

INCLUSIVE PROSPERITY
SUSTAINABILITY REPORT
GRUPO ELEKTRA 2017



grupo elektra

Grupo Elektra's pursuit of inclusive prosperity is inherent to its nature, as an outstanding source of:

Economic value, offering world-class goods and services under competitive conditions, and creating quality jobs.

Social value, promoting financial inclusion and education while strengthening ties with communities and society at large.

Environmental value, through initiatives to mitigate the impact of productive activities on the environment.

Grupo Elektra plays a central role in working for sustainable development, promoting progress and quality of life for millions of families in the countries where it operates.

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2017 at a glance

\$94.98 billion pesos in consolidated revenues for Grupo Elektra, **17% more than the previous year**

\$59.37 billion pesos in revenues for the **financial business**

\$35.61 billion pesos in **retail business sales**

72,087 Grupo Elektra employees

11 million deposit accounts at **Banco Azteca**

551,222 Italika motorbikes assembled

More than 550,000 Italikas and 13.8 million spare parts sold in the year

37% of the energy consumed by Grupo Elektra **comes from renewable sources**

Over 1.2 million trees planted in 1,147 hectares with the participation of more than **120,000 volunteers** who contributed to the national reforestation drive **Un Nuevo Bosque**

More than \$63 million pesos raised for the 100th edition of **Movimiento Azteca**. The amount was assigned to the **reconstruction of homes affected by the September earthquakes**

Grupo Elektra: Opening opportunities

102-1, 102-2, 102-5

Grupo Elektra, S.A.B. de C.V., is the leading financial services and specialty retail firm in Latin America, and the largest supplier of short-term non-bank loans in the United States.

The Company operates through two businesses; both complement each other in order to promote inclusive prosperity for millions of families, through access to affordable merchandises and world-class financial services.

102-7

7,139 points of contact for Grupo Elektra

4,440 points of contact for Grupo Elektra in Mexico

651 points of contact for Grupo Elektra in Central and South America

102-4

Grupo Elektra

Retail Business

For more than six decades, Grupo Elektra has applied its experience in this business to serving millions of families through accessible high-quality merchandise that supports inclusive prosperity and a better quality of life.

The commercial business includes the Elektra and Salinas y Rocha store formats, present in Mexico; Elektra Stores in Guatemala, Honduras, Panama and Peru; and the Italika brand in Mexico and Latin America.

Financial Business

Grupo Elektra offers financial products and services to segments of the market that are under-served by traditional institutions. It does so through financial products that effectively meet the needs of millions of families, and through technological innovation to improve its service efficiency.

Its businesses are Banco Azteca, Advance America, Afore Azteca, Seguros Azteca y Punto Casa de Bolsa. The financial business is present in Mexico, Guatemala, Honduras, El Salvador, Panama, Peru and the United States.

These offer deposit services, micro-finance and other loans, life and property insurance, retirement fund management and investments.

2,048 points of contact for Grupo Elektra in the **United States**

Retail business

102-2, 102-6, 102-7

Among the products and services offered by this business are:

Products

- Electronics
- Major appliances
- Small household appliances

- Furniture
- Motorcycles (Italika)
- Tires
- Car batteries
- Cell phones

- Computers
- Mattresses
- Entertainment systems
- E-commerce

Services

- Wire transfers
- Extended guarantees
- Air time

- Long distance
- Mobile Virtual Network Operation (MVNO)

Elektra Stores



www.elektra.com.mx

This is one of our primary channels of customer contact; there is a Banco Azteca branch in every store as well.

1,216 points of contact in **Mexico and Latin America**

15 Distribution Centers, 2 of them opened in 2017

Italika is sold at more than 3,600 sales outlets in Mexico, Guatemala, Honduras, Peru and Panama

Salinas y Rocha



Offers world-class merchandise; every store has a Banco Azteca module.

47 points of contact in Mexico

731 Italika Service Centers (CESIT) in Mexico, and 190 in Central and south America, 123 of them opened in 2017

Opening of the **first** Italika agency and **12 new** distributorships; opening of the **100th distributorship**

Italika



www.italika.mx

A motorcycle brand that gives buyers access to their own mode of transport, so they can move more efficiently, comfortably, safely and enjoyably through their daily activities.

Italika has a 70% share of the **Mexican motorcycle market**, with sales of more than **550,000 vehicles a year**



Financial Business

102-2, 102-6, 102-7, FS13

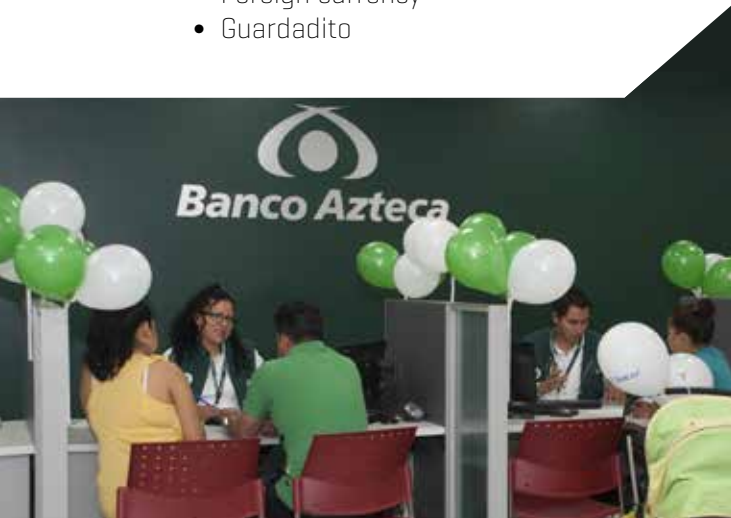
Banco Azteca



www.bancoazteca.com.mx

This is Mexico's second largest bank in terms of the number of points of contact with clients. It offers various credit and loan solutions to millions of families. Among its products and financing channels are:

- Credimax Efectivo
- Credimax Consumo
- Micronegocio Azteca Tradicional [traditional micro-business]
- Micronegocio Azteca Mujer [women]
- Empresario Azteca
- Tarjeta Azteca [card for use of the Credimax line of credit]
- Remittances
- Foreign currency
- Guardadito



Among the products it offers are:

- Consumer credit
- Personal loans
- Commercial loans
- Savings accounts
- Term deposits
- Debit cards
- Credit cards
- Insurance
- Retirement fund
- Credit information
- Lease-financing
- Secured loans
- Short-term non-bank loans
- Group loans

2,581 points of contact in Mexico



3,193 points of contact in Mexico and Latin America



- Guardadito Cheques
- Guardadito Kids
- Guardadito VAS
- Business debit card
- Payroll loans
- Inversión Azteca
- Inversión Azteca Creciente
- Inversión Azteca Plazo
- Inversión Azteca Intereses Adelantados
- Presta Prenda, a pawnbroking business
- Interbank Electronic Payment System
- Online Banking

1,735 branches in Mexico, making it the **second largest banking network** in the country



Advance America



www.advanceamerica.net

Offers short-term non-bank financing to working class families in the United States. A reliable, accessible and transparent option. Its products are:

- Title loans
- Installment loans
- Payday loans

2,048 points of contact in **28 of the United States**



Afore Azteca



www.aforeazteca.com.mx

Afore Azteca offers high-quality retirement fund management options through Grupo Elektra's extensive distribution network. It offers the following products and services:

- Registering an individual retirement account
- Transferring existing individual retirement accounts
- Account statement, balance and activity lookup
- Update accountholder data
- Generating accountholder files
- Voluntary savings deposit
- Voluntary savings withdrawal
- Partial withdrawal for unemployment (IMSS)
- Partial withdrawal for unemployment (ISSSTE)
- Marriage expense support
- Account separation
- Account unification
- SAR 92 Resource Unification (old retirement savings system)
- Total withdrawal for Pension and IMSS Denial
- Total ISSSTE balance withdrawal

Seguros Azteca



www.segurosazteca.com.mx

Brings effective protection solutions to its customers according to their needs, at accessible prices for people left out of or poorly served by the traditional insurance system in Mexico and Latin America. Offering the following types of insurance:

- Life
- Casualty
- *Tranquilidad* (Peace of Mind)
- Women
- Heart attack
- Migrant
- Education
- Italika
- RC Motorcycle
- Auto
- *Plan médico 8*
- Home

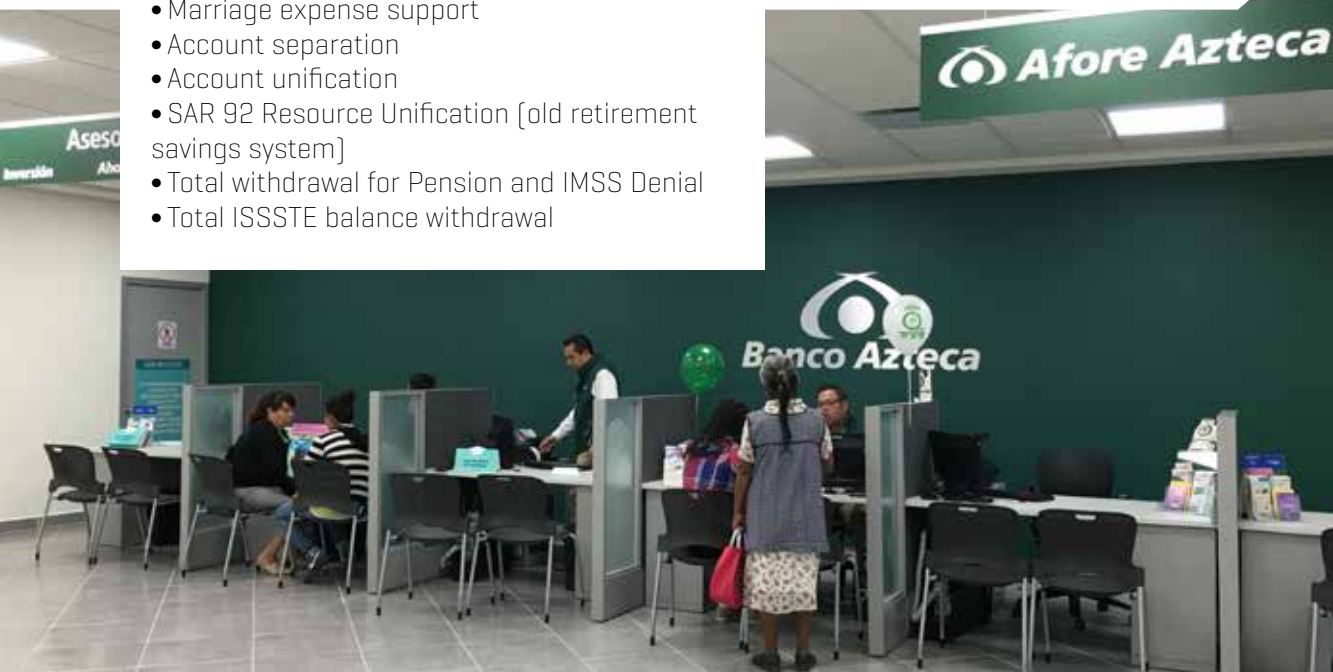
Punto Casa de Bolsa



www.puntocasadebolsa.mx

Promotes investment as a tool for savings and well-being, simplifying financial market concepts with excellent service. Its business units are:

- Private investment. Personalized consulting and investment portfolios consistent with the profile and goals of each investor, through market trading.
- Institutional Promotion. Services such as:
 - Boutique trading; optimum, efficient market trading.
 - Analysis of hedging and custom 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.
- Investment banking: Focused on consulting, structuring and placement of:
 - Securities Certificates and Stock Offerings to the investing public
 - Private Equity
 - Financial Transactions



Message from the Chief Executive Officers

102-14, 102-15

In 2017, Grupo Elektra created substantial economic, social and environmental value in the communities where it operates, working to improve quality for life of millions of families, while helping to protect the environment in Mexico, the United States, Central and South America.

We create economic value by opening access to world-class merchandise for broad segments of the population, and bringing financial services to people left out of our poorly served by traditional banking. The past year was one of outstanding performance for both our divisions –finance and retailing– translating into double-digit growth in consolidated revenues for 2017, and a 17% increase in operating income.

Revenues in the financial business grew 18%, helped by a 12% expansion of the consolidated gross portfolio at Banco Azteca Mexico, Advance America and Banco Azteca Latin America, coupled with solid asset quality, reflected in a consolidated loan delinquency rate of just 4.7% at the close of 2017.

In addition to its solid results, Banco Azteca has earned recognition from several institutions for its activities on behalf of community improvement. One such institution, Equifax, named Banco Azteca the leading force in banking system inclusion in Peru, El Salvador and Honduras. The study found that a significant percentage of the mass market in those countries had no access to financial services before the Bank began financial operations, and since its opening, a substantial portion of that segment obtained a loan for the first time.



Alejandro Valenzuela del Río
CEO of Banco Azteca

Banco Azteca has earned recognition

from several institutions
for its activities on
behalf of community
improvement



We maintain that Banco Azteca is as central to the financial inclusion effort in Mexico as it is in Central and South America. In its relatively short 15-year history, the Bank has accumulated more than 11 million active deposit accounts and a similar number of credit accounts, which is fairly meaningful for a country with close to 32 million households.

For the retail business, performance was outstanding this past year. Revenues rose 15% thanks to strategies focused on creating an optimum shopping experience, through goods and services that effectively meet customers' needs, with world-class service and highly competitive conditions.

These commercial strategies got an additional boost from the startup of a new, larger store format that includes a wider selection of merchandise and services in order to serve a growing number of families. Also, toward the end of the year Grupo Elektra started up its multichannel strategy with its online store at www.elektra.com.mx, where thousands of products are available 24/7 at unbeatable prices, from any web-enabled device, further strengthening retail operations.

We reported across-the-board growth in our sales last year, extending to all our product lines, but Italika motorcycles bear special mention, as the top-selling category in 2017. Italika sales account for 29% of Elektra Stores revenues during the year, three percentage points higher than the 26% reported in 2016.

Italika sold more than 550,000 motorcycles last year, in Mexico, Guatemala, Honduras, Panama and Peru. In Mexico, thanks to the broad acceptance of this brand, growing customer satisfaction with the products features, and efficient post-sale service, the company enjoys solid market leadership, with a share of 70%.



Fabrice J. Decelierre Márquez
CEO of Elektra Stores

In 2017, **Elektra Stores launched a multichannel strategy**, further strengthening its retail operations



Italika motorcycles provide a safe, comfortable, fuel-efficient means of transport that helps users cut down on commuting time and gas expense, supporting the well-being of thousands of families, supporting business productivity and helping to create a cleaner environment.

The social value Grupo Elektra generates is also evident in the more than 72,000 employees who work there, with growing levels of job satisfaction and well-being.

The company also provides decisive support to the activities of *Fundación Azteca*, empowering social capacity through initiatives like the *Esperanza Azteca orchestra*, the *Juguetería* toy drive, *Plantel Azteca*, *Limpiemos Nuestro Mexico* and *Un Nuevo Bosque*, among others, which create a climate ripe for progress.

Finally, Grupo Elektra strives to optimize resource efficiency in its daily activities and use environmentally-friendly energy sources. The company's consumption of renewable energy amounted to 37% of its total for the year, and it aims to gradually increase this proportion.

Grupo Elektra generates substantial economic, social and environmental value in the communities where it operates, and it is firmly committed to stepping up the pace of its activities in coming years, contributing increasingly to the well-being of millions of families and helping protect the environment in 2018 and beyond, all with a vision of inclusive prosperity.

Thank you for your interest in Grupo Elektra.

Alejandro Valenzuela del Río / CEO of Banco Azteca

Fabrice J. Deceliere Márquez / CEO of Elektra Stores

Alberto Tanus Schwarz / CEO of Italika



Alberto Tanus Schwarz
CEO of Italika

Italika strengthened its leadership position in Mexico with a market share of 70%

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Sustainable value creation

Making history

Grupo Elektra	
1906	Benjamín Salinas y Cía. furniture factory founded in Monterrey, Mexico.
1950	Foundation of Elektra, engaged in the manufacture of radios and later televisions.
1988	<i>Vive sin Drogas</i> campaign is launched, promoting healthy, addiction-free life choices, especially for youth.
1993	The company goes public on the Mexican Stock Exchange
1996	First <i>Juguetería</i> toy drive is held, distributing 15,000 toys to needy children. Elektra Stores starts up operations in Latin America with the opening of four stores in Guatemala.
1997	Creation of <i>Fundación Azteca</i> , to carry out project in areas important to Grupo Salinas –the set of companies to which Grupo Elektra belongs–: support for the family, helping young people excel through study, fighting addiction, encouraging generosity and solidarity, protecting the environment, and encouraging social responsibility. Start of <i>Plantel Azteca</i> .
1999	U.N. recognizes <i>Fundación Azteca</i> with the Civil Society Medal for its <i>Vive sin Drogas</i> campaign. Start of operations at Banco Azteca with the simultaneous opening of more than 800 branches located in Elektra, Salinas y Rocha and Bodega de Remates stores.
2002	First <i>Movimiento Azteca</i> to benefit the Transplants Foundation, through which 11 million pesos were raised, supporting cornea transplants for 716 people. First issue of <i>Un Nuevo Bosque</i> [A New Forest] is published, an ecological journal that conveys Grupo Salinas and TV Azteca’s commitment to generating environmental value.
2003	Start of operations at Afore Azteca, a retirement fund manager. Launch of the “Azteca Entrepreneur” program.
2004	Italika starts operations. Seguros Azteca starts operations.
2005	Elektra Stores and Banco Azteca begin operations in Panama.
2006	First edition of the “Donativo Hormiga” [every little bit helps] program, channeling donations to various charitable organizations. Banco Azteca begins operating in Guatemala with 75 points of sale and nationwide coverage. Banco Azteca starts operations in Honduras. Banco Azteca starts operations in Peru.
2007	Startup of Ensamblika, Italika’s assembly plant.
2008	Creation of the Energy and Environment Area of Grupo Salinas. Creation of <i>Fundación Azteca Guatemala</i> , in order to provide social projects to the most vulnerable groups in the country. Banco Azteca is recognized as one of the 20 best companies in Mexico in terms of its technological innovations, according to Information Week. Banco Azteca begins operations in El Salvador.
2009	Launch of the <i>Limpiemos Nuestra México</i> campaign, collecting 3.5 metric tons of trash. Launch of the <i>Orquesta Sinfónica Esperanza Azteca</i> , a program that works to improve the lives of needy children and youth through music. Creation of the Energy Management System [SIGEN].
2010	Grupo Salinas is awarded the National Electrical Energy Savings Prize for its programs to reduce energy consumption.
2011	Expansion of Italika’s distribution network in Mexico through new channels, like stores and prestigious supermarkets.

2012 Opening of Punto Casa de Bolsa, a brokerage firm with the highest standards of client security and efficiency.

Grupo Salinas begins using renewable wind energy.

2013 Publication of the first Grupo Elektra Sustainability Report.

Grupo Elektra is included in the S&P/BMV IPC of the Mexican Stock Exchange.

Launch of the first phase of the financial education and microbusiness program *Aprende y Crece* at Banco Azteca.

2014 Banco Azteca is recognized by the World Bank for improving the economy of people at the Bottom of the Pyramid.

First report to the National Emissions Registry (RENE) as established in the General Law on Climate Change: an annual report on carbon dioxide (CO₂) and greenhouse gas (GHG) emissions in support of the international commitments assumed by Mexico: to reduce emissions by 30% by 2025, and by 50% by 2050.

