



MATERIALITY ANALYSIS

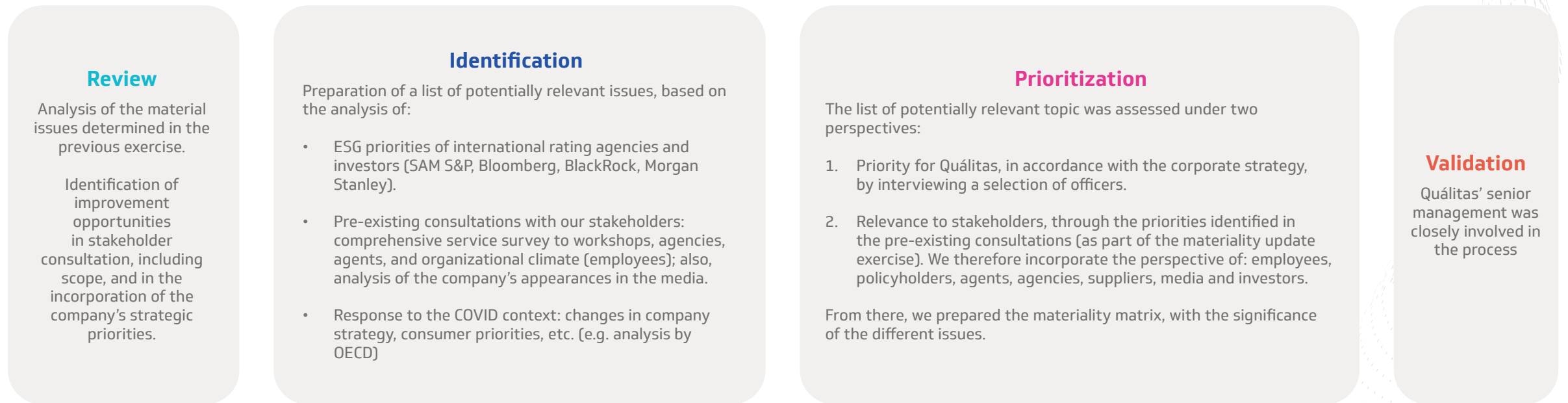
Materiality analysis

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

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

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

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



Review

Analysis of the material issues determined in the previous exercise.

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

Identification

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

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

Prioritization

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

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

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

Validation

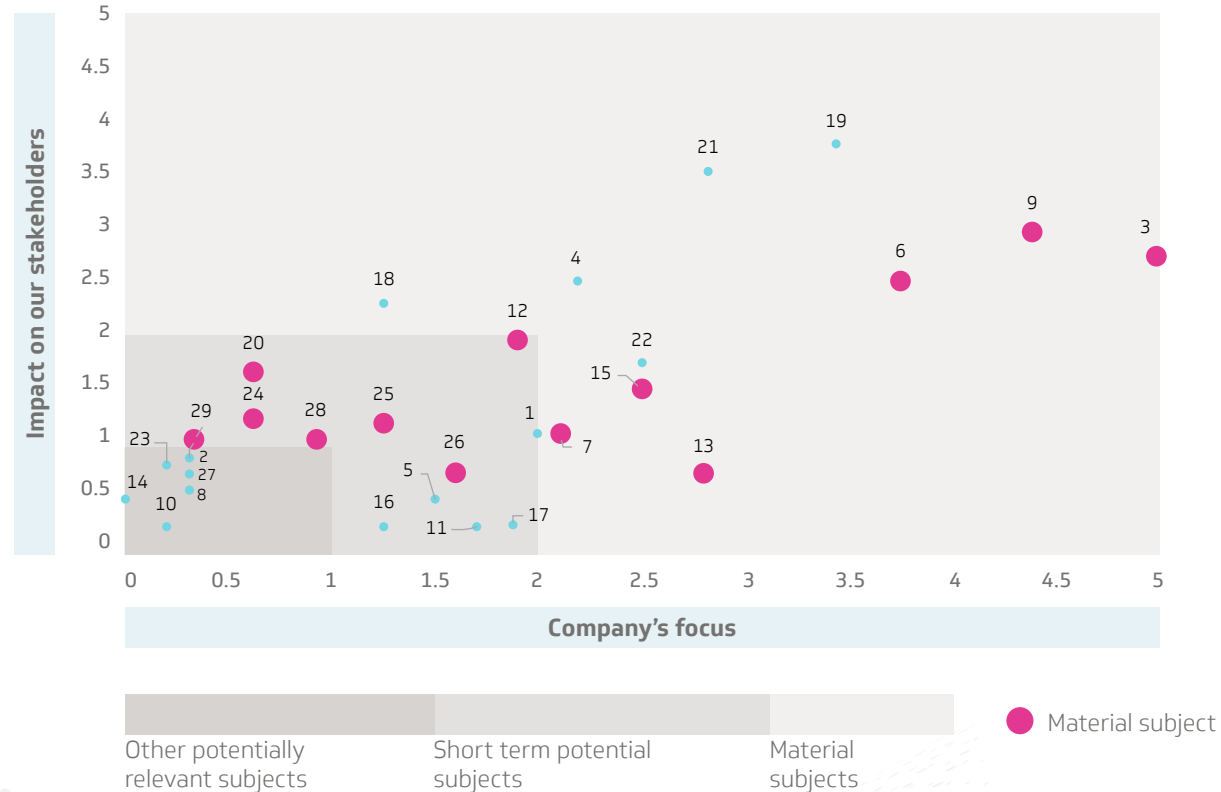
Quálitás' senior management was closely involved in the process

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

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

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

MATERIALITY MATRIX DIAGRAMS QUÁLITAS CONTROLADORA (INSURANCE BUSINESS)



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

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

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

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

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

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

N.A.: Not applicable.

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