Base year level	2015	27,636	Value of the intensity measured in the base year: 7.52 (considering 3,672 branches) Intensity measure used: Total tons between number of branches 21,500 tCO ₂ e in 2019	21,500 tCO ₂ e en 2019	10%	2019	10%

Combined initiatives to reduce emissions

- Annual estimate of CO₂e reduction (tons of CO₂e):
 - Banco Azteca reduced its emissions from 2018 to 2019 by 2,261 tCO₂e - a 9% reduction of the total.
 - An average annual reduction of 10% –12% for fiscal year 2020– is considered and projected.
- Total annual investment required:

Investment in technology goes hand in hand with CO₂ reductions, since by increasing equipment efficiency, energy consumption is optimized, which generates indirect Scope 2 emissions. In 2019, Banco Azteca invested MXN \$ 279.5 million in air conditioning and lighting technologies –91% of the investment in environmental management–, which are 33% and 89% more efficient in relation to the 2015 results, respectively.

- Total annual cost savings:

Although the costs between traditional equipment and efficient equipment are not comparable 1: 1, it is possible to compare a baseline store –before the update– against a store in a new format –includes businesses from Tiendas Elektra and Banco Azteca–, resulting in increases of energy efficiency (SEER) of 54% in air conditioners and 47% efficiency in luminaires (lumen / watt), as well as 8% in consumption savings per m² (kWh / m²).

Thus, projecting a 30% savings in electricity costs due to the use of these technologies, it is estimated that a new format store would be saving an average of MXN \$ 130,000 annually –MXN \$ 234 million annually, considering 1,800 branches.

- Average payback period: 3 to 4 years.

Low carbon products and services

Type	Products description	Level of aggregation	Percentage of revenue from "climate change" products in 2019	Estimation of the total emissions avoided per year	Comments
Low carbon products	Digital banking: avoid emissions due to transport and use of paper Paperless: avoid emissions, felling of trees, use of water and promote the conservation of biodiversity	Product Groups	Estimated savings after 1 year of implementing the paperless project amount to MXN \$ 360 million	For 3,129 tons of paper (all operations) = 11,700 tCO ₂ e For 625 tons of paper (only operational package) = 2,349 tCO ₂ e	The paperless project will be carried out gradually. It is not yet 100% implemented and therefore the savings and derived emissions are only estimates.
Emissions avoided by third parties	Diesel and gasoline consumption in transportation from the source to the Distribution Centers of Tiendas Elektra	All the company	Estimated annual savings of MXN \$ 79,000 for avoiding the transportation of paper to Distribution	1,347 tCO ₂ e avoided by stopping the use of paper transportation to Distribution Centers	Cumulative journeys of 2,600 km and an average factor of 0.45 tCO ₂ e / km are assumed; freight cost = MXN \$ 30 x km.

Water

Water consumption

Indicator for Banco Azteca	Unit of measurement	Results for 2015	Results for 2016	Results for 2017	Results for 2018	Results for 2019	What was the goal for the end of 2019?
Total Water Intake	Millions of cubic meters	0.2	0.2	0.2	0.3	0.15	0.2
Data coverage (as a percentage of the denominator)	Percentage of: Banco Azteca income (47,389,000,000 pesos)	0.0006	0.0006	0.0006	0.0009	0.0004	0.0004

Goals 2020

Tiendas Elektra

- Keep annual consumption below 250,000 m³.
- Maintain any increase in proportion to business expansion.
- Analyze projects to capture or reuse air conditioning condensate water in the future.

Italika

- Keep annual consumption below 35,000 m³.
- Capture 300 m³ of rainwater and reuse 3,650 m³ with the operation of the treatment plant in the Torre Grupo Salinas Corporation).

Banco Azteca

- Do not exceed the consumption of 200,000 m³ per year.
- Capture 30 m³ of rainwater in the Montes Urales property.