Start of use of renewable geothermal energy at Grupo Salinas.

Grupo Elektra creates the Personal Data Committee, complying with self-regulatory guidelines established by the federal government in Mexico and the directives of the Mexican Accreditation Entity, *Normalización y Certificación Electrónica*, S.C. (NYCE) and the National Institute for Transparency, Information Access and Protection of Personal Data (INAI).

2015 Italika obtains the Socially Responsible Company (ESR®) distinction from The Mexican Center for Philanthropy (CEMEFI) and the Alliance for Social Responsibility (AliaRSE) for the first time.

Launch of the *Aprende y Crece* website in Mexico and Peru.

Aprende y Crece is launched in Guatemala.

Italika creates a Corporate Social Responsibility Committee.

Grupo Elektra earns the "Family Responsible Company" from the Ministry of Labor and Social Planning.

Banco Azteca Guatemala is distinguished for the second year in a row as a Great Place to Work, recognizing the equality of life it offers its employees.

Aprende y Crece is launched in El Salvador and Honduras.

2016 Launch of the first Banco Azteca Credit Card, with the name of *Oro Garantizada*.

Elektra Stores signs an agreement with the Federal Consumer Protection Agency (PROFECO) in order to apply best retail practices at the company's points of contact with customers.

Launch of the "Italika Racing" project, to create a sports platform that helps to identify talent and train high-yield pilots for national and international motorbike racing.

Grupo Elektra is recognized for "Best Corporate Governance" by Capital Finance International Awards (CFI.co), a program that identifies and distinguishes organizations and people who had value to society.

Elektra Stores and Banco Azteca obtain the ESR® Distinction from CEMEFI and AliaRSE for the first time.

2017 15th anniversary of Banco Azteca.

Banco Azteca becomes the top banking accessibility force in Peru, El Salvador and Honduras, according to prospecting studies by Equifax.

Launch of a new website for Elektra Stores; start of an omnichannel strategy to offer clients and accessible site.

Movimiento Azteca holds its 100th campaign, to benefit families whose homes were lost or damaged in the September earthquakes.

Value creation model

102-40, 102-42, 102-43

In keeping with the ethical and corporate principles for which it is known, Grupo Elektra is constantly working to define and strengthen lines of action that generate long-term value for all its stakeholders.



Through these actions it has built a value creation model grounded in a win-win philosophy that promotes inclusive prosperity in all the countries where it operates.

Mission		
Corporate Governance		
Who benefits?	Through what?	With what results?
Investors	<ul style="list-style-type: none"> • Timely, useful information • Risk management and Business continuity • Solid, profitable results • Higher return on their investment 	<ul style="list-style-type: none"> • Confidence • Reinvestment • Growing income
Employees	<ul style="list-style-type: none"> • Job security • Competitive benefits • Better quality of life for them and their families • Comprehensive advancement • Occupational health and safety 	<ul style="list-style-type: none"> • Reduced turnover index • Increased retention index • Employee satisfaction • Recognition as one of the best places to work
Customers	<ul style="list-style-type: none"> • Financial and digital inclusion • Business Continuity • Quality Products and Services • Customer satisfaction 	<ul style="list-style-type: none"> • Customer loyalty • Stronger brand value • Continuing leadership in Latin America as financial service supplier and specialty retailer • Development of local economy and stability in household consumption
Suppliers	<ul style="list-style-type: none"> • Fair competition • Transparent selection process • Supplier evaluations • Hiring of local suppliers 	<ul style="list-style-type: none"> • Supplier loyalty • Quality inputs • Ethical standards and social and environmental commitment • Stronger long-term, mutually beneficial commercial relationships • Development of local economies
Authorities	<ul style="list-style-type: none"> • Compliance with laws and regulations • Cooperation with authorities (social and highway safety programs) • Prompt submission of required information • Anti-corruption practices • On-time tax payments 	<ul style="list-style-type: none"> • Transparency • Development of social programs • Infrastructure investment • Eliminates corruption
Competitors	<ul style="list-style-type: none"> • Free, ethical competition in the market • Communication with industry participants • Participation in work groups to modify highway safety standards 	<ul style="list-style-type: none"> • Access to high quality products and services for the public • Competitive pricing • Improved standards in financial services, product quality and highway safety
Communities	<ul style="list-style-type: none"> • Job generation • Programs that support freedom, equal opportunity, leadership and financial education • Respect for highway safety laws 	<ul style="list-style-type: none"> • Development of local economies • Empowerment of society's capacities • Higher return on household income • Greater awareness of savings and prevention • Safer roads and highways
Nonprofit organizations	<ul style="list-style-type: none"> • Support for social development causes that organizations lead, through <i>Fundación Azteca</i> • Fundraising and forwarding of funding to social programs 	<ul style="list-style-type: none"> • Encourages a climate more open to progress • Support for the neediest
Environment	<ul style="list-style-type: none"> • Resource optimization and efficiency • Use of renewable energy, mainly wind • Clean spaces, waste management 	<ul style="list-style-type: none"> • Reduced electricity and water consumption • Reduced atmospheric emissions and waste generation • Environmental preservation and reforestation

102-12

This value creation model, along with Grupo Elektra's solid performance in the areas of corporate governance, social responsibility and environmental preservation, have earned it a continuing place in the S&P/BMV IPC of the Mexican Stock Exchange. Grupo Elektra has earned an increasingly high score in these areas, far outperforming the national averages for the categories evaluated.

For the fourth year in a row, **Grupo Elektra is part of the S&P/BMV IPC of the Mexican Stock Exchange**

The same model has earned recognition for Elektra Stores, Banco Azteca and Italika in the form of the ESR® distinction, awarded by CEMEFI and AliaRSE for creating value and prosperity for millions of families based on an inclusive business vision.

Elektra Stores and Banco Azteca were awarded the **ESR® Distinction** for the first time in 2017.

Italika received its third consecutive **ESR® Distinction**.

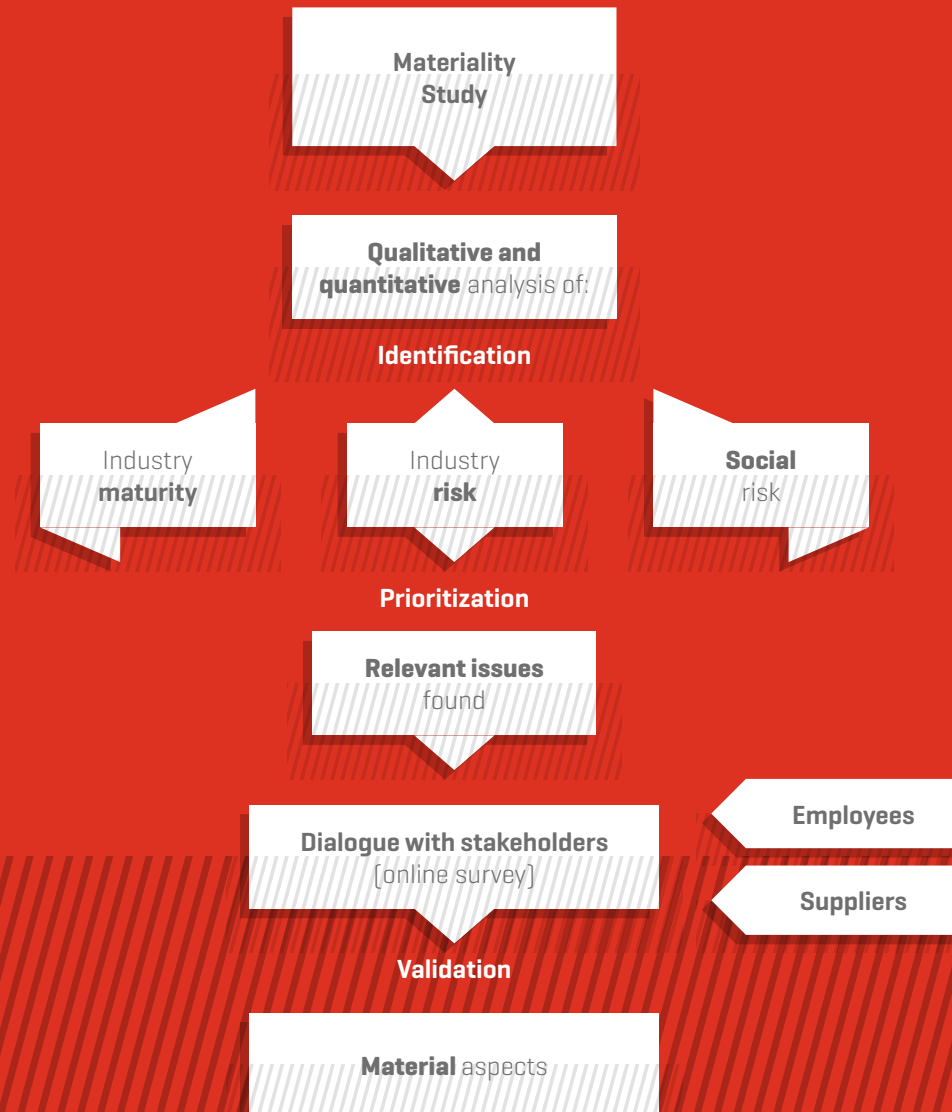


Materiality

102-43

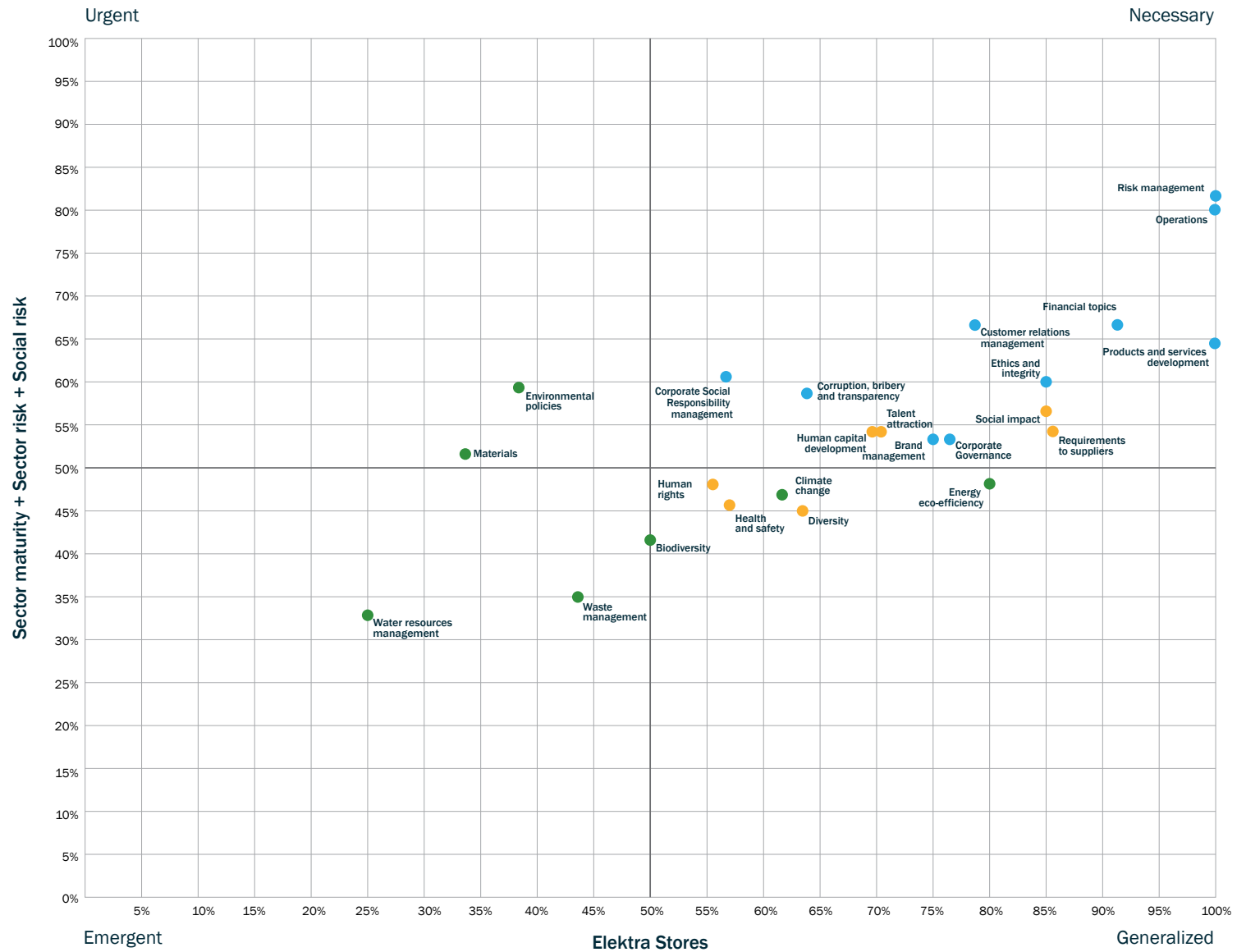
In 2017, Grupo Elektra continued to narrow its focus on the issues that most affect its operations, and in which its operations have the most impact on the world around it.

To do so, in conjunction with an independent consultant, it carried out a materiality study to identify the aspects most relevant both for Elektra Stores, Banco Azteca and Italika, and their stakeholders. The methodology was as follows:

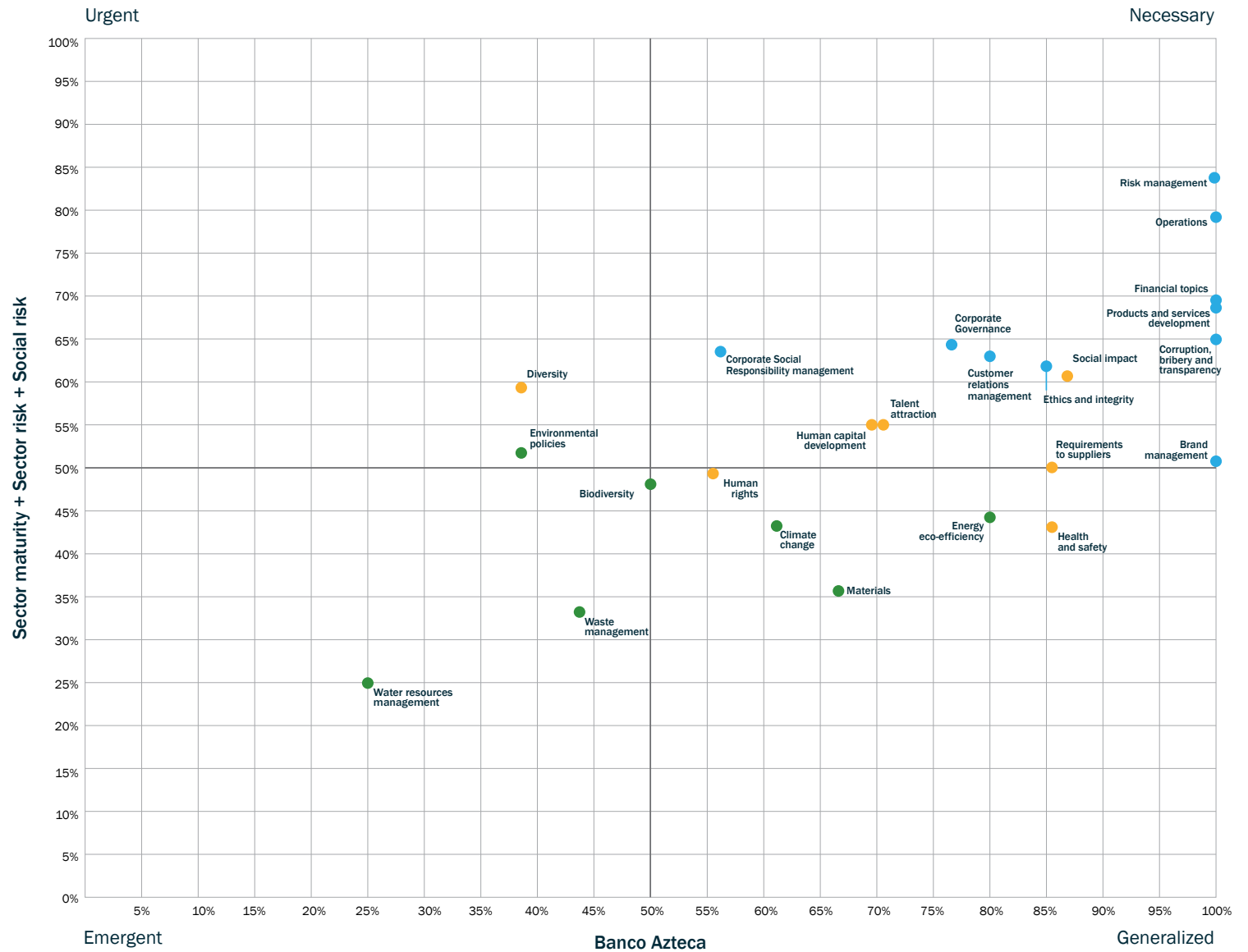


Relevant issues to Grupo Elektra

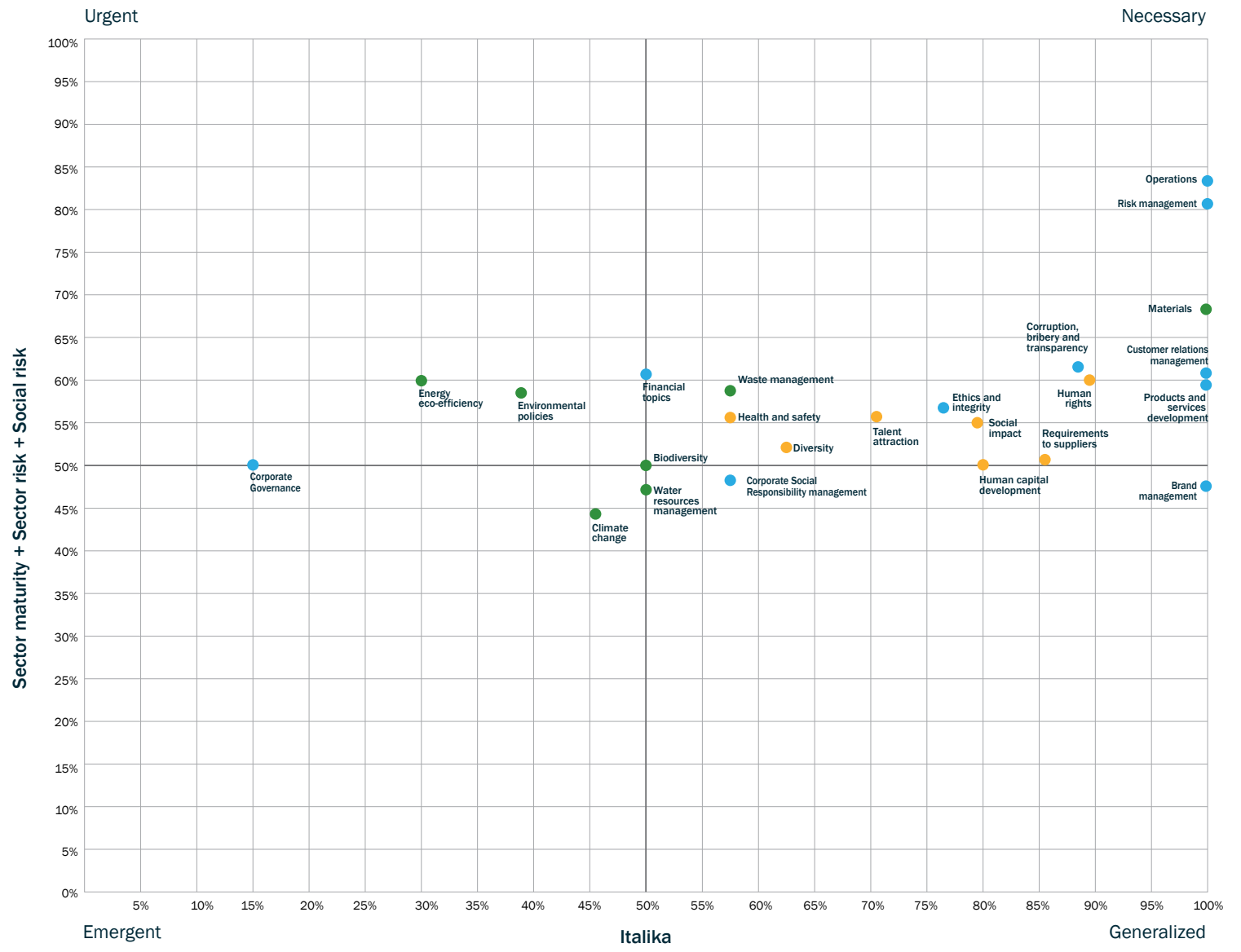
Elektra Stores



Banco Azteca



Italika



Having identified the relevant issues for each of the companies that make up Grupo Elektra, the issues were presented to stakeholders for their feedback through an online survey.

The sample was made up of the following:

- 377 Grupo Elektra employees
- 94 Grupo Elektra suppliers

The survey consisted of two sections:

- a) Questions about stakeholders' opinion about the issues and their relationship with the company, in qualitative terms.
- b) Questions asking for a quantitative evaluation of the relevant issues identified in the first phase of the study.

102-44

The main results were as follows:

Employees

Suppliers

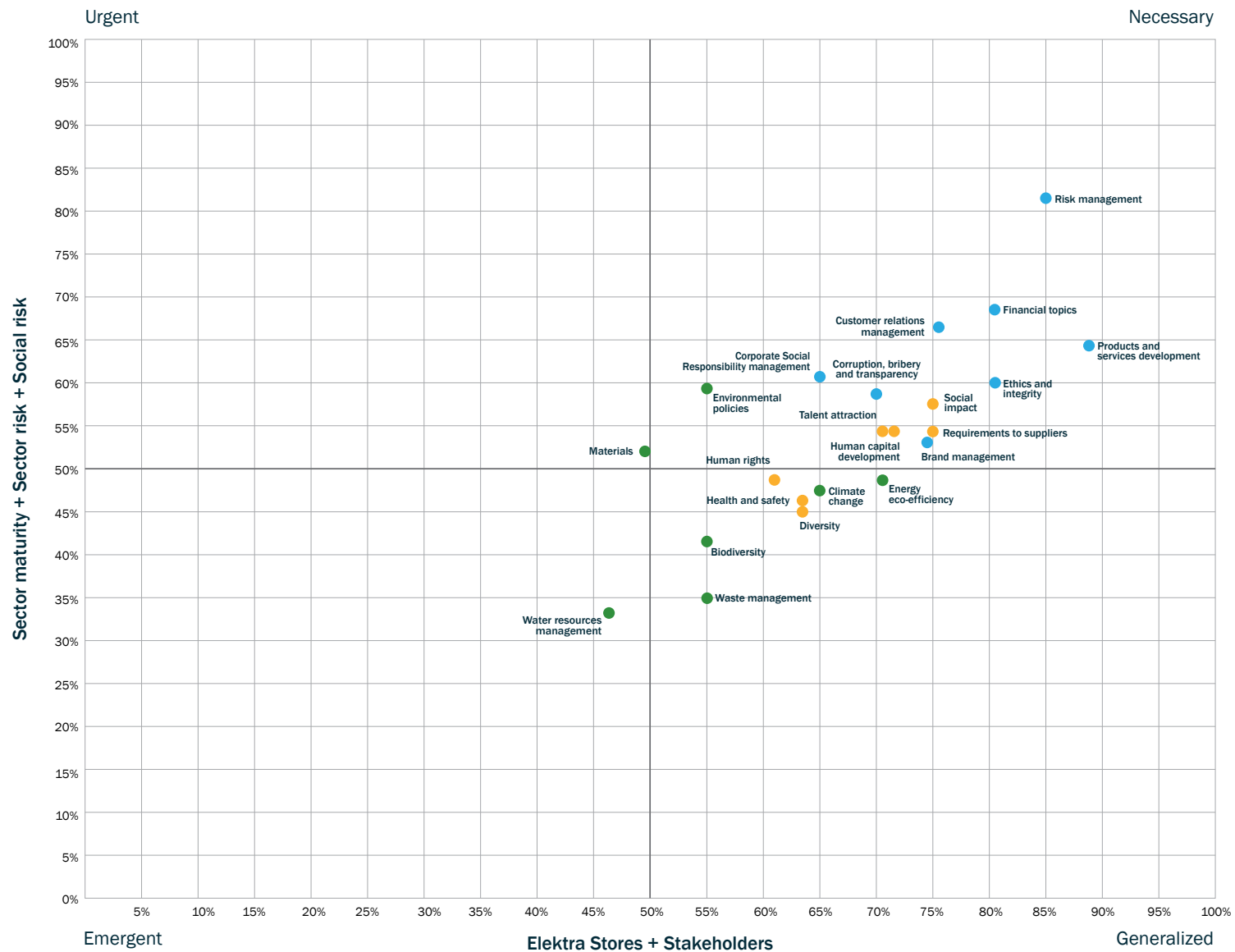


Most relevant issues	Dimension	Least relevant issues
Ethics and integrity	Economic	Financial issues
Environmental policies/ Environmental management system	Environmental	<ul style="list-style-type: none"> • Biodiversity • Energy eco-efficiency
Human capital development	Social	Diversity and equal opportunity

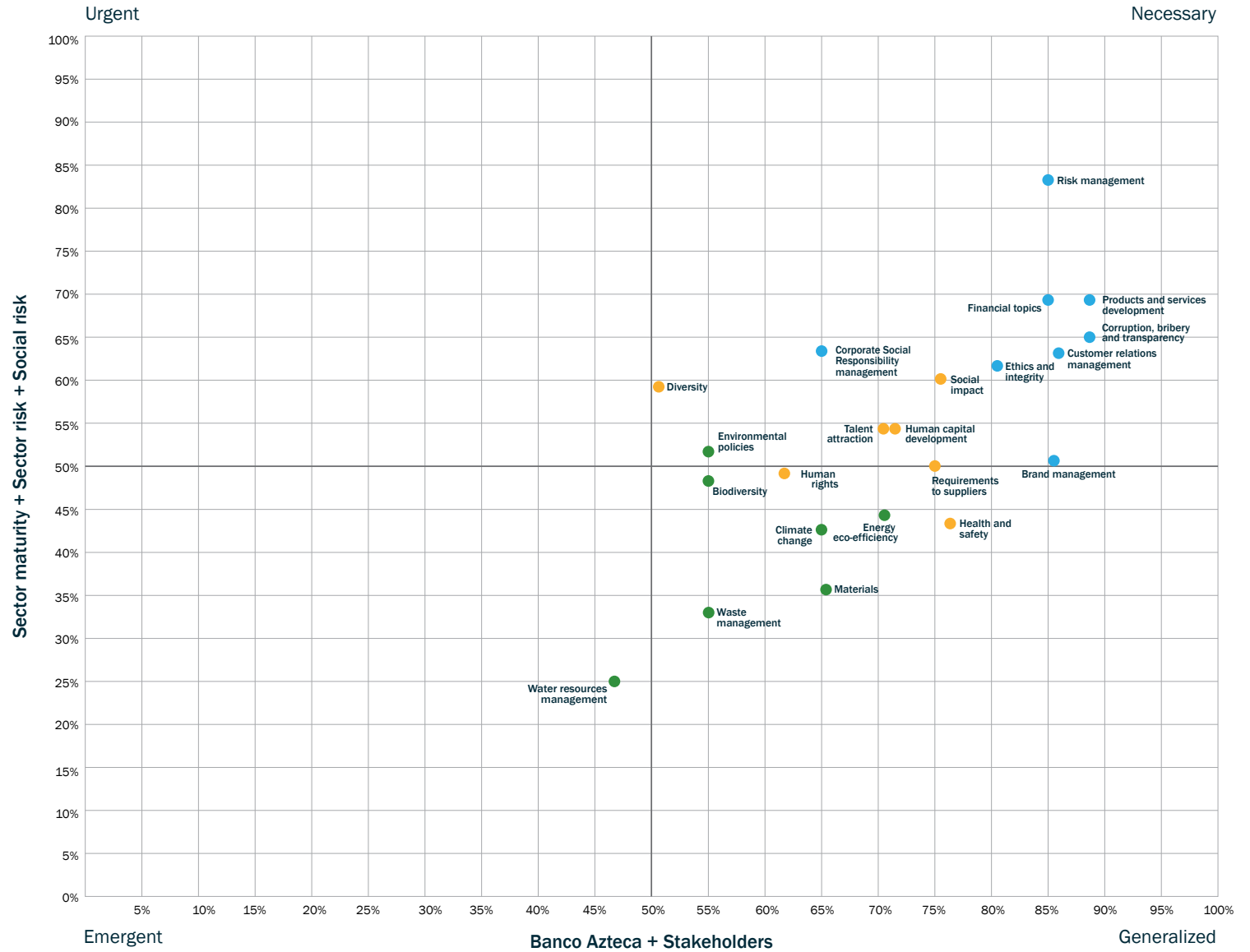
Most relevant issues	Dimension	Least relevant issues
<ul style="list-style-type: none"> • Corruption, bribery and transparency • Product responsibility/product and service development 	Economic	Risk management
<ul style="list-style-type: none"> • Environmental policies/ Environmental management system • Waste management 	Environmental	Energy eco-efficiency
<ul style="list-style-type: none"> • Human rights • Occupational safety and health 	Social	Requirements to suppliers standards

Material topics for Grupo Elektra

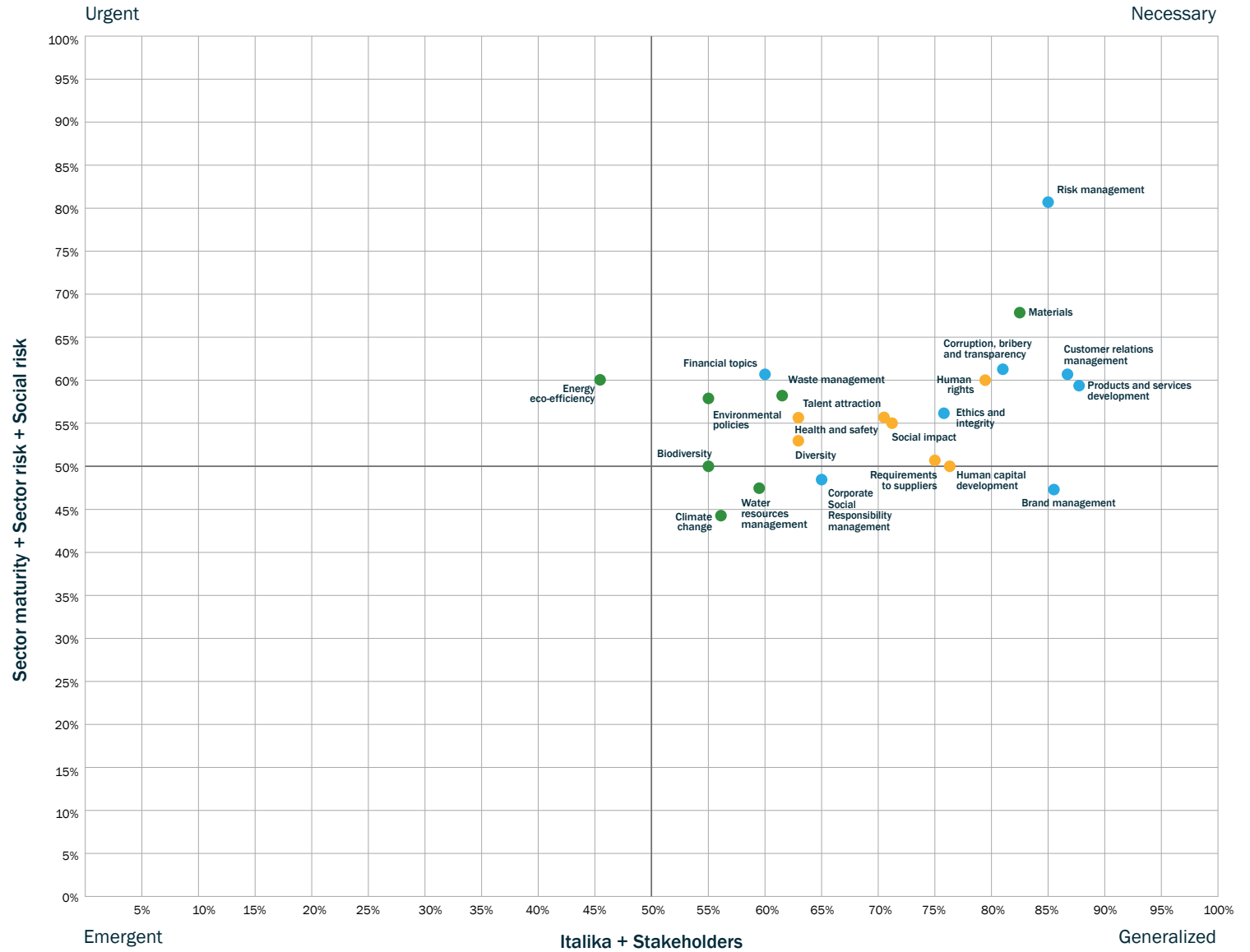
Elektra Stores



Banco Azteca



Italika



102-46, 102-47

Having validated the material aspects, these issues were reviewed and translated into Global Reporting Initiative (GRI) standard terms, as follows:

Material topics	Enterprise[s]	Topic-specific Standards [GRI Standards]
Corporate Social Responsibility management	● ●	GRI 102: General Disclosures > Organizational profile
		GRI 102: General Disclosures > Ethics and Integrity
Risk management	● ● ●	GRI 102: General Disclosures > Strategy
		GRI 102: General Disclosures > Organizational profile
		GRI 102: General Disclosures > Governance
Ethics and integrity	● ● ●	GRI 102: General Disclosures > Ethics and Integrity
Corruption, bribery and transparency	● ● ●	GRI 205: Anti-corruption
		GRI 206: Anti-competitive Behavior
		GRI 415: Public Policy
Brand management	● ●	GRI 102: General Disclosures > Organizational profile
Financial topics	● ● ●	GRI 102: General Disclosures > Organizational profile
		GRI 201: Economic Performance
Products and services development / product responsibility	● ● ●	GRI 416: Customer Health and Safety
		GRI 417: Marketing and Labeling
		GRI 419: Socioeconomic Compliance
Customer relations management	● ● ●	GRI 416: Customer Health and Safety
		GRI 417: Marketing and Labeling
		GRI 418: Customer Privacy
Environmental policies / Environmental management system	● ● ●	GRI 302: Energy
		GRI 307: Environmental Compliance

Material topics	Enterprise[s]	Estándares temáticos [GRI Standards]
Materials	●	GRI 301: Materials
Biodiversity	●	GRI 304: Biodiversity
Waste management	●	GRI 306: Effluents and Waste
Talent attraction and retention	● ● ●	GRI 102: General Disclosures > Organizational profile
		GRI 401: Employment
Human capital development	● ● ●	GRI 404: Training and Education
Diversity and equal opportunity	● ●	GRI 405: Diversity and Equal Opportunity
Occupational health and safety	●	GRI 403: Occupational health and safety
Social impact	● ● ●	GRI 413: Local Communities
		GRI 203: Indirect Economic Impacts
		GRI 406: Non-discrimination
		GRI 407: Freedom of Association and Collective Bargaining
Human rights	●	GRI 408: Child Labor
		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 topic for Elektra Stores
- Material topic for Banco Azteca
- Material topic for Italika

Industry Engagement

GRI 206, 415: 103-1, 103-2, 103-3

102-13, FS12

Grupo Elektra is vitally concerned with generating value in several ways and contributing to inclusive prosperity. It conveys its commitment to society by engaging actively and continuously with various industry chambers and associations that encourage ethical, sustainable operations, based on healthy competition, sharing best industry practices and promoting the supply of better products and services for customers. These organizations include:

Mexico

- 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]

United States

- Community Financial Services Association of America [CFSA]

El Salvador

- Salvadoran Bank Association [ABANSA]

Honduras

- Honduran Association of Banking Institutions [AHIBA]

Guatemala

- Guatemalan Bank Association [ABG]

Panama

- Panamanian Bank Association [ABP]

Peru

- Peruvian Bankers' Association [ASBANC]

Italika is actively involved in various issues involving mobility, highway safety, and defense of Mexican drivers through various organizations. Some of these efforts and groups are:

- Mexican Highway Community [CVMX]
- Mobility Advisory Council for the Benito Juárez Delegation
- Comprehensive Highway Safety Program for Mexico City
- Mobility Commission to the Mexico City legislature
- Project to draft an Official Standard for Motorcycle Helmets

In addition to these groups or initiatives, Italika also took part in the following during 2017:

- Giving talks at colleges and universities, including the National Autonomous University of Mexico, on the proper use of motorcycles.
- Working together with the state governments of Queretaro, San Luis Potosi, Guanajuato and the State of Mexico on creating spaces for the use of motorcycles.

ECONOMIC VALUE

**Prosperity
that builds
confidence**

102-7, 201-1

Key indicators	2016	2017	2017 vs. 2016 Variation
Consolidated revenues	\$82,242	\$94,979	17%
• Financial Business Revenues	\$50,207	\$59,366	18%
• Retail Business Revenues	\$31,035	\$35,614	15%
Operating expense	\$36,582	\$40,982	[12%]
Operating income	\$12,074	\$14,177	17%
Total assets	\$219,229	\$235,407	7%
Cash and cash equivalents	\$24,112	\$25,607	6%
Total liabilities	\$160,154	\$165,190	3%
Shareholders' equity	\$59,076	\$70,217	19%
Property, plant & equipment and intangibles	\$2,721	\$4,687	72%

Note: Figures in millions of pesos.

Economic value generated		Economic value distributed		Economic value retained	
2016	2017	2016	2017	2016	2017
\$82,242	\$94,979	\$67,253	\$78,225	\$13,998	\$16,754
Variation: 17%		Variation: 16%		Variation: 20%	

Note: Figures in millions of pesos.