Waste

Indicator for Banco Azteca	Unit of measurement	Results for 2015	Results for 2016	Results for 2017	Results for 2018	Results for 2019	What was the goal for the end of 2019?
A) A) Total waste generated	Tons	3,235	3,235	3,516	3,323	3,335	3,000
B) Total waste used / recycled / sold	Tons	0	0	7	15	14	10
Total waste disposed of (AB)	Tons	3,235	3,235	3,509	3,308	3,321	2,990
Data coverage (as a percentage of the denominator)	Percentage of expenses of Banco Azteca for waste collection / management (2.6 million pesos vs 47.389 million pesos of income).	0.00005	0.00005	0.00005	0.00005	0.00004	0.00005

Goals 2020

Tiendas Elektra

- Continue with waste separation efforts, in order to increase the percentage of materials that are sent to recycling and reduce the volume of those sent to landfill.
- Generate a maximum of 2,600 tons of waste at the end of the year.
- If it is perceived operationally and logistically feasible, implement the collection of recyclables in the Geography.

Italika

- Generate a maximum of 10,000 tons of waste at the end of the year.
- Increase the volume of recyclable waste in accordance with the proportional increase in the assembly of motorcycles in Ensamblika.

Banco Azteca

- Continue with waste separation efforts, in order to increase the percentage of materials that are sent to recycling and reduce the volume of those sent to landfill.
- Generate a maximum of 3,200 tons of waste at the end of the year.
- Consolidate the paperless project with which 260 tons of paper would be saved per year in Banco Azteca's operations.

ÍNDICE DE CONTENIDOS GRI

102-55

GRI Standard	Disclosure	Page / Direct Response	Omission
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	Organizational profile		
	102-1	Name of the organization	4, 172
	102-2	Activities, brands, products, and services	4, 5, 7
	102-3	Location of headquarters	240
	102-4	Location of operations	4
	102-5	Ownership and legal form	4, 172
	102-6	Markets served	5, 7
	102-7	Scale of the organization	5, 7, 15, 32, 103
	102-8	Information on employees and other workers	15, 103
	102-9	Supply chain	70
	102-10	Significant changes to the organization and its supply chain	40, 172
	102-11	Precautionary Principle or approach	50
	102-12	External initiatives	17, 147, 156, 157
	102-13	Membership of associations	30
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	102-14	Statement from senior decision-maker	13
	102-15	Key impacts, risks, and opportunities	13, 42, 50
	Ethics and integrity		
	102-16	Values, principles, standards, and norms of behavior	52
	102-17	Mechanisms for advice and concerns about ethics	56, 62
	Governance		
	102-18	Governance structure	35
	102-19	Delegating authority	37, 40
	102-20	Executive-level responsibility for economic, environmental, and social topics	40
	102-21	Consulting stakeholders on economic, environmental, and social topics	37
	102-22	Composition of the highest governance body and its committees	35,38. There is no restriction on the number of mandates in which directors carry out their functions or on the number of Committees.
102-23	Chair of the highest governance body	35	
102-24	Nominating and selecting the highest governance body	35	
102-25	Conflicts of interest	42	
102-26	Role of highest governance body in setting purpose, values, and strategy	37, 39	

GRI Standard	Disclosure	Page / Direct Response	Omission	
GRI 102: General Disclosures 2016	102-27	Collective knowledge of highest governance body	37	
	102-28	Evaluating the highest governance body's performance	40	
	102-29	Identifying and managing economic, environmental, and social impacts	42, 50	
	102-30	Effectiveness of risk management processes*	42. There has been no incident at Banco Azteca in terms of information security, computer security and cybersecurity during the years 2016, 2017, 2018 and 2019; in this way, the payment of fines or penalties has not had to be faced.	
	102-31	Review of economic, environmental, and social topics	37, 42	
	102-32	Highest governance body's role in sustainability reporting	All areas participate in approving the Sustainability Report; the Sustainability area meanwhile, carries out a permanent monitoring of the process.	
	102-33	Communicating critical concerns	40	
	102-34	Nature and total number of critical concerns	40	
	102-35	Remuneration policies	<p>"41. For Grupo Elektra executives, variable compensation and other bonuses and stock options are given once the financial statements have been approved by the Board of Directors.</p> <p>Fixed and variable compensation for the short and long term are calculated and paid based on net after-tax amounts.</p> <p>The compensation scheme is aligned with short-term value generation and medium- and long-term equity generation.</p> <p>Short-term compensation (fixed compensation + variable compensation + bonus for special contribution + bonus for special event) + Long-term compensation = total annual compensation the executive can expect.</p> <p>Short-term compensation is established as follows: - Fixed: minimum market level; annual income (13 months), market benefits and pension fund consistent with the law. - Variable: 0% to 100% based on business results; up to 100% of fixed compensation, 50% assigned based on business results and 50% based on executive performance."</p>	
	102-36	Process for determining remuneration	41	
	102-37	Stakeholders' involvement in remuneration	41	
	102-38	Annual total compensation ratio		For security reasons, this information is confidential.
	102-39	Percentage increase in annual total compensation ratio		For security reasons, this information is confidential.
	Stakeholder engagement			
	102-40	List of stakeholder groups	27	
102-41	Collective bargaining agreements	103, 105		

* This data was verified by a third party for more information refer to page 238 of this report

GRI Standard	Disclosure	Page / Direct Response	Omission	
GRI 102: General Disclosures 2016	102-42	Identifying and selecting stakeholders	27	
	102-43	Approach to stakeholder engagement	21	
	102-44	Key topics and concerns raised	62, 175	
	Reporting practice			
	102-45	Entities included in the consolidated financial statements	172	
	102-46	Defining report content and topic Boundaries	21	
	102-47	List of material topics	22-26, 177	
	102-48	Restatements of information	32, 172	
	102-49	Changes in reporting	39, 172	
	102-50	Reporting period	172	
	102-51	Date of most recent report	2018	
	102-52	Reporting cycle	Annual	
	102-53	Contact point for questions regarding the report	240	
	102-54	Claims of reporting in accordance with the GRI Standards	172	
	102-55	GRI content index	229	
102-56	External assurance	172. The data contained in this report are reviewed internally. In addition, some disclosures and data regarding Banco Azteca are being externally assured.		
Material topics				
Financial topics				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	32, 35, 50, 182	
	103-2	The management approach and its components	32, 35, 50, 182	
	103-3	Evaluation of the management approach	32, 35, 50, 182	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	15, 32	
	201-2	Financial implications and other risks and opportunities due to climate change	50, 189	
	201-3	Defined benefit plan obligations and other retirement plans	185. Retirement benefits are covered through the Mexican Social Security Institute (IMSS), with the contributions stipulated by law to fund termination, old age, disability and life insurance.	
	201-4	Financial assistance received from government	Grupo Elektra receives no financial support from the government.	
GRI 207: Tax 2019	207-1	Approach to tax	35, 182	
	207-2	Tax governance, control, and risk management	35	
		Stakeholder engagement and management of concerns related to tax	35	
	207-4	Country-by-country reporting	182	
Corporate Social Responsibility management Social impact Financial inclusion				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	79, 82, 90, 136, 139, 147	
	103-2	The management approach and its components	79, 82, 90, 136, 139, 147	
	103-3	Evaluation of the management approach	79, 82, 90, 136, 139, 147	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	136, 139	
	203-2	Significant indirect economic impacts	82, 89, 136, 139, 147	