GRI 201: 103-1, 103-2, 103-3

Grupo Elektra has a series of key indicators for evaluating its economic performance, among them:

- Consolidated revenues in the retail and financial businesses
- Consolidated operating income
- Economic value retained

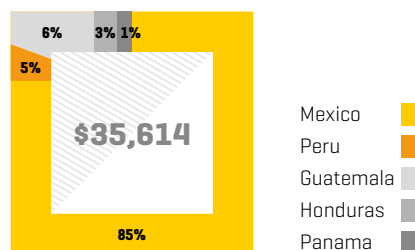
It also analyzes the performance of its two businesses through a variety of indicators:

- Retail business: Expansion, category performance, constant training and performance of store team.
- Financial business: Growth in deposits, loan portfolio, loan delinquency, training and performance of branch team, as well as Collections Department investigators and staff.

\$16.75 billion pesos in EBITDA, **20% more** than the year before

\$35.61 billion pesos in sales of merchandise by Elektra Stores, 15% higher than in 2016

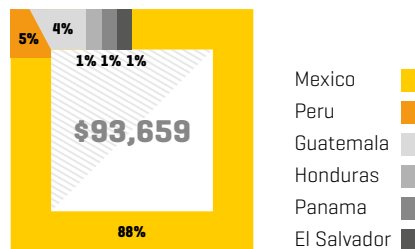
Elektra Stores
Breakdown of sales by country*



*Figures in millions of pesos

FS6, FS7

Banco Azteca
Breakdown of consolidated gross portfolio ⁽¹⁾



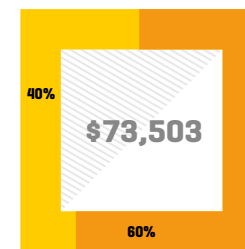
(1) Figures in millions of pesos

(2) Graph shows only the loan portfolio in Mexico as reported to the National Banking and Securities Commission [CNBV].

203-1

More than \$300 million invested in the Elektra Stores **omnichannel strategy**

Banco Azteca
Breakdown of performing loan portfolio ⁽¹⁾⁽²⁾



Commercial loans ■
Consumer credit ■

\$108.65 billion pesos in total deposits at Banco Azteca Mexico as of 2017

\$76.74 billion pesos, value of the loan portfolio of Banco Azteca Mexico

\$93.66 billion pesos, gross consolidated portfolio of Banco Azteca Mexico. Advance America and Banco Azteca Latin America, a **12% increase** over the prior year

4.7% consolidated loan delinquency ratio of Banco Azteca Mexico at the close of 2017

\$58.08 billion pesos in monetary value managed by Afore Azteca in Mexico

\$2.63 billion pesos in total premiums written by Seguros Azteca (Life and Casualty) as of the close of 2017

2,373 individual brokerage contracts with Punto Casa de Bolsa; total portfolio of \$1.32 billion pesos at the close of 2017

\$539.4 million pesos traded by Punto Casa de Bolsa for its private clients

Punto Casa de Bolsa participated in 12 debt issues through the Investment Banking segment, with a combined **value of \$10 billion pesos**

203-1

\$36.6 million pesos invested by **Italika in technological innovation**

31% Growth in Italika sales vs. 2016, broken down by the following points of contact:

25% through Italika agencies

43% through concessionaires

24% through supermarkets

157% increase in number of Italika finance agreements at Banco Azteca compared to 2016

182% increase in the value of Italika finance agreement at Banco Azteca compared to 2016

More than \$3.9 billion pesos invested in technological innovation at Italika Service Centers (CESIT)

Retail business revenues rose 15%, fueled by strategies that improve customers' satisfaction with the shopping experience, through an optimum mix of in-store merchandise and the presence of highly trained sales staff.

The financial business grew 18% due primarily to higher revenues for Banco Azteca in Mexico.

Responsible leadership

Grupo Elektra's leaders have a vision grounded in experience and innovation. These are the foundations for the company's commitment to sustainability, and they underlie all of its initiatives toward inclusive prosperity.

Board of Directors

102-18, 102-22, 102-23, 102-24

In 2017, The Board of Directors of Grupo Elektra was made up of 10 members, three of them independent (30%). All of the members were inside directors, and were appointed and/or ratified by the General ordinary Shareholders' meeting to hold their position for terms of one year. The following is a list of Board Members for 2017:

Duties of the Board

102-19, 102-26, 102-31

The Board of Directors and the General Management meets 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 areas those that may need to be brought up to date in keeping with the internal, national and international climate.

Name	Title	Board member since	Age
Ricardo B. Salinas Pliego	Chairman of the Board of Grupo Elektra	1993	62
Hugo Salinas Price	Honorary Chairman of Grupo Elektra	1993	86
Pedro Padilla Longoria	CEO of Grupo Salinas	1993	52
Guillermo Salinas Pliego	President of Grupo Avalanz	1993	58
Roberto Servitje Achutegui	President of Grupo Altex, S.C.	2000	64
Luis J. Echarte Fernández	Vicepresident of International Affairs of Grupo Salinas	2003	73
Joaquín Arrangoiz Orvañanos	General Director of Sales and Business Relations, Grupo Salinas	2008	61
Hugo Salinas Sada	CEO of Tiendas Neto	2017	32
Marcelino Gómez Velasco y Sanromán	Chairman of the Board of Grupo Netec	2010	60
Gonzalo Brockmann García	President of Best Western Hotels in Mexico	2010	62

For more information about the board of Directors of Grupo Elektra and its members, visit the webpage:

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

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.

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 legal information to the General Shareholders' Meeting held at the end of each fiscal year.

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.

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 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.
- Require the presence of key executives and others, including external auditors, who may 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.

Committees

102-22

The Board of Directors is assisted by two committees in carrying out its duties:

Committees	
<p>Audit Committee</p> <p>This committee is made up of three outside board members, and is in charge of:</p> <ul style="list-style-type: none"> • Reviewing: <ul style="list-style-type: none"> • 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. 	<p>Corporate Practices Committee</p> <p>Made up of two outside board members and one inside member. Its duties are:</p> <ul style="list-style-type: none"> • Receiving reports on: <ul style="list-style-type: none"> • Grupo Elektra investment policies • The use of its property • Approving and supervising the capital expenditure budget. • Delivering an opinion on the performance of key executives.

In 2017, the members of the Audit Committee were:

Name	Board Member type	Member since	Age
Gonzalo Brockmann García	Independent	2010	62
Marcelino Gómez Velasco y Sanromán	Independent	2010	60
Roberto Servitje Achutegui	Independent	2010	64

The Corporate Practices Committee was composed of the following members:

Name	Board Member type	Member since	Age
Gonzalo Brockmann García	Independent	2010	62
Roberto Servitje Achutegui	Independent	2010	64
Guillermo Salinas Pliego	Related	2010	58

In 2017, Grupo Elektra was advised by Roberto Servitje Achutegui –an independent member– as financial expert in support of both Committees.

In 2017, Grupo Elektra was recognized as having the **Best Corporate Governance in Mexico** by Capital Finance International Awards [CFI.co Awards], which distinguishes individuals and organizations who add value to society.



Management Team

102-19, 102-20

Grupo Elektra’s management team has extensive experience in managing various business areas. In 2017, its senior management was as follows:

Name	Title
Alejandro Valenzuela del Rio	CEO of Banco Azteca
Fabrice Jack Deceliere Márquez	CEO of Elektra Stores
Luis Niño de Rivera Lajous	Vice Chairman of the Board “A” of Banco Azteca
Adriana de la Puente Martínez de Castro	General Director of Wellness, Communication and Integration at Grupo Salinas
Alberto Tanus Schwarz	CEO of Italika
Manuel González Palomo	Vice President of Systems
Patrick O’Shaughnessy	CEO of Advance America
Gabriel Alfonso Roqueñí Rello	General Director of Legal Affairs and Secretary of the Board of Grupo Elektra
Mauro Aguirre Regis	Director of Finance and Administration of Grupo Elektra
Rodrigo Pliego Abraham	General Director of Finance and Administration of Grupo Salinas
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
José Abraham Garfias	CEO of Punto Casa de Bolsa

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

Women make up 13% of the members of senior management and the Board of Directors’ Support Committees, and 99% of Board members and senior management are between 30 and 50 years of age.

At Banco Azteca, the management team is made up of 22 men and one woman; 35% of them are between 30 and 50, and 65% are over 50. The team thus combines cutting-edge leadership with experience, guaranteeing that the business is managed with an eye to the future.

Independently of the numbers, Grupo Elektra believes it is important to work toward a labor meritocracy, by adjusting its workplace inclusion model and empowering its people and corporate governance bodies through access to education, training and orientation. The Group stresses professional advancement as direct results of merit, talent, effort, competence, or some specific skill in a given position, without regard to religion, gender political preference or any other such criteria.

Italika operating structure
Italika has 15 Area Departments:

- Administration and Finance
- Human Resources
- Systems
- Product Development
- Spare Parts
- Post-sale
- E-commerce
- Supermarkets
- Italika in-store at Elektra Stores
- Italika agencies
- Concession distributors
- Marketing
- Ensamblika
- Latin America
- Development Engineering and Quality

This strong and interdisciplinary structure enables the Company to create **integral processes for a correct business management.**

Compensation for board members and senior management

102-35, 102-36, 102-37

In 2017, the total amount allocated for variable compensation to board members (including the Chairman of the Board), key executives of the corporation and individuals considered related parties, in return for services rendered, was approximately \$1.05 billion pesos.

This amount was determined on the basis of the company's achievements in its daily operations, 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. This variable compensation was authorized by the Corporate Practices Committee and the Board of Directors.

Stakeholder consultation 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.

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.

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

102-28

As part of this 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.

Conflicts of interest

102-25

The Code of Ethics contains certain guidelines for board members and senior executives, governing the the operations of Grupo Elektra and promoting honesty within the organization. These guidelines state that decisions and actions must inevitably seek out the greatest benefit for the company, independently of personal relations and benefits, and to guarantee this, Grupo Elektra has several mechanisms and procedures in place.

Since 2004, the Board of Directors has a policy on Related Party Transactions, which imposes restrictions and establishes approvals that must be obtained before engaging in any transactions with affiliates, and provides for internal and external controls and sanctions in the event of a breach of this policy.

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 exemptions granted for members of the Board, members of senior management or company representatives to pursue business opportunities for themselves or that might benefit some other party related to the company or to corporations controlled by the company or in which it wields significant influence.

Risk Management

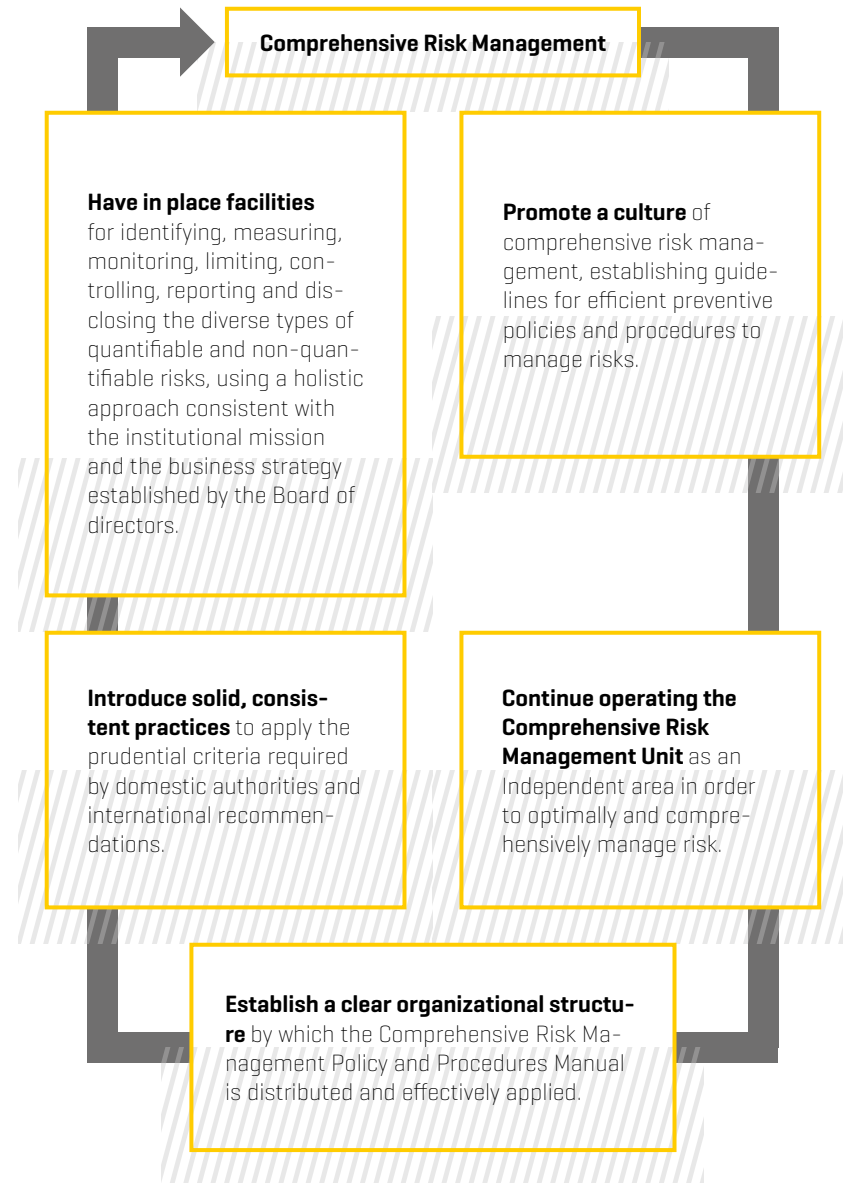
102-29, 102-30

Grupo Elektra is conservative about risk management, and this is a fundamental premise in every one of its activities. It administers its balance sheet and its operations with the utmost prudence, ensuring the best use of its equity and capital expenditures.

It stays abreast of regulatory trends applicable to its companies and attends to any official observations stemming from inspections by the authorities, in order to update internal controls as necessary and ensure cross-area compliance efforts throughout the organization, thereby mitigating future risks.

Grupo Elektra's risk management criteria, policies and procedures are grounded in its institutional directives and applicable regulations, as well as national and international best practices.

Grupo Elektra has defined several objectives for guaranteeing efficient risk management, such as:



Grupo Elektra has risk management policies and procedures manuals, and at Banco Azteca, where this is a particularly important aspect, it has specific targets and publishes information for investors and the general public regarding the goals and results of risk management in its financial statements and on the website.

Banco Azteca and every one of its units evaluate various types of risk depending on their activities, among them: credit, liquidity, trading, legal, technological subscription, reputation, mismatch, concentration and capitalization. It reports on these evaluations with varying frequencies: daily, weekly, monthly, quarterly, weekly and annually.

Banco Azteca **met its 2017 commitments** in terms of regulatory compliance and the specific goals of each institution



Grupo Elektra focuses on mitigating the risks that may affect its performance through the following actions:

- ▶ **Expanding the product portfolio** to include innovative options that promote well-being and progress among the clients served.
- ▶ **Adaptation of the offering of products and services** to client needs.
- ▶ **Motivating employees** to give them a stronger sense of identity and belonging, transform the institutional culture and reduce the turnover index.
- ▶ **Making Grupo Elektra one of the best places** to work in Mexico and in other countries where it operates.
- ▶ **Improving the quality of life of the communities** where it operates and supporting the programs of *Fundación Azteca*.
- ▶ **Encouraging eco-efficiency and energy savings** in all of its companies.
- ▶ **Promoting financial inclusion.**
- ▶ **Facilitating access to credit** for small business owners.
- ▶ **Promoting the entire product** portfolio through online banking.
- ▶ **Standardizing services** across the network of Banco Azteca branches.
- ▶ **Expanding the scope of Banco Azteca's operations** in Mexico and achieving its optimum development.

Thanks to its robust structure, solid set of controls and processes and continuous improvement of its risk management system, Grupo Elektra has averted risk and prevented negative impacts on its companies, particularly at Banco Azteca.

Comprehensive Risk Management Unit (UAIR)

Banco Azteca's Comprehensive Risk Management Unit was created to serve as a strategic business partner, helping the bank to meet its goals, ensuring and maximizing return on its shareholders' equity and preserving its clients' investments and savings, in compliance with the legal and regulatory framework of comprehensive risk management. Together with the rest of the company, it turns risks into opportunities.

The strategic objectives that underlie this Unit's vision are:

- Defining and implementing** a new structure for the risk management area.
- Evaluating and recalibrating** credit origination models.
- Developing a Behavior Score model to automate campaigns**, increase clients' credit limits, improve the repurchase of existing clients and administer the current loan portfolio.
- Review, update and improve** risk management manuals, standards and policies.
- Strengthen relations with authorities and improve their perceptions toward Banco Azteca in terms of comprehensive risk management**, including 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) and the National Commission for the Protection and Defense of Financial Service Users (CONDUSEF).
- Develop and strengthen** risk management culture.

Business Continuity

102-11, 201-2, FS2

Banco Azteca has developed a Business Continuity Management System that guarantees uninterrupted operations and service to customers in the event of adverse events. It does so by means of a three-stage analysis:

<p>1</p> <p>Strategy development, testing and documentation.</p>	<p>2</p> <p>Dealing with real contingencies -putting into practice the activation and recovery phases-.</p>	<p>3</p> <p>Restoring operations to normal conditions while ensuring ongoing improvement.</p>
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As a result of actions taken to strengthen the system, in 2017 Banco Aztec was able to:

- Prepare and approve a Business Continuity Plan for Banco Azteca in Mexico.
- Strengthen the Business Continuity Team.
- Deal with operating contingencies such as:
 - Demonstrations and looting following the announced gasoline price hikes
 - Interruption in the nationwide bank transfer service (SPEI)
 - Hurricane Franklin
 - Tropical Storm Lidia
 - Tropical depression 13 in the Gulf of Mexico
 - The earthquakes of September 7, 19 and 23
 - Landslides in northern Peru
 - Massive demonstrations and looting after the presidential election in Honduras
- Participate in Committees: Risks, Auditing and Best Practices in Latin America (LAM).

- Receive a visit from the National Banking and Securities Commission (CNBV) to review Banco Azteca's Business Continuity Plan.
- Test the plan and hold the necessary training in Mexico.
- Prepare and approve the Business Continuity Plan for Banco Azteca in Peru.

One step in the Business Continuity Management System is to classify climate risk threats by probability, in order to identify areas most vulnerable to hurricanes, heavy rain, flooding, landslides, earthquakes and ash.

To continuously monitor these risks and act in the event of a contingency, Banco Azteca has set up controls and processes within its Business Continuity Plan, Disaster Recovery and Civil Defense Plan, for promptly attending to branches affected by disasters, stipulating specific measures for supporting employees and clients and for securing and restoring buildings, furniture and equipment, systems and telecommunications, valuables, ATMs and files.

The results of Business Continuity Plan testing are presented to the Risk Committee, which analyzes them and determines what measures are necessary to fortify these strategies for an optimal risk management.

Audits

FS9

Once these measures are in place, Grupo Elektra follows up on their effectiveness through the Internal Audit Area, which is independent of all the business units, regularly checking that the policies, procedures, standards and controls determined by the Board of Directors are correctly applied, and verifying the efficacy of the Internal Control System and its compatibility with business goals.

The audits are preventive in their approach, and are carried out according to the annual plan, which identifies and assesses risks, rating them as either high, medium or low, with a maximum frequency of 12 months, between 12 and 18 months, and between 18 and 24 months, respectively.

The audits encompass existing operational processes as well as new products or services. They also allow the Company to evaluate compliance with legislation and goals, and with the guidelines and policies that are documented in the procedure manuals approved by the Board.