GRI Standard	Disclosure	Page / Direct Response	Omission
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	136, 139, 147
	413-2	Operations with significant actual and potential negative impacts on local communities	147
"FSSS Local Communities"	FS13	Access points in low-populated or economically disadvantaged areas by type	77, 136
	FS14	Initiatives to improve access to financial services for disadvantaged people	77, 84, 136, 139
		Policies for the fair design and sale of financial products and services	76, 92
	FS16	Initiatives to enhance financial literacy	139
Ethics and integrity Corruption, bribery and transparency			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	53, 55, 59, 61
	103-2	The management approach and its components	52-55, 59, 61
	103-3	Evaluation of the management approach	53, 55, 59, 61
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	54
	205-2	Communication and training about anti-corruption policies and procedures	54
	205-3	Confirmed incidents of corruption and actions taken	"54, 191. None of the companies that make up Grupo Elektra has received a legal claim or any fine for corruption in the 2015-2019 period. Currently, none of the companies that make up Grupo Elektra is subject to any type of investigation for corruption."
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	"55, 191. None of the companies that make up Grupo Elektra has received a legal claim or any fine for corruption in the 2015-2019 period. Currently, none of the companies that make up Grupo Elektra is subject to any type of investigation for unfair competition."
GRI 415: Public Policy 2016	415-1	Political contributions	191. In accordance with the law, Grupo Elektra does not contribute in any way to political parties or their representatives.
Please refer to General Disclosures 102-16 and 102-17			
Corporate governance Risk management Cybersecurity Money-laundering / fraud prevention			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	35, 42, 47, 50, 59, 184, 193
	103-2	The management approach and its components	35, 42, 47, 50, 59, 184, 193
	103-3	Evaluation of the management approach	35, 42, 47, 50, 59, 184, 193
"FSSS Audit"	FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	44, 187
Please refer to General Disclosures 102-15, 102-18 to 102-39			

GRI Standard	Disclosure		Page / Direct Response	Omission
Products and services development / product responsibility Customer relations management Brand management Operations				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	55, 57, 59, 79, 86, 90	
	103-2	The management approach and its components	52, 55, 57, 59, 79, 86, 90	
	103-3	Evaluation of the management approach	55, 57, 59, 79, 86, 90	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	86, 90	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	"During the period of this report there were no cases of regulatory non-compliance."	
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	86, 87	
	417-2	Incidents of non-compliance concerning product and service information and labeling	In 2019 there were no reported violations of advertising or product information laws by Grupo Elektra.	
	417-3	"Incidents of non-compliance concerning marketing communications"	In 2019 there were no reported violations of advertising or product information laws by Grupo Elektra.	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data*	<p>"In fiscal year 2019, neither Grupo Elektra nor any of its constituent companies received any sanctions or fines by the INAI, attesting to its compliance with legal provisions in the area of personal data protection.</p> <p>Following up on information from our previous report, in the year 2018, four administrative procedures were received for investigation by INAI applying only to Banco Azteca. These were decided in the bank's favor, as the authority found no breach of applicable regulations. These administrative procedures were the result of account-holders' objections to collection actions.</p> <p>In fiscal year 2019, three administrative procedures were received for investigation by INAI against Banco Azteca. Two of these were decided in the bank's favor after no breach of regulations regarding collection actions was found, and one procedure is still pending resolution, having to do with alleged misuse of information by a credit research bureau (a situation that does not involve Banco Azteca)."</p>	
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Because Grupo Elektra remains in full compliance with all applicable laws, no breach of social or economic regulations was recorded during the year.	
"FSSS Product Portfolio"	FS1	Policies with specific environmental and social components applied to business lines	50, 136, 162	
	FS2	Procedures for assessing and screening environmental and social risks in business lines	42, 44, 50, 184	
	FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	42-44, 61, 77, 87	

* This data was verified by a third party for more information refer to page 238 of this report

GRI Standard	Disclosure	Page / Direct Response	Omission
	FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	44, 61, 88, 92
	FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	189
	FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	181
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	34
"FSSS Active Ownership"	FS12	Voting policy(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	30
Please refer to General Disclosures 102-2, 102-4 and 102-6			
Environmental policies / Environmental management system Materials Energy eco-efficiency Water resources management Biodiversity Climate change and other atmospheric emissions Waste management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	152, 160, 162, 166, 168, 170
	103-2	The management approach and its components	152, 160, 162, 166, 168, 170, 220
	103-3	Evaluation of the management approach	152, 160, 162, 166, 168, 170
GRI 301: Materials 2016	301-1	Materials used by weight or volume	170
	301-2	Recycled input materials used	170, 171
	301-3	Reclaimed products and their packaging materials	171
GRI 302: Energy 2016	302-1	Energy consumption within the organization	163
	302-2	Energy consumption outside of the organization	163
	302-3	Energy intensity	163
	302-4	Reduction of energy consumption	165, 167
	302-5	Reduction in energy requirements of products and services	165, 167
GRI 303: Water and effluents 2018	303-1	Interactions with water as a shared resource	169
	303-2	Management of water discharge-related impacts	169
	303-3	Water withdrawal	169
	303-4	Water discharge	168. The destination of the water discharges for Elektra Stores, Banco Azteca and Ensamblika is the drainage, while, for the Italika Corporate, it is the drainage and treatment plant of Torre Grupo Salinas.
	303-5	Water consumption	169
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Grupo Elektra has no operations close to protected natural areas.
	304-2	Significant impacts of activities, products, and services on biodiversity	160
	304-3	Habitats protected or restored	152, 160

GRI Standard	Disclosure		Page / Direct Response	Omission
	304-4	"IUCN Red List species and national conservation list species with habitats in areas affected by operations"	There are no endangered species whose habitats are in areas affected by the operations; on the contrary, some Grupo Salinas companies have committed themselves to the protection of this type of species by offering a sanctuary within their facilities, an action that is planned to be extended to more Group companies.	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	166, 167	
	305-2	Energy indirect (Scope 2) GHG emissions	166, 167	
	305-3	Other indirect (Scope 3) GHG emissions	167	
	305-4	GHG emissions intensity	166, 167	
	305-5	Reduction of GHG emissions	166, 167	
	305-6	Emissions of ozone-depleting substances (ODS)	Since 2013, Elektra Stores has not purchased ozone-depleting refrigerant gas (R22) and the equipment has been progressively replaced by new ecological gases (R410a and R407c). Even so, in 2019, Elektra Stores emitted 20 metric tons of CFC-11 equivalent. This estimate was calculated based on the multiplication of the kilograms of R22 gas by the emission factors provided by SEMARNAT and its respective Global Warming Potential from the Global IPCC.	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	"Grupo Elektra emitted 77.3 tons of N2O and CH4 , distributed as shown below: <ul style="list-style-type: none"> • Elektra Stores: 13.3 tons of N2O and 9.8 tons of CH4 • Italika: 2.9 tons of N2O and 1.7 tons of CH4 • Banco Azteca: 32.5 tons of N2O and 17.1 tons of CH4" 	
GRI 306: Effluents and Waste 2016	306-1	Water discharge by quality and destination	"Grupo Elektra does not have a drain meter in any Corporate, but it is estimated a flow of 6 liters per second for 1,460 people. This estimate is based on the flow received at the Torre Grupo Salinas treatment plant, which receives an average of 1,460 people daily. No Grupo Salinas company dumps hazardous waste into the drainage, only wastewater from toilets and dining rooms, which have grease traps and disposal protocols that do not dirty the water with dissolved contaminants."	
	306-2	Waste by type and disposal method	170, 171	
	306-3	Significant spills	By the nature of the business, there is no risk of significant spills.	
	306-4	Transport of hazardous waste	170	
	306-5	Water bodies affected by water discharges and/or runoff	During the period reported no water body was affected by water discharge of runoff.	
	GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations	189. Grupo Elektra complies fully with all applicable environmental laws, and there were no reported breach of these laws in 2019.