The scope of this analysis extends to Banco Azteca branches, where three scheduled visits are conducted each year to verify the cash position and check specific controls or regulatory compliance in a representative sampling of branches.

This effort is complemented by external audits for reviewing the annual financial statements, transfer prices and tax compliance, as well as an independent verification of legally-mandated processes and controls, to assure all stakeholders as to the effectiveness of its performance.

Corporate culture

102-16

Grupo Elektra is known as a responsible, reliable company, one that acts on the basis of solid values and ethical principles to generate inclusive prosperity.

In 2017, the Group continued the process of transforming and strengthening corporate culture, the distinguishing trait that guarantee their companies' authenticity in terms of value generation for their stakeholders.

Banco Azteca fosters a culture of excellence, a primordial aspect of how it defines itself inside and out, made up of a set of expectations and standards of conduct that guide employees about the best way to do their jobs and interact with each other.

In 2017, Banco Azteca worked on its **model for a Culture of Excellence**, with the aim of strengthening employees' adherence to **corporate culture and values**.



Values

Essential conditions:



Qualities that enable us to excel:



Code of Ethics

For Grupo Salinas –the set of companies to which Grupo Elektra belongs– the Code of Ethics is a basic instrument for promoting the highest standards of honesty, integrity and compliance with legislation in all activities by the board members and senior management of Grupo Elektra and its companies.

Among the issues addressed in the Code are ethical handling of conflicts of interest, culture of legality, environmental responsibility, and clear, sufficient, transparent, fair, precise and timely information in the documents issued by various operations areas of the companies that make up Grupo Salinas, aimed at all its stakeholders.

102-26

The Code of Ethics is reviewed each year by senior management in a meeting of the Social Responsibility Committee of Grupo Salinas and each of its companies, according to the actions they are involved in, for example as a Socially Responsible Company (ESR®), which is a distinction given to Elektra Stores, Banco Azteca and Italika. In this way, the companies of Grupo Elektra redefine their principles and values.

99,377 employees participations* in courses on ethical issues, equivalent to **178,009** work hours of training

412-2

14,708 employee participations* in human rights talks, equivalent to **4,555 work hours**

Fair competition

GRI 206: 103-1, 103-2

For Grupo Elektra, the guiding principle regarding fair competition is abiding by the Federal Economic Competition Law and its regulations. These regulatory instruments establish the importance of promoting, protecting and guaranteeing free and open economic competition, rejecting monopolistic practices or barriers that stand in the way of the efficient operation of the markets.

Anti-corruption

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

Corruption is an international phenomenon, and Mexico is perceived as one of the nations more prone to these activities. Preventing these problems is the highest priority both for authorities and for companies, nationally and globally.

At Italika, it is important to anticipate and detect corruption and money-laundering problems, and to inspect and control the resources coming in to the company. It does so by establishing principles, general bases, and compliance policies and procedures, and by training its employees in these areas.

Italika introduced an evaluation process in Mexico to prevent money-laundering, in which it checks the value of the invoices that come in to the company each month to make sure it coincides with accounting records. In 2017 this process was extended to all of Latin America, where 30% of the transactions in each company were evaluated.

205-2

93,004 participations* by Grupo Elektra employees in anti-corruption training courses

73,760 hours of training in anti-corruption practices* as of the close of 2017

* The number of participations may exceed the number of employees because one employee may take several courses during the year, or because of employee turnover.

205-1

100% of Italika's operations in Mexico and 30% of its Latin American operations were evaluated for **anti-corruption and MLP**

Italika continues to work on combating corruption and money laundering, and in 2018 it plans to develop process for detecting transactions with individuals and corporations who are on the Tax Administration Authority's (SAT) watch list.

205-1, 205-2

41,178 Banco Azteca employees trained and evaluated in MLP/TF in 2017

6,582 Banco Azteca employees in Latin America received information on MLP/TF policies and procedures in 2017

Money Laundering Prevention

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

Grupo Elektra, committed to transparency and legality, has taken a number of measures to comply with the Federal Law on Prevention and Identification of Transactions with Illicit Proceeds, preventing this risk from materializing in the companies of the group.

Financial institutions are particularly susceptible to money-laundering. For this reason, Banco Azteca has developed a set of tools that enable it to properly manage anti-money laundering initiatives. These include:

Money-laundering prevention (MLP) and Terrorism Financing (TF) prevention program

Continually in the process of strengthening and improvement to guarantee strict compliance with local regulation as well as international standards and best practices.

MLP Unit

Made up of highly qualified, certified staff.

Independent Reviews

Evaluations of the money-laundering and terrorism financing prevention programs conducted by domestic and international external auditors.

Training program

Given by certified members of the MLP Unit to all Banco Azteca employees, through two types of courses:

- In person, given to all newly hired employees.
- Online, aimed at branch employees as part of their mandatory training.

In addition to the training given, and in order to ensure that all employees stay informed of MLP policies, Banco Azteca has created a mandatory annual test given to all employees, available on the corporate website. The evaluation takes into account the fundamental criteria for testing whether they are aware of the risks involved in this type of crime and the measures to be taken to combat it. Employees must obtain a passing grade of 8 on this test.

97% of employees that are part of the executive **management team in Latin America** received information on MLP/TF policies and procedures in 2017

Additionally, through its MLP Unit, Banco Azteca expresses its commitment to minimizing the risk that its operations in Latin America may be used as a channel for ill-got gains, and to complying with the obligations established in this area and protecting its shareholders' equity.

The effort of combating money-laundering is not confined to the internal workings of Banco Azteca; the institution makes an effort to spread the word to other institutions. It notifies banks with which it has correspondent relations of its MLP/TF policies and mechanisms during the due diligence process at the start of each contract.

Thanks to this robust set of tools, Banco Azteca has made substantial progress in global compliance in the area of MLP/TF, such as:



Banco Azteca's primary achievements in terms of MLP/FT in 2017 were:

- Standardization of corporate governance processes in Latin America.
- Introduction of MLP analysis methodologies for each country.
- Strengthening the MLP Unit structure for Latin America.
- Strengthening local MLP Unit structures.

- Improving training processes in countries where Banco Azteca operates.
- Taking basic actions to develop a "Know Your Employee" program for all of Latin America
- Design and implementation of a compliance program evaluation methodology in Latin America.



97% of investigations were closed in 2017

Honesty

102-17, 102-44

In order to strengthen communications within the company, Grupo Elektra continues to encourage the use of the channels it has created for direct contact between employees and management. This ensures that employees are kept abreast of what is going on in the company and can be confident that their ideas, concerns and reports are heard. The channels are:

Communication channels

Honestel

A confidential hotline that employees can use to communicate complaints or claims of any kind.

Ideas

Provides technical assistance on positively transforming employees' ethical conduct and improving the workplace environment.

Cuéntanos

An internal channel for open dialogue where employees can express their concerns in complete freedom and confidence.

These media are available through various points of contact, 24/7.

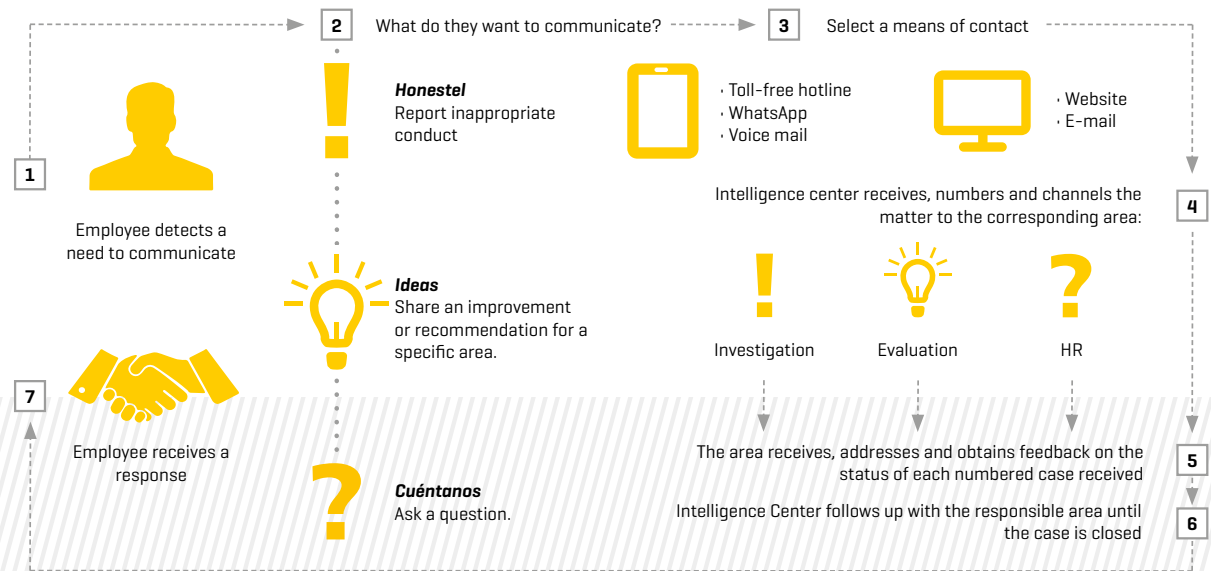
Communication channels are managed as follows:

- General process
- Specific procedures for each of these.
- Staff responsible for receiving, channeling and following up on the result of each case.
- Evaluation indicators:
 - Number of cases received
 - Confidentiality
 - Anonymity
 - Effectiveness

In 2017, **5,086 complaints were received** through Honestel and **3,219** investigations were carried out, **63% them escalated** for further attention

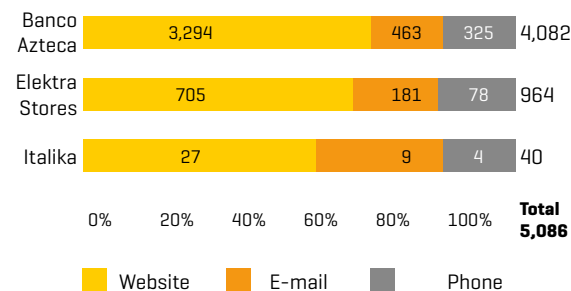
2,704 Grupo Elektra employees received **training** on the use of *Honestel*, *Ideas* and *Cuéntanos* in 2017

1,352 hours of training provided to employees regarding the use of Grupo Elektra's communication channels in 2017

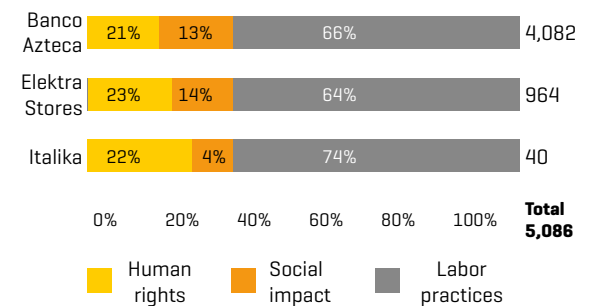


Honestel

Means of Contact



Issues Addressed



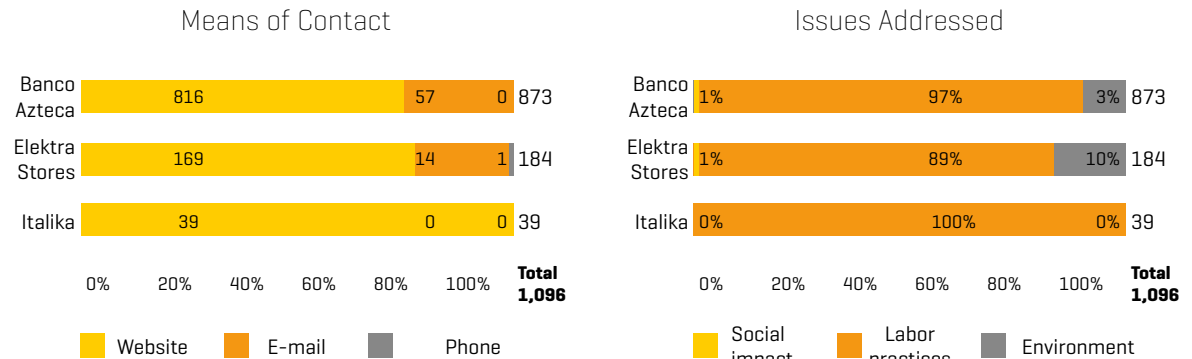
5,086 complaints received by *Honestel* in 2017, 2% less than the year before



1,096 interactions received through *Ideas*, a **27% increase** over 2017



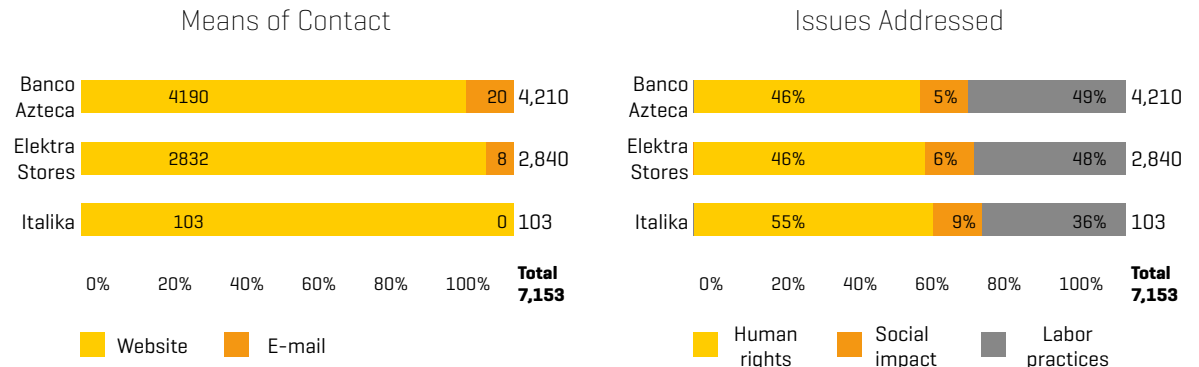
Ideas



7,153 interactions received in the *Cuéntanos* channel in 2017, **8% more** than in 2016



Cuéntanos



In 2017, Grupo Elektra continued to conduct surveys of its employees to evaluate their level of awareness and usefulness of these communication channels. This time, the survey had 923 respondents, and the results were as follows:

Employees' awareness of these channels was more diversified in 2017: while in 2016 most respondents said they learned about them through the website, in 2017 the task system also served as an important tool for dissemination.

15% of employees surveyed said they had witnessed dishonest acts; **88% of them reported it by Honestel**



28% of employees surveyed had **suggestions for process improvements**; 88% of them communicated them via **Ideas**

PP percentage points.

- ↑ Increase compared to the 2016 survey results.
- = Unchanged compared to the 2016 survey results 2016.
- ↓ Decrease compared to the 2016 survey results 2016.

27% of employees surveyed had questions about the company; **26% of them asked them through Cuéntanos**

Shared prosperity

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

102-9

At Grupo Elektra, the supply chain is a key channel for generating inclusive prosperity, which is why the Company is exacting about supplier selection. It seeks out commercial partners who not only specialize in their field of business but meet all the requirements and qualifications to offer quality products and services to clients. In this way it can mitigate risks that may affect the operations of the Group's companies.

Central de Compras evaluates the effectiveness of these instruments through the bidding website and comparative studies, as well as internal and external audits.

102-10

At the close of 2017 Grupo Elektra had 1,726 suppliers managed by the *Central de Compras*; **49%** of them were for **Elektra Stores**, **37%** for **Banco Azteca** and **14%** for **Italika**

Contracts were signed with
863 new Grupo Elektra suppliers in 2017

In addition to *Central de Compras* (Procurement Central) –specialized in supplier management– Grupo Elektra has various support mechanisms for selecting the best commercial partners, among them:

Control documents that contain necessary and sufficient information to determine the extent to which a supplier meets the requirements to be incorporated into the suppliers' registry.

Procurement system, containing all the information on active suppliers and generating the orders required for each business area.

Internal policies that govern product or service negotiation, purchase and delivery.

Comprehensive risk management, the phase in which processes are evaluated and improvement plans are drafted, and preventive and correction actions are incorporated into the flow chart.

Certification, a tool for rating the legal, financial and tax situation, commercial standing, creditworthiness and environmental handling of a company, so it can be assigned to the correct purchasing category.

204-1

82% of Grupo Elektra's supplier payments in 2017 went to domestic firms

At the close of 2017, **Italika had 720 suppliers**; 678 of raw materials and services, 25 of spares parts, and 17 logistical services

Italika signed **new contracts with 110 suppliers** in 2017

Once a first-time supplier has provided the product or service, Central de Compras evaluates its level of compliance in terms of quality and service time required, and suggests the necessary improvements. If the results are acceptable, the supplier is eligible for future orders; if not, the supplier is inactivated and receives feedback to

improve its performance; if it can subsequently prove that it has taken corrective measures, it will be re-considered for future orders.

Due to the nature of its business, Italika also has a spare parts supplier selection process, which is structured as follows:



Goals 2018

Grupo Elektra met its 2017 supplier management targets, but the improvement process is an ongoing one, so in 2018, it will focus on:

- **Shortening the time** it takes to register a supplier.
- **Specialization** of real estate suppliers.
- **Constant evaluation** of supplier deliveries.
- **Inclusion of sustainability** guidelines in certification reports.
- **Record the number of suppliers** who meet environmental and social commitment criteria.

Certificación Círculo de Proveedores

GRI 308, 406, 407, 408, 409, 412, 414: 103-1, 103-2, 103-3

In keeping with the firm policy of environmental and social commitment Grupo Salinas is known for, and in addition to its evaluation of services rendered by its suppliers, Grupo Elektra has developed a concept known as *Certificación Círculo de Proveedores* (Circle of Suppliers Certification). This guarantees responsible purchasing based on ethical, labor, social and environmental criteria, enabling it to ensure good practices in the supply chain.

Under this system, companies that supply the group are obligated to meet various requirements, among them a social and environmental commitment by which they accept responsibility for complying by the existing laws, caring for the environment and respecting human rights, which includes rejecting discrimination, child labor and forced labor.

308-1, 412-1, 412-3, 414-1

539 Grupo Salinas suppliers obtained the **Círculo de Proveedores Certification** by the close of 2017

93 Grupo Salinas suppliers made **improvements in their company**, improving their *Círculo de Proveedores* Certification rating during the year

Inclusive development

One of Grupo Elektra’s basic values is a focus on the client. Accordingly, the company directs its actions toward creating more and better opportunities for millions of families, thus promoting inclusive prosperity and, for the Group, this focus is reflected in the trust that its clients place in each of its business units.

GRI 416: 103-2, 103-3

In order to continue to earn this trust, in 2017 Elektra Stores renewed its efforts under a 2016 agreement with the Federal Consumer Protection Agency (PROFECO), by which it applies best retail practices to guarantee the safety in the goods and services customers acquire. Toward this commitment, it took three strategic actions:

- 1** Presented all the information on its product labeling and promotional material to PROFECO, making sure its communications with clients were aligned with the specifications certified by the authority.
- 2** Launched an employee training plan to explain how the PROFECO agreements work.
- 3** Developed a process of addressing and solving complaints brought by clients, involving various areas in order to ensure a comprehensive focus.

Banco Azteca was founded 15 years ago with the mission of extending bank services to all the people of Latin America that had been left out of or underserved by the traditional financial system. Today, the Bank continues to value the loyalty its clients have shown it, and has developed a model of staying close to them, continuously reaffirming its commitment to helping them with their needs and goals.

The new slogan, **“Dream. Decide. Achieve”** reflects the way Banco Azteca **encourages and accompanies its clients** in making their projects a reality

The trust of its clients has translated into great advances for various segments at Banco Azteca, for example, the number of lending and deposit clients rose during the past year.

1 million new approved borrowers

Nearly **11 million deposit accounts** as of the close of 2017 in Mexico and Latin America

Afore Azteca has been the fastest-growing retirement fund manager in the past five years, both in terms of the number of users and the total amount of resources managed.

According to the report on market share among Mexico’s retirement fund managers, published by the National Retirement Savings System Council [CONSAR], Afore Azteca saw a sevenfold growth in the number of accounts managed between 2012 and 2017.

Afore Azteca has **extensive coverage**, with a presence in **477 municipalities** and **more than 1,000 points** of contact in Mexico, administering 1.9 million accounts.

Furthermore, in 2017, Seguros Azteca reported a growth in sales as well as the number of insured clients, a sign of the confidence it inspires in its clients.

35% increase in insurance sales

4 million insured clients in Mexico and Latin America



Product information

GRI 416, 419: 103-1, 103-2

For Grupo Elektra, providing clear and accurate information to its clients is a highly important aspect, because this inspires a more responsible approach to purchasing products or acquiring services, and therefore a better client experience.

Each of the companies that make up Grupo Elektra has its own procedures for complying with good labeling practices and regulations on all of the products they offer.

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.

GRI 416, 419: 103-3

416-1

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.

Furthermore, Elektra Stores ensures that employees know the product they offer, so it has an online catalog they can use to look up the features, photographs and description of each. They also have access to in-store sales staff who can assist them with a physical description of the product and other specifications.

FS3

The information on the products and services offered by Banco Azteca may vary according to the existing categories. There are, however, six key controls in terms of the delivery, authorization, publication and information on the product:

- Specific requirements relating to the Securities Market Act.
- The Financial Service Users Protection and Defense Act and the bureau of financial entities prepared by the National Commission for the Protection and Defense of Financial Service Users [CONDUSEF].

417-1

Labeling information in Elektra Stores:

- Product name and code
- Product characteristics
- Supplier logo
- Product price (cash and credit)
- Discount, if any
- PROFECO legal authorizations, specifying credit, price and product conditions
- Promotion expiration date, if any.

Furthermore, some products offered in Elektra stores may include:

- User manuals
- Guarantee certificates
- Energy efficiency data

- Data privacy notice approved by the National Institute for Transparency, Information Access and Protection of Personal Data [INAI].
- Fee riders, authorized and supervised by Banco de Mexico [Banxico].
- Registry with the National Insurance and Bonding Commission [CNSF].
- Unified Market Issuers' Bulletin.

The goal of these directives is to guarantee that information given to clients or published meets the characteristics and requirements authorized for each product, including contracts, account applications, contract riders, privacy notice and management of personal data, fee table, etc.

417-1

General information on Banco Azteca products:

- Product description
- Product conditions and specifications
- Benefits to the client of acquiring the product
- Requirements that must be met by the client

Credit

- Fees charged if the client fails to comply with one or more of the contract conditions
- Annual Percentage Rate [APR]
- Annual Ordinary Interest Rate excluding VAT

AFORE

- Registry and transfer agreement, detailing the obligations of Afore Azteca
- Net returns compared to other AFORES

Insurance

- Coverage, general clauses and exclusions
- Policy or certificate
- Brochure of insured party's rights

Additionally, **Grupo Elektra has various communication channels open, managed by the Contact Center** area, which can respond to questions or suggestions from clients regarding the use of the products or services.

Phone

- Elektra Stores
Centro de Atención a Clientes [CAT]:
01800-510-1111
- Banco Azteca
Línea Azteca: 01800-040-7777

E-mail

- Elektra Stores
contacto@elektra.com.mx
- Banco Azteca
Infobazteca.com.mx

Website and chat

- Investor relations
www.grupoelektra.com.mx
- Elektra Stores
www.elektra.com.mx
- Banco Azteca
www.bancoazteca.com.mx
App Banco Azteca Móvil

Social networks

- Elektra Stores
Facebook: @TiendasElektraMexico
Twitter: @Tiendas_Elektra
- Banco Azteca
Facebook: @BancoAzteca
Twitter: @BancoAzteca

Specialized User Attention Unit

- Banco Azteca
Phone: 1720-7272;
01800-808-7272
- E-mail:
ueau@bancoazteca.com.mx

For Italika products, the labeling serves as direct contact with the client, so this, along with the products themselves, their containers, packaging and even advertising must not only comply with the Federal Consumer Protection Law and its regulations on user information, but must also contain instructions on product use and care for correct functioning, giving users added security about their purchase.

Furthermore, 100% of spare parts and accessories –such as batteries, oils, tires and inner tubes– meet NOM-050-SCFI-2004 specifications [Commercial Information - General Product Labeling] and some additional measures, while imported products are subject to the Federal Law on Measurements and Normalization, because since most of these come from Asia they must meet legal requirements for entry into the country.

Motorcycle helmets must have DOT certification, which requires information on the model, size and production date.

To guarantee that the products have all the required information, Italika has packaging standardization processes, depending on the product type. In 2017 the company conducted an evaluation to identify areas of opportunity and action lines to improve processes:

- Changes in packaging design by product line to be standardized once a design standardization model is prepared.
- Monitoring of labeling standards by the Legal Area, in order to keep product information up to date.

417-1

Mandatory information for Italika products:

- **NOM-050-SCFI-2004**

- Generic product name or reference
- Country of origin of components
- Name, corporate name or tax name and address of manufacturer
- Content or quality in accordance with NOM-030-SCFI-2006
- Safety instructions and risk warnings
- Instructions or operating manual
- Guarantee

Additional information:

- Product description
- Part number
- Applications
- Method of disposal and social or environmental impact
- Handling, placement and storage of container
- Identification of special characteristics –compatibility with other brands–; eco-friendly line –new development–; environmental abrasions resistance
- Importer data
- Bar code
- ASN* label, generated at the origin

* Note: the ASN label is a nine-digit code that identifies the supplier name and number within the SAP system. Both spare parts like batteries, lubricants, tires and inner tubes, and motorcycles that are imported in parts, must bear this label; motorcycles that enter the country in boxes are exempt from this requirement.

Digital Strategy

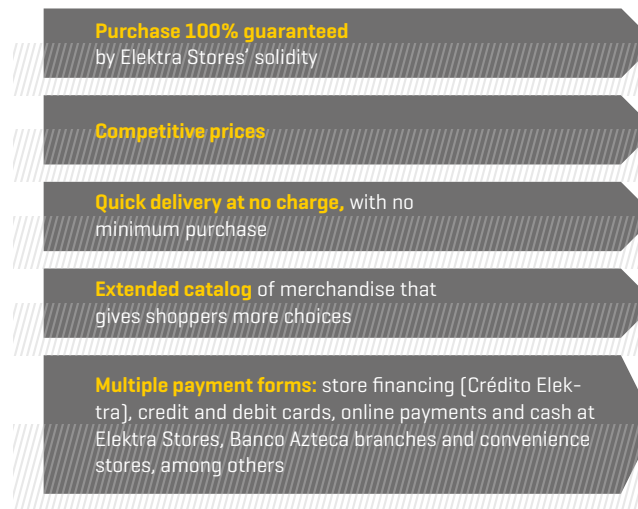
GRI 203: 103-1, 103-2, 103-3
203-2

In line with the National Digital Strategy formulated by the Mexican federal government, 2017 was an important year for the implementation of technology and innovation among the companies of Grupo Elektra, with the aim of contributing to country's overall development.

Elektra Stores, aware of the current trends and in keeping with its commitment of offering greater opportunities to its clients, in 2017 launched a new omnichannel strategy, by which it will expand its distribution channels and facilitate online access to its products at competitive prices, offering its customers a better shopping experience with a variety of forms of payment and guaranteeing secure delivery of the merchandise.

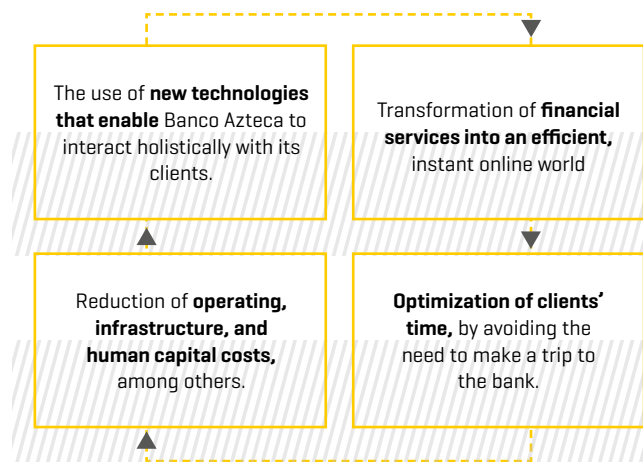
To ensure the success of this strategy, Elektra Stores has an online catalog 15 times larger than what is stocked in its stores, a new exclusive distribution center for e-commerce, and more than 1,100 stores that serve as support centers, payment points and delivery locations for available products, at 98% of the postal codes that exist in Mexico.

Meanwhile, Banco Azteca has been focusing on its digital strategy in Mexico, to improve financial inclusion through a channel offering clients efficient, instant access to financial products using personalized, safe and unique technological tools for organizing and planning their finances simply, meeting their needs and expectations... simplifying their lives.



Total focus on providing the **best shopping experience**

The importance of Banco Azteca's On-line Banking Project lies in the various benefits it offers:



Elektra Stores' dynamic strategy of improving shopper experience

under the most competitive conditions in the market translated into a 15% growth in sales in 2017



The results of the Online Banking Project are assessed by the Internal Audit Area, which determines the completion status and areas of opportunity for making improvements. There are also specialized studies for determining the efficiency of this type of initiative, such as what was conducted by ComScore –an online marketing research firm– which found that Banco Azteca was one of the top banks in terms of growth in online financial transactions. In May 2017, this institution had the largest share of mobile users [80% of its total audience]. ComScore’s analysis found that Banco Azteca clients prefer to do their online banking on their smart phones, the most prevalent transactions being bank transfers, deposits or card payments.

One of Banco Azteca’s biggest achievements in 2017 to ensure its clients’ use of digital channels was the creation and deployment of a new assistance model, including a campaign to let users know about the advantages of this new technology. To do so, it created a new position called the online consultant, and equipped branches with new technological resources –WiFi, pre-activation system, assistance with account level changes and card readers for withdrawals at the bank branch and at ATMs–. The results have been satisfactory in terms of acceptance and understanding of the new business model.

408 digital Banco Azteca branches at the close of 2017

Launch of the **Banco Azteca Móvil app** for smartphones in 2017

360,000 clients using digital channels

203-1

\$476 million pesos placed in personal loans through online channels

2018 goals

- Increase **personal loans** through online systems
- Increase the number of apps installed
- Generate the **Banco Azteca V2.0 app**
- Introduce **Crédito Elektra and Crédito Web** features

- Execute and improve **Digital Collections**
- Start up **Intelligent Experience Actions** (ADEX)
- Integrate **new business models** to the digital channel

For Italika, 2017 was a key year for consolidation, because it succeeded in integrating three business formats into its online platform:



Benefits of online shopping for customers:

Encourages product purchase through various websites and other Internet-ready devices.

Permits shoppers to look up brand and product information.

Saves time for shoppers because they avoid having to go to a physical store.

Extended range of products available in the online catalog.

Facilitates product delivery anywhere in Mexico, even in municipalities where the brand has no physical presence.

Facilitates access to a wide range of products by offering them on the main platforms in Mexico, boosting digital volume and positioning the brand in Internet browsers.

Italika participated in the “**Buen Fin**” promotional weekend and “**Hot Sale**” event for the second year in a row, bringing clients an exclusive value proposition

In February 2017, Italika received the Seal of Confidence awarded by the Asociación de Internet.mx (AMIPCI) an organization that leads the digital inclusive effort in strategic sectors of the country and works to encourage the use and appropriation of the Internet in the daily lives of Mexican families. This seal gives clients the confidence of knowing that there is an organization behind the website that has been recognized by AMIPCI and that the site has been reviewed and certified by a nonprofit organization that verifies that it contains a privacy notice, elements above what are required by law, terms and conditions of use, and means of contact for users.

In 2017, **Italika’s web shop was the Seal of Confidence awarded by AMIPCI** for its commitment to promoting a reliable and safe Internet

Brand value

Strengthening the value of Grupo Elektra’s brands is just one sign of the company’s dedication and performance efficiency. The Group has made clients the center of its strategy and forged a solid bond with them, so it can learn more about their needs and expectations. It also has a robust process of continuous improvement and takes the measures necessary to be inform them fully about the benefits of the products and services it offers.

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

For Elektra Stores, it is important that its advertising contain clear message about the products and services offered, because not only is this one of the company’s inherent principles, but it guarantees that it confirms to the law as determined by the PROFECO in acting in an open and above-board manner toward its customers.

Elektra Stores uses a number of mechanisms to assess the effectiveness of its advertising, including:



Correct management of advertising and marketing campaigns resulted in several achievements for Elektra Stores:

Optimum launch of 11 annual campaigns

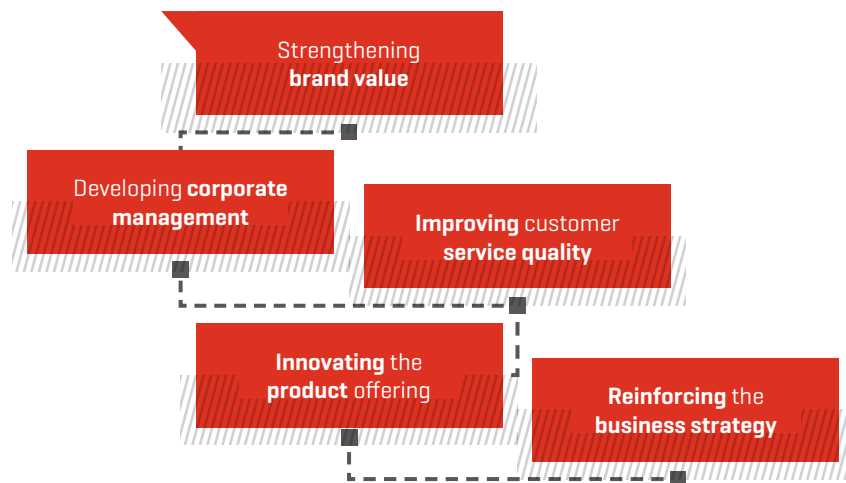
Launch of Crédito Elektra, the trade name of Banco Azteca’s consumer credit product

Definition of a comprehensive communication project for disseminating key messages

40% growth in credit applications

Banco Azteca, for its part, wants to be sure its communications reflect the client’s experience, and that they be based on empathy, honesty and transparency. Banco Azteca is convinced that the clearer its message, the better its construction of the brand and understanding of its products.

Banco Azteca believes that every action it undertakes has an impact on brand value, so day after day, it works on improving aspects such as:



With this, Banco Azteca makes sure that its communication to the market is consistent with its offering and appeal to the consumer. It has several tools and processes for evaluating its campaigns, such as:

- Qualitative and quantitative studies carried out before the campaign is produced and after it is launched.
- Syndicated studies, including category benchmarks.

It is procedures like these that have earned Banco Azteca a ranking in the Top 500 Banking Brands of 2017, the annual classification of the world’s most valuable financial brands, published by “The Banker” magazine. The magazine evaluates technical and financial aspects such as stakeholder perception, business performance and marketing investment. Banco Azteca also made the short list for the Mexican Effie Award in the “Promotional” category, with its “Buen Fin 2016” campaign.

Banco Azteca ranks **3rd among Mexican banks** listed in the **Top 500 Banking Brands** and **331st in the world**; It also obtained an AA-rating (highest is AAA)

“Dreams” Campaign

In 2017 Banco Azteca carried out a repositioning of its brand. With the slogan “Dream. Decide. Achieve.” Banco Azteca encouraged Mexican to pursue their wishes, plans and intentions, through a campaign entitled “Dreams,” which recognizes people who work and strive to advance themselves. The communication campaign invited the public to make decisions and take action, encouraging development, family wellness and inclusive prosperity, in which banking plays a key role.

The **value of the Banco Azteca brand was estimated at USD 328 million** by Brand Finance

5,288 clients benefited from the *Billetazo* and *El Mejor Regalador* campaigns at Banco Azteca, with **\$20.4 million pesos in cash**

\$8 million pesos in cash given to 98 winners of the *Bóveda Millonaria* promotional campaign

For Italika, advertising and marketing campaigns are highly important, because they inform the public about its products and promotions, help meet sales goals and communicate the features of its product, positioning the brand and building customer loyalty.

In order to measure the impact and results of its campaigns, Italika conducts an analysis in digital media, offline media and television, and also analyzes benchmarks, market studies, certifications, retail results, market share, and others.

Italika, a leading Mexican brand

Italika participated actively in the 2017 International Mexican Hall of Motorcycling (SIMM) and Expo Moto. These events were the stage for Italika's introduction of its most recent launches, helping to strengthen the value of the brand.

In 2017, the results of this analysis were satisfactory, an assessment borne out in the fact that, for the third year in a row, Italika received the Superbrands recognition from the Mexican Brand Council, which classified it as one of the most prestigious brands on the market and a leader in its segment.



This distinction cites four Italika values: Creative marketing, Product quality, Market staying power and Customer loyalty, due –among other action lines– to its innovative brand positioning strategies, which include promoting sports motorcycling, working with influencers to break paradigms regarding motorcycle use and offering free driving courses.

Italika was awarded the Superbrands recognition for the 3rd year in a row, making it one of the most prestigious brands on the market and in its segment

.....

Three Italika models are ranked among the 20 top selling motorcycles in Peru, with an 11% market share

.....

Product and service quality

GRI 416: 103-1, 103-2, 103-3

Quality is a defining characteristic of Grupo Elektra’s value proposition, and each of the companies that belong to the group create strategies to improve their clients’ experience.

To improve the products and services offered to its clients, Banco Azteca uses reports and internal and external indicators providing both quantitative and qualitative information.

Tools of improving the products and services offered by Banco Azteca

Internal

- Net Promoters Score, a tool for measuring client loyalty to a company, based on recommendations valued on a scale of 1 to 10. This study is prepared every quarter and enables the company to identify the positive aspects clients see in its products and services, as well as the areas they think need improvement. Each report is analyzed, and the pertinent corrective actions are taken.
- Mystery Shopper, a quarterly evaluation that measures how account executives perform in areas such as customer attention, information and account opening, according to the defined institutional procedures. The findings of this report are addressed through sales exercises, training, preparation and coaching.

External

Public information supplied by financial authorities or supervisors like CONDUSEF through the Financial Entities Bureau or bank branch micro-site.

Based on these indicators, Banco Azteca organizes committee meetings at every business unit, presenting the results of the product and service evaluation in order to decide on the necessary improvements and set commitment dates.

For Italika, customer satisfaction is the hallmark of the brand. For this reason, it not only complies fully with all product and service laws and regulations but focuses on creating the best experience for customers, something that builds user loyalty and increases the number of recommendations.