GRI Standard	Disclosure		Page / Direct Response	Omission
Talent attraction and retention Social topics management				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	97, 103	
	103-2	The management approach and its components	97, 103	
	103-3	Evaluation of the management approach	97, 103	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	97, 99-102	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>"125. Grupo Elektra has a flex time program in the form of time-scaled scheduling, applicable to the business units.</p> <p>The home office program also gives employees a chance to work local.</p> <p>We have breastfeeding/pumping rooms in all our corporate offices."</p>	
Please refer to General Disclosures 102-7 and 102-8				
Occupational health and safety				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	132	
	103-2	The management approach and its components	132	
	103-3	Evaluation of the management approach	132	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	132	
	403-2	Hazard identification, risk assessment and incident investigation	132	
	403-3	Occupational health services	122, 132	
	403-4	Worker participation, consultation and communication on occupational health and safety	132	
	403-5	Worker training on occupational health and safety	122, 132, 135	
	403-6	Promotion of worker health	132	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	134. There are no policies to remove employees from their positions, since the activities they carry out are not high risk.	
		Workers covered by a health and safety management system	133, 134	
	403-9	Work-related injuries	134	
Desarrollo de capital humano				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	61, 109, 117	
	103-2	The management approach and its components	61, 109, 117	
	103-3	Evaluation of the management approach	61, 109, 117	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	61, 110	
	404-2	Programs for upgrading employee skills and transition assistance programs	101	
	404-3	Percentage of employees receiving regular performance and career development reviews	118, 119	

GRI Standard	Disclosure		Page / Direct Response	Omission
Diversity and Equal Opportunity Human rights				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	17, 41, 53, 71, 97, 103, 105	
	103-2	The management approach and its components	17, 41, 53, 71, 97, 103, 105	
	103-3	Evaluation of the management approach	17, 41, 53, 71, 97, 103, 105	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	41, 103, 104	
	405-2	Ratio of basic salary and remuneration of women to men	125	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	"Because of Grupo Salinas' commitment to the United Nations Global Compact and Grupo Elektra's commitment to human rights, there were no cases of discrimination reported in 2019."	
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	"Because of Grupo Salinas' commitment to the United Nations Global Compact and Grupo Elektra's commitment to human rights, there were no operations or suppliers where a risk of child labor was reported in 2019."	
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	"Because of Grupo Salinas' commitment to the United Nations Global Compact and Grupo Elektra's commitment to human rights, there were no operations or suppliers where a risk of forced or coerced labor was reported in 2019."	
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	71, 73. In 2019, Group Elektra conducted a study to detect vulnerabilities in the area of Human Rights, and began to mitigate these through a policy on respect for human rights, training, inclusive recruitment, supplier certification system, and codes of conduct that incorporate a grievance system available to all employees and members of the supply chain.	
		Employee training on human rights policies or procedures	104	
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	71	
Requirements to suppliers				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	68, 71	
	103-2	The management approach and its components	68, 71, 170	
	103-3	Evaluation of the management approach	68, 71	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	70, 74	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	71	
	308-2	Negative environmental impacts in the supply chain and actions taken	73	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	71	
	414-2	Negative social impacts in the supply chain and actions taken	71, 73	
Please refer to General Disclosures 102-9 and 102-10				

Independent Review Report for Grupo Elektra Investor Relations Area on Banco Azteca, S.A. Multiple Banking Institution.

(Translation from Spanish Language Original). This letter has been translated from the Spanish language original and for the convenience of foreign/English-speaking readers – in case of discrepancy, Spanish prevails.

To the stakeholders of Banco Azteca, S.A. Multiple Banking Institution,

We were required by the Investor Relations Area of Grupo Elektra S.A.B. de C.V. (hereinafter “Grupo Elektra”) to provide a limited level of assurance of the relevant information of Banco Azteca, S.A. Multiple Banking Institution (hereinafter “Banco Azteca”) contained in the 2019 Annual Report of Grupo Elektra (hereinafter “Report”), for the period January 1 to December 31, 2019. In regards to the financial information contained in such Report has been audited by independent third parties.

This report or the conclusions we have reached has been prepared exclusively in the interest of Banco Azteca in accordance with the terms of this assignment, therefore we do not accept and deny any responsibility for our work against third parties other than Banco Azteca.

Management responsibilities

Banco Azteca is responsible for the preparation of the information subject to our review, free from material misstatement in accordance with the contents, design and presentation or the Report, according to the “core” option of the Global Reporting Initiative (GRI) Standards.

Banco Azteca is also responsible for the application and the maintenance of internal control deemed necessary so that the information contained in the Report is free from material misstatement whether due to fraud or error, and for identifying and ensuring that Banco Azteca complies with the laws and regulations applicable to its activities.

Our responsibility

Our responsibility was to carry out a limited review on the content of the Report regarding the performance contents included in the GRI Standards and specific performance indicators of Banco Azteca, based on the work performed, to issue an Independent Review Report exclusively referring to the information corresponding to our scope and for the Report related to the period January 1 to December 31, 2019.

The scope of our independent review, as well as the evidence gathering procedures performed was of limited assurance level, which is less than the one performed in an engagement with a reasonable assurance level and therefore also the security level provided. This report must not be understood as an audit report.

Assurance Standards and procedures

Our work was carried out in accordance with the Standard ISAE 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the *International Auditing and Assurance Standard Board (IAASB)* of the *International Federation of Accountants (IFAC)*, to ensure that the assurance process accomplishes with the ethical requirements necessary to ensure the independence of our work as auditors of non-financial information.

The procedures that were carried out, in general, are described below:

- Selection of information to review based on the materiality and prior knowledge of the company.
- Interviews with employees responsible for providing the information contained in the Report to learn the principles, systems and applied management approaches.
- Review of data collection, internal control and consolidation processes.
- Review of the scope, relevance and integrity of the information included in the Report based on the operations and the material aspects identified.
- Review of evidence based on a sampling of information according to a risk analysis.
- Review of the application of what is required in accordance with the GRI Standards.
- Review of GRI Index with the contents of the Report, according to the core compliance option.

Contents reviewed

General Disclosures	
Disclosure	Description
102-8	Information on employees and other workers
102-17	Mechanisms for advice and concerns about ethics
102-30	Effectiveness of risk management processes
102-42	Identifying and selecting stakeholders
102-43	Approach to stakeholder engagement
102-44	Key topics and concerns raised
102-46	Defining report content and topic Boundaries
Economic	
201-1	Direct economic value generated and distributed
205-1	Operations assessed for risks related to corruption
205-3	Confirmed incidents of corruption and actions taken
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices
Environmental	
302-1	Energy consumption within the organization
303-1	Water withdrawal by source
305-1	Direct (Scope 1) GHG emissions
305-2	Energy indirect (Scope 2) GHG emissions
305-3	Other indirect (Scope 3) GHG emissions
306-2	Waste by type and disposal method
Social	
401-1	New employee hires and employee turnover
404-3	Percentage of employees receiving regular performance and career development reviews
405-1	Diversity of governance bodies and employees
412-2	Operations that have been subject to human rights reviews or impact assessments
413-1	Operations with local community engagement, impact assessments, and development programs
415-1	Political contributions
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data

Banco Azteca's reviewed performance indicators are as follows:

Topic	Performance Indicators
Employee satisfaction	Happy Index
Client satisfaction	Net Promoter Index (México)

Conclusion

Based on our review and the evidence obtained by Banco Azteca nothing caught our attention that causes us to believe that their information contained in the 2019 Annual Report of Grupo Elektra has not been obtained with reliability, was not presented properly, or that there were significant discrepancies or omissions, or that has not been prepared in accordance with the requirements established in the GRI Standards

Additionally, we have identified opportunities as part of their procedures on which we have presented a report to their attention and action of continuous improvement internally.



José Luis Madrid García
Valora México President
México City, 29th July 2020
Valora Sostenibilidad e Innovación S.A. de C.V.

Contact

102-3, 102-53

For more details on this report or the issues regarding sustainability at Grupo Elektra, contact:

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