Besides having policies on guaranteeing customer satisfaction with the assembly and activation of products, guarantees and scheduled maintenance, as well as the various management systems, Italika keeps track of its customers' opinions regarding the shopping experience through visits to Italika Service Centers (CESIT) to carry out surveys. This was done on a nationwide base in 2017, and the survey sample was made up of 646 Italika service center customers.

Net Promoters Index of **65.4%** for Italika in 2017

Together with this procedure, internal audits were practiced at the CESIT to provide an operating evaluation, analyzing different variables –such as image and equipment, processes and operations; and Mystery Service– and the measurement of the clients' experience in the four months after purchasing the product.

416-1

Italika CESIT gave **636,731 tune-ups for clients and 54,583 for fleets** in 2017

203-2

Additionally, as a sign of its commitment to customer satisfaction, Italika has license plate modules available at points of sale in Elektra Stores. These has brought several benefits, including:

- Facilitates vehicle registration for users, avoiding fines for delays.
- Helps keep vehicle registration lists up to date and accurate.
- Creates sources of jobs, primarily for working mothers.
- Helps the government generate revenues from vehicle registration processes.

26 license plate application modules at the close of 2017,

in Mexico City, State of Mexico, Puebla and Guanajuato; 30% more than the year before

37,627 license plate applications processed in the year

Continuous improvement

Together with product and service evaluation. Grupo Elektra is firmly committed to offering the best solutions for improving its clients' quality life.

In 2017, Banco Azteca carried out more than 50 projects at points of contact to improve clients' experience, including:

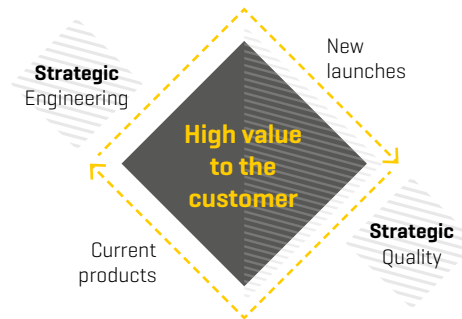
- Relocating some branches to larger spaces in order to improve the format.
- Remodeling others to increase customer service capacity.
- Expanding space in checkout areas and account executive spaces to improve workplace conditions.

- Optimizing common areas for employees with cafeterias and services.
- Drawing clearer boundaries between business formats.
- Designing new areas to improve customer satisfaction:
 - iPad Training Zone, for clients to gain hands-on experience managing their accounts through online banking.
 - Play area, to make visits more kid-friendly and make parents more comfortable.
 - ATMs so clients can have access to their cash 24 hours a day.
- Integration of visual elements like video walls to inform clients of the products and services available at the bank and real-time foreign-currency quotations.

Opening of 61 new points of contact, 72% of them under the new format developed for Banco Azteca

GRI 416: 103-1, 103-2, 103-3

One of Italika's fundamental objectives, besides satisfying its customers, is to offer a high-value product, so it focuses its effort on product launches and strengthening existing lines to meet the highest quality standards and satisfy users' expectations in terms of safety, response time and price.

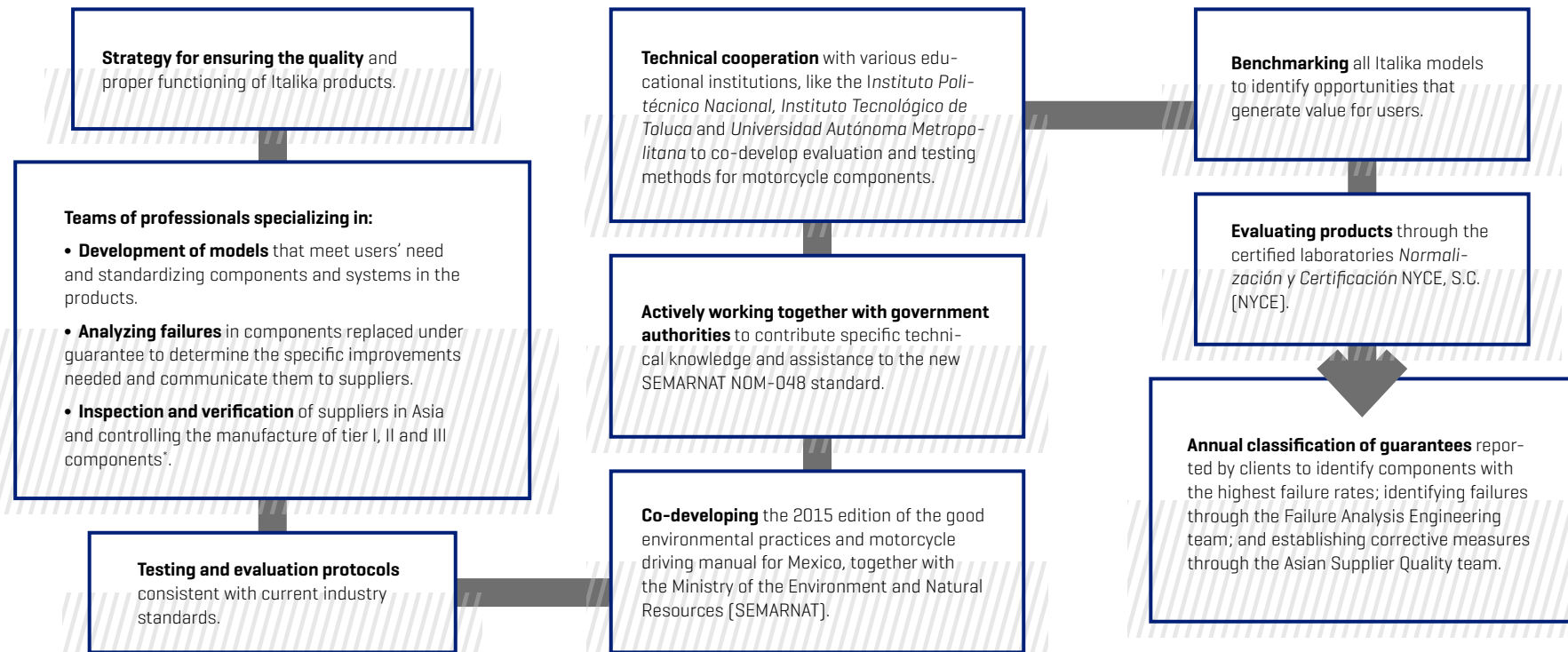


This effort involves specific tools for obtaining quantitative and qualitative evaluations of product performance, yield, functionality and quality before they are incorporated into production and sale to the public.



The **continuous improvement process enables Italika to offer the best products** in terms of yield, power, performance and durability, making it the best mobility option for motorcycle buyers

Among the tools Italika has to improve its products are:



* Note: Tier I consists of direct suppliers to original equipment manufacturers, which are evaluated for quality, time and costs in all their components and sub-assembly parts; Tier III is made up of companies that supply components to Tier I companies; and Tier III companies supply Tier III manufacturers.

416-1

In 2017, more than 100 new Italika models aimed at the **Mexican, Honduran, Guatemalan and Peruvian market** were evaluated and developed, and launched in the corresponding sales channels



For the Peruvian market, Italika developed models that meet **Euro III class emission standards**

In 2017, **Italika kept 100% of its product improvement commitments**

Other measures Italika took in 2017 in pursuit of excellence were:

- Resilience, fit and impact testing on motorcycle helmets.
- Participation in engineering team that developed the NOM-PROY-NOM-206-SCFI/SSA2-2016 standard on motorcycle helmet use, which will take effect in 2018.
- Introduction of a platform at Italika Service Centers (CESIT) that provide a 360° profile of the client in order to guarantee fully personalized, specialized service for each visitor to the center.

- Review of Italika motorcycles that enter the CESIT for tune-ups, for major repair or for repair under guarantee. In this analysis, specialists check 10 safety points and conduct a 360° inspection of the product.
- A team made up of representatives of different areas meets once a week to discuss fleet issues, including improvements that must be made to optimize motorcycles as a work tool.
- Creation of a position in Italika agencies in charge of identifying areas of opportunities in operating to establish pro-active and corrective measures, and thus provide a quality service to customers.
- Hands-on training of concession distributors, in groups of about 300 people, regarding their knowledge of business operation and management, and incorporating Grupo Elektra's values, Italika's mission, and how to provide a purchase experience that exceeds customers' expectations.

Fourth production line at Ensamblika

In 2017, under the slogan **“Continuously changing mobility in Mexico,”** Italika started up a fourth production line at its assembly plant, increasing its production capacity by 30%, which translates into 650,000 units a year and 2,750 motorcycles a day.

Furthermore, with this new production line, Italika will generate more than 200 new direct jobs at various Italika locations throughout the country.



Personal data protection

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

In Mexico, protection of personal data has been a constitutionally protected human right since 2009. The law imposes obligations on private parties in possession of such data, and the right of all persons to exercise their ARCO rights: Access, Rectification, Cancellation and Opposition, in an informed manner, whenever necessary.

Grupo Elektra, aware of the importance of guaranteeing respect for this human right, has solid mechanisms for ensuring proper safeguarding of data on its clients, partners, tenants, suppliers and other stakeholders, so they can be fully confident about the protection of their personal information at all times. In addition to complying with the Federal Law on Protection of Personal Data Held by Private Parties and its regulations, the Group adopted a binding self-regulatory system, recognized by the National Institute for Information Access and Data Protection (INAI) which reflects its firm commitment to privacy and personal data protection. It also introduced a Personal Data Security Management System:

Grupo Elektra Personal Data Security Management System

Objectives

Established in accordance with the directives of the Federal Privacy Law and the self-regulatory guidelines.

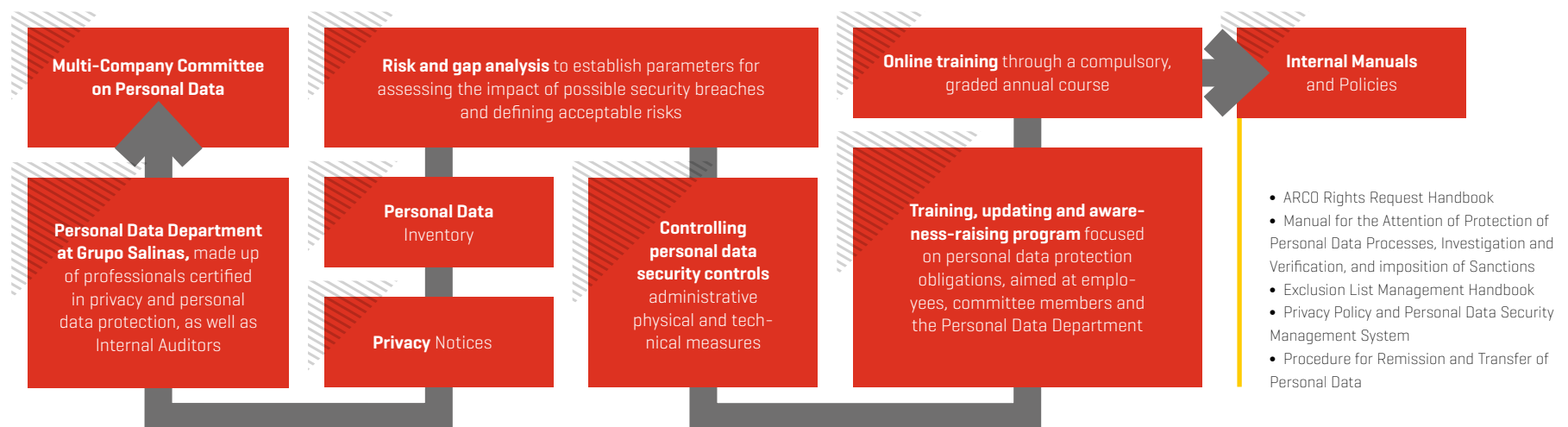
To provide self-regulated business units the management, operation and process control element and activities they need to systematically and continuously protect the personal data they hold.

To deal in a legitimate, controlled and informed way in order to guarantee people's right to privacy and to control over their own information.

Scope

Full; includes all processes, areas and services of self-regulated businesses that make up Grupo Elektra. Thus, the Group operates, monitors, reviews, maintains and improves the treatment and security of personal data, principles, duties and obligations contained in the Federal Privacy Law.

Other tools that Grupo Elektra has introduced to ensure compliance with personal data protection laws are:



As part of its continuous improvement process, Grupo Elektra evaluates the results and effectiveness of these instruments through three mechanisms:

- Annual Internal Audit program, to assess and measure legal compliance and progress against goals, and to identify areas of opportunity.
- External audit, based on strict criteria provided by the Mexican Accreditation Agency, into compliance with the Federal Law on Protection of Personal Data Held by Private Parties and Self-Regulatory Guidelines on Personal Data Protection. This audit is conducted by *Normalización y Certificación NYCE, S.C.* [NYCE], the only entity recognized by the National Information Access and Data Protection Institute [INAI] for evaluating and certifying self-regulatory systems in the area of personal data protection in Mexico.

In 2017, the Companies of Grupo Elektra* obtained Personal Data Protection Certification from NYCE, recognizing their compliance with the federal privacy law and self-regulatory guidelines



* The companies that received the certification are: Banco Azteca, Afore Azteca, Seguros Azteca Daños, Seguros Azteca Vida, Punto Casa de Bolsa, Dinero Express, Italika, Elektra Stores and Elektra.com.

- Regularly scheduled administrative reviews by the Personal Data Department to ensure appropriate development of the Personal Data Security Management System and the meeting of targets, considering significant changes in regulations, technological innovation and other factors, in order to keep internal procedures and the Privacy Policy up to date.

The solidity of the internal personal data management system and complementary instruments for guaranteeing compliance with the federal privacy law and self-regulatory guidelines have earned Grupo Elektra a certification in personal data protection from NYCE. This significant endorsement is a competitive advantage for the Group and fosters trust among the clients and customers of all of its companies.

INAI included Grupo Elektra in its Registry of Binding Self-Regulatory Systems, making it the first business group to obtain this recognition in Mexico





Elektra Stores, Punto Casa de Bolsa and Italika became the first companies of their kind to **obtain NYCE Personal Data Protection Certification**

Grupo Elektra obtained 2nd place in the national Personal Data Protection Innovation and Good Practices Prize 2017, awarded by INAI, UNAM and the Ministry of the Public Function, in the framework of International Personal Data Protection Day.

In the rest of the Latin American countries where Banco Azteca operates, for the same purposes of guaranteeing the confidentiality, availability and integrity of information, the institution is strict about compliance with the applicable laws in each of them:

- The El Salvador Banking Privacy Act, which obligates banking system personnel to safeguard and protect the confidentiality of their client portfolio.
- Initiative 4090-2009, the Personal Data Protection law, in Guatemala.
- The National Data Protection Law Bill in Panama [Law no. 463].
- Regulations issued by the Personal Data Protection Authority and law 29733 in Peru.

To do so, based on established practice in Mexico, Banco Azteca has ad hoc procedures for each country, such as:

- In Guatemala, Banco Azteca regularly monitors online banking security.
- In Honduras, although there is no regulation on personal data protection, Banco Azteca introduced a pilot program in 2017 involving a specialized data base auditing tool for recording and generating alerts on generated accesses, with the idea of reinforcing the replication of good practices from Mexico.
- In Panama, although the law is still pending passage by the legislature, Banco Azteca has digitized its files and monitors their administration and maintenance with the client's authorization, through a biometric system [fingerprinting].

- In 2017, Banco Azteca carried out various actions, among them:
 - Identification of databanks by stakeholders: loan clients, deposit clients, suppliers, employees, and others.
 - Registry of the databanks with the Personal Data Protection Authority.
 - Creation of an e-mail for receiving notifications from the authorities.
 - Generation of an internal ARCO Rights standard that regulates the basic aspects of the law.
 - Review and inclusion of personal data protection clauses in contracts with clients and suppliers.
 - Updating of authorization sheets for treatment of clients' and employees' personal data.
 - Creation of policies and procedures that deal with:
 - Website privacy
 - Authorization of data treatment on social network
 - Elimination of personal data
 - Continuation of the "Knowledge Contest" aimed at employees who have a solid knowledge of personal data protection, among other topics evaluated.

SOCIAL VALUE

The value of talent

Talent recruitment and retention

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

In order to provide a wide array of quality products and services, Grupo Elektra considers talent recruitment and retention of key importance. It has a selection process aligned with its vision and strategic targets, supported by policies that guarantee the best experience for employees and pursue inclusive prosperity, non-discrimination and respect for diversity. Having skilled people that are passionate about what they do allows Grupo Elektra to ensure the company's success by allowing all of its employees to enrich the living culture of the Group.

Grupo Elektra manages talent recruitment and attraction through various tools, some of them based on Group Salinas directives:

- Grupo Salinas Policy on Hiring, Promotions and Transfers.
- Grupo Salinas Human Resource Website System for administering and validating candidates, conducting psychometric tests and checking work references.
- Publication of vacancies on electronic platforms:
 - LinkedIn
 - OCC Mundial
 - Bumeran
- Job Fairs.
- Mass Recruitment Kit.

Additionally, the Talent in Movement program encourages internal promotions, meaning existing employees are urged to apply for vacancies that represent either promotions or sideways movements. The positions to be filled are published via e-mail including the job description and requirements; a process of selection is carried out involving tests, interviews and feedback, and employees are assisted throughout the process by the leader of the original area and his or her counterpart in the area where the new job is located.

When Italika needs to fill a position, it may be covered temporarily by substitution –generally to cover someone on leave– or by project, and recruitment may be carried out internally, by promoting top-performing employees, or exter-

nally, when there are no internal employees with the required qualifications. Besides having the best talent, Italika ensures diversity and equal opportunities, because positions are filled by candidates most suited for the responsibilities of the job.

Once the new employees join the Group, they undergo a "Starters' Program" at corporate headquarters, which includes an initial orientation and regular follow-up on how they're adapting to the new job. The purpose of this program is to generate the best entry experience for employees, establishing the foundations for a long-lasting career at Grupo Elektra.



401-1

New hires in 2017:

8,231 in Elektra Stores

29,727 at Banco Azteca

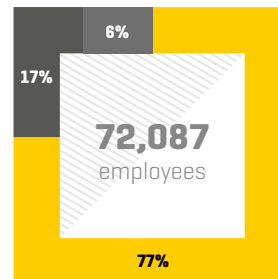
2,097 at Italika



102-8

Grupo Elektra

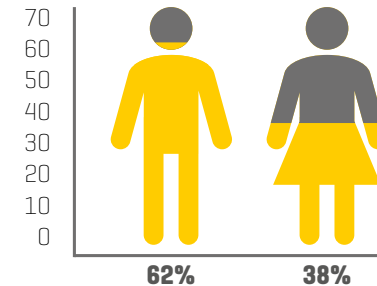
Workforce breakdown by company



Banco Azteca
Elektra Stores
Italika

Grupo Elektra

Workforce breakdown by gender



102-41

4% of Grupo Elektra employees were **unionized members** as of the close of 2017



Employee retention is of the utmost importance to Grupo Elektra, because it means building on the experience and professionalism its people acquire during their jobs and enhancing the group's overall capacity to attain the goals established in its business strategy, while strengthening a sense of belonging.

Grupo Elektra maximizes talent retention and reduces turnover through:

- Fair salaries based on productivity and performance
- Employee benefits and other advantages stemming from the partnership between

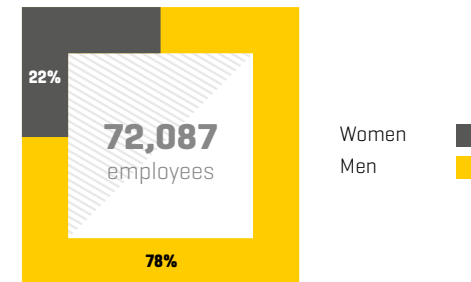
Elektra Stores and Banco Azteca

- Performance bonuses
- Continuous training
- Quality of life programs
- Performance recognition programs

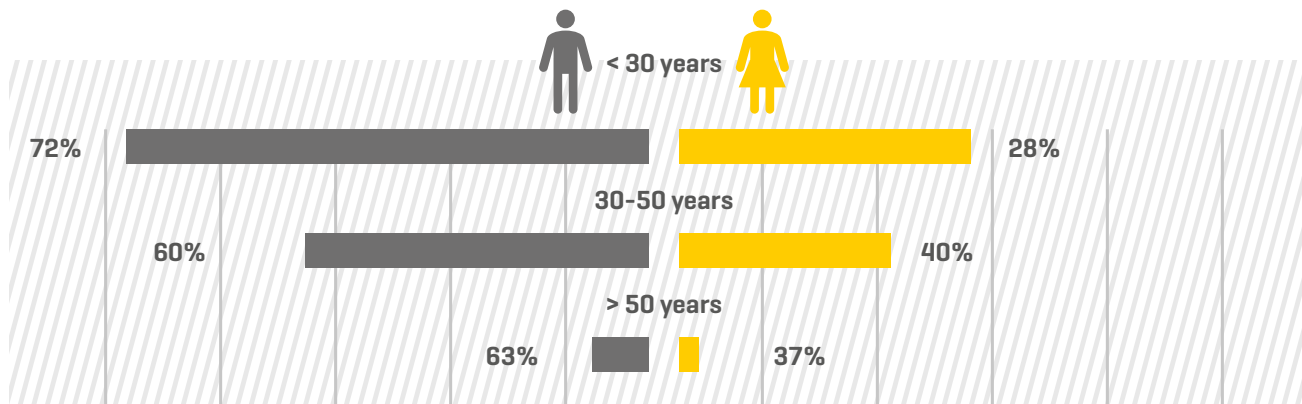
The effectiveness of these measures is evaluated primarily through the employee turnover rate. This identifies the number of employees who departed during the year in order to take actions to retain talent in accordance with the organization's strategy and needs.

405-1

Grupo Elektra
Breakdown of management positions by gender



Grupo Elektra
Workforce breakdown by gender and age group



Talent development

Training

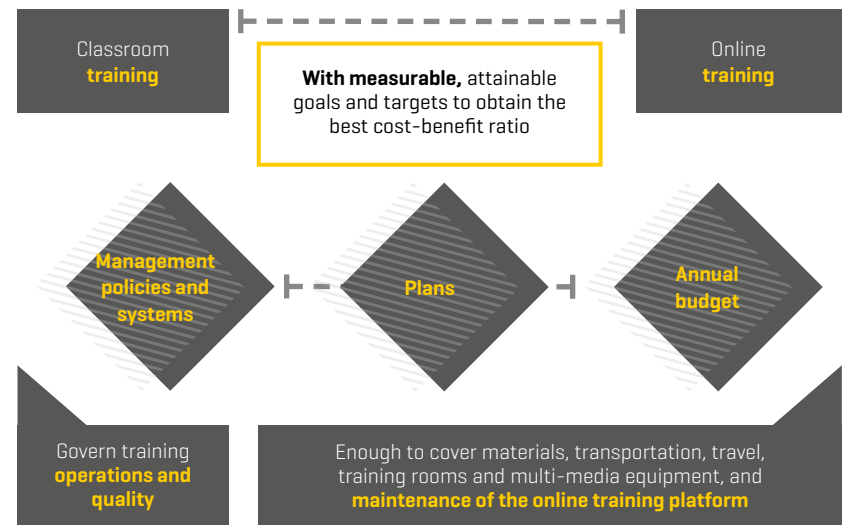
GRI 404: 103-1, 103-2, 103-3

Training is a priority and a strategic pillar for Grupo Elektra. It is a key resource for ensuring employees have the knowledge, skills and abilities necessary to achieve their optimum performance and align their personal goals with the Group's business vision, maximizing efficiency, productivity and creative ingenuity.



At Grupo Elektra, training is a **strategic element for motivating inclusive prosperity**, professionalism and a sense of pride and belonging among employees

For this reason, Grupo Elektra has a variety of tools for correctly managing its employees' training, among them:



More than \$62 million pesos invested in training by Grupo Elektra in 2017

404-2, FS4

Among the different types of training courses given at Grupo Elektra are:

Mentored training for a new position [exclusively at Banco Azteca] in which an existing employee supports newly hired employees in developing their skills based on a previously assigned training program. In 2017, mentors were available for the positions of financial advisor, universal cashier and portfolio heads.

2,174 mentors trained to assist in the development of new employees

Development of managerial skills so employees can improve their management and performance to achieve the required results. Covers topics such as leadership, communication, teamwork, good labor relations, negotiating, and effective work meetings.

3,650 employees trained to develop managerial skills

Schools

New hires receive induction training from an instructor who shares a holistic knowledge of operating processes in each business unit in order to encourage high productivity and profitability.

- Banco Azteca has "schools" for third-party channels, micro-businesses and PrestaPrenda pawnshops.
- "Tienda Escuela" is the schools program for Elektra Stores, where employees receive orientation and learn about alignment with the job, store processes, systems, sales processes, products and certification.

Certifications for Elektra Stores employees

- Management certification, aimed at store leaders and covering a variety of topics: operating techniques, human resources, work team management, administration and finance, marketing and retail.
- Certification in product lines -continuing training plan- like phones, major appliances, electronics, computers, Italika motorcycles, furniture, mattresses, accessories and new businesses.

Special projects for franchisees, such as:

"The path to better selling"

Aimed at managers, sub-managers and financial advisors to develop sales skills in strategic positions in order to increase product and service sales.

2,888 employees trained

"7s"

Methodology for maintaining standards of order, safety and cleanliness in the workplace.

2,148 employees trained

Great Place to Work

A program aimed at fostering a climate of trust through inspiration, communication and dialogue, motivating productivity and profitability.

8,680 employees trained

"Mi Capacitación" personal training site

A Grupo Salinas website where employees apply the content they have acquired on line in order to meet the goals of their training plan, regarding orientation, new products, new procedures, updates and compliance reinforcement.

The platform offers employees an attractive selection of learning experiences based on capsules, tutorials, videos and infographics.

The tool can generate progress reports based on the degree of the assignment completed, as well as usage reports, where employees must obtain a final grade of more than 80 points to graduate from the training plan.

Technical and operating issues such as Gold Card, new originations, workshops on sales, attention and service, AFORES and more.

76,595 newly hired employees trained for various positions in Mexico

Training at Ensamblika

- Induction to Grupo Elektra and Italika
- Online learning platform with a varied selection of courses:
 - Standard and mandatory: Safety at work
 - Technical
 - Materials handling
 - Courses for operators depending on the requirements of each work area
 - Specialized
 - Handling special platforms
 - Methodologies for improving quality of work
 - Soft skills
 - Leadership
- Policies and processes to receive external training for highly specialized content
- Team dedicated to training key people in customer service (in some business units)

127 Ensamblika employees trained: 102 men and 25 women

2,911 hours of training at Ensamblika; around 23 hours per employee

Once the training sessions are completed, Grupo Elektra measures the effectiveness of the courses through three variables:

- Reaction: How satisfied participants were in the course. Considers aspects such as applicability of the content, appropriateness of the instructor, the classroom, etc. Satisfaction survey taken at the end of the course.
- Learning: The degree in which the knowledge or skill was increased. A test is taken with evaluations and observations.
- Conduct (applicable in certain programs): On-the-job application of what was learned. In training areas, instructors follow up with students in the field with observations, interviews, and certifications once the basic training program is completed.

404-1

154,034 total employee participations* in classroom training courses in 2017

1,666,360 total hours of classroom training given in 2017*
24,823 total employee participations* in online training courses in 2017

561,202 hours of online training given in 2017*

24,823, total employee participations* in online courses in 2017

* The number of participations may exceed the number of employees because one employee may take several courses during the year, or because of employee turnover.



1,783 external employees trained in the Italika Service Network in 2017

Performance evaluation

GRI 404: 103-1, 103-2, 103-3
404-3

Evaluating employees' performance is important to Grupo Elektra, because it contributes to the process of continuous improvement, ensuring that employees understand the indicators on which they will be evaluated and the value each of them brings to the business.

It is also an indispensable tool for managing leadership, by encouraging timely follow-up and feedback, and recognizing positive results.

Grupo Elektra has a series of instruments for evaluating employee performance in each of its companies:

Elektra Stores has a platform called "Institutional Feedback," which receive up-to-date information from the SAP system and has the capacity to manage the performance of all employees in the business through a three-part evaluation: adherence to company culture and principles, skill set, and individual key performance indicators (KPIs).

The evaluation process is carried out in three phases throughout the year, and in each of these the employee receives feedback on what they're doing right, and areas of opportunities, so they can make commitments on this basis.

In order to extend the culture of continuous improvement and fully satisfy its customers, Italika provided training to its service advisors and store throughout the Service Center network. A total of 148 courses were given, aimed at generating a sense of belonging for external employees, defining roles and responsibilities for each position, specifying the expected results for each position, and defining specific activities.

1,480 hours of training provided to external employees of the Italika Service Network in 2017

2018 Goals:

- **Introduce a new Italika platform** for managing training and talent development.
- **Establish specialized training programs** for Italika executives.

The effectiveness of this process is measured by four criteria: quality of definition of the key performance indicators, compliance with the evaluation periods, number of incidents, and the feedback process.

1,588 employees evaluated
at Elektra Stores in 2017: 984
men and 604 women

Banco Azteca's performance evaluation system consists of three mechanisms:

- Method for establishing KPIs and "smart goals". Senior management establishes strategic goals involving all levels of the organization.
- Headquarters Performance Evaluation System. A platform containing strategic and functional goals, individually and by order of importance.

1,885 visits to Banco Azteca branches with *Camina tu sucursal*, **affecting 28,275 employees** across the nation

- Performance Evaluation System in Geography-Ranking. A tool that creates a global ranking for measuring and analyzing employees in geography.
- *Camina tu Sucursal* (Walk your Branch). An app developed to diagnose employee performance and branch operations based on four variables: filling of vacancies, working conditions, productivity, and human resource management.

1,940 Banco Azteca employees evaluated through the Headquarters Performance Evaluation System

At Italika, specifically at Ensamblika, employees received theoretic courses followed by an exam. Furthermore, to ensure the highest quality standards, practical training was given to all employees in the assembly and sub-assembly areas, followed by a practical exam.

100% of Ensamblika employees **were evaluated**

Quality of life

Improving employees' quality of life is fundamental for Grupo Elektra, because an optimum workplace environment that encourages overall advancement has a positive impact on commitment and motivation, encouraging them to do their job impeccably and produce high-quality products and services.

The Corporate Wellness, Communication and Integration Area at Grupo Salinas –a strategic area for developing initiatives that strengthen ties between the company and its employees– has introduced practices to promote growth and a holistic balance of occupational, social, financial, environmental, spiritual, physical, emotional and intellectual aspects. It therefore promotes an appropriate work-life balance, healthy lifestyles, and more time for employees to spend with their families, through measures like flextime, shorter work days, and telecommuting, as well the inclusion of families in special events.

Compensation and benefits

405-2

Grupo Elektra assures its employees a better quality of life through competitive compensation that is above the minimum wage in all the countries where it operates, and in which gender is not a determinant:

Percentage difference in Grupo Elektra employee salaries vs. minimum wages		
Country	Elektra Stores	Banco Azteca
Mexico	108%	172%
El Salvador	-	161%
Guatemala	47%	28%
Honduras	10%	6%
Panama	6%	11%
Peru	27%	51%

Note: for calculating the difference between employee salaries and minimum wages in the countries where Grupo Elektra operates, each line is weighted by position, based on the following formula: headcount + weighting/ guarantee.

401-2

According to the position they hold and the countries where Grupo Elektra operates, employees may also receive social security benefits, housing credit, paid vacation, vacation bonus, grocery vouchers and, in keeping with legislation, retirement savings plans and other benefits that may vary.

Additionally, the group works to improve conditions for employees when they leave the company or retire, and is working on updating a process of “dignified dismissal” to assist its employees in such transitions, helping minimize the impact and facilitate their reinstatement to the labor market.

Workplace environment

Grupo Salinas’ Corporate Wellness, Communication and Integration Area has developed a set of tools to promote prosperity in its employees’ quality of life and a workplace environment that encourages their overall advancement. These include:

Internal policies

- Organizational climate. Promotes good relations between co-workers.
- Breastfeeding. Facilitates the right and use of spaces for employees who are breastfeeding.
- Inclusion and non-discrimination. Establishes rules for the relationship between the company, employees, and the various levels of the organization.
- Spaces for smokers. Defines areas and mechanisms to respect the rights of smokers and non-smokers.
- Wellness trivia and contests. Defines the steps and results for contests in the Wellness area.
- “Cuéntanos,” a communication channel open to employees. Defines the rules of use and scope of action of this medium.

Satisfaction surveys

A tool for empirically determining the degree of employee satisfaction with campaigns, projects, conferences, talks and other initiatives. Important as an efficient means for obtaining information about employees’ needs, expectations and interests.

Accordingly, Grupo Salinas’ Corporate Wellness, Communication and Integration Area continued to develop initiatives in 2017 to maximize the application of the Group’s values by its employees and increase the number of programs. It also incorporated the social-environmental facet into its model, making a total of six spheres of action. The main results obtained during the year for each of these spheres of action are shown below.

Sphere	Program	Goal and achievements
	<i>Kilotón</i>	A team contest to help employees lose weight and adopt healthier lifestyles 1,008 Grupo Elektra employees signed up for the program; losing more than 6.8 metric tons total.
Health	Health Week	Encourages employees to maintain a holistic balance, improve healthy habits, make them more productive and helping them attain goals. Around 533 employees benefited at Grupo Elektra; 987 studies taken
	Nutrition	Encourages healthy lifestyles among employees by helping them adopt healthier eating habits with personalized follow-up 3,000 Grupo Elektra employees helped



Sphere	Program	Goal and achievements
Lifeline	<i>Uno más en la Familia</i>	Assisting and advising soon-to-be-parents among employees, during the pregnancy period, generating solid bonds with them and their families and inculcating Grupo Elektra's values. 1,255 Grupo Salinas employees signed up 25 mothers took advantage of the Nursing facilities at Grupo Elektra headquarters.
	<i>Verdaderos Amigos</i>	Promotes a culture of friendship at work, sharing experiences and companionship through the "Cuéntanos" channel, encouraging productivity and efficient performance by employees in a pleasant and cordial environment. 419 stories of friendship and companionship received from Grupo Salinas employees.
	<i>Actitud Socios</i>	A program aimed at strengthening ties between employees and building a sense of belonging, encouraging them to live the Group's values and adopt an attitude of integration, motivation and companionship. 6,500 Grupo Elektra employees benefited from the program.
	Deceases	Accompanies employees at the difficult moment of losing a family member or loved one, through psychological and emotional support. 120 Grupo Elektra employees received counseling.
	<i>Gracias Mamá</i>	Previously called "Mom's a Jewel," the purpose is to motivate employees who are mothers, recognizing their efforts and achievements and women and professionals, encouraging family values. 9,501 Grupo Salinas employees recognized.
	<i>Papá Campeón</i>	Formally called "Dad... live your life like a champ." Recognizes employees who are fathers, who are distinguished by their effort, dedication and persistence, highlighting the importance of family as one of the company's primordial values. 11,520 Grupo Salinas employees signed up

Sphere	Program	Goal and achievements
Social-environmental	Recycling campaign	Its goal is to build employee awareness about the importance of collecting waste to protect the environment, positively affecting their quality of life in the workplace. Close to 1.5 metric tons of material recycled and 2,920 employees participating in the campaign.
	<i>Pequeños Monstruitos</i>	A campaign to celebrate the children of Grupo Salinas companies' corporate offices in April, encouraging family wellness and generating a sense of pride and belonging in the company, 1052 children participated from throughout Grupo Elektra.
	<i>Club Pequeños Socios</i>	Aims to create emotional ties between employees' children and the company, encouraging them to feel proud of their parents. On the last Friday of very month, when schools are closed, there are activities for children to support parents when their children are out of school. 624 children of Grupo Elektra corporate employees are club members.

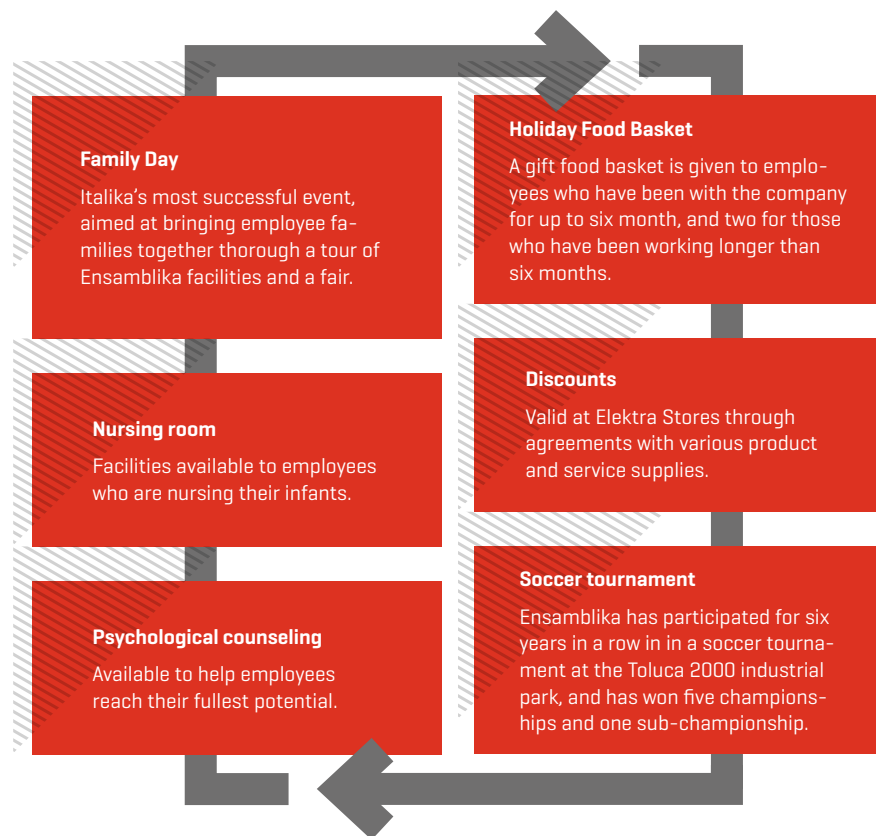


Sphere	Program	Goal and achievements
Sports	<i>Copa Socios</i>	This program creates activities outside of work that promote integration, companionship and a better working environment. 3,514 Grupo Salinas employees participated in 200 teams.
	<i>Socios Corredores</i>	Encourages the adoption of healthy lifestyles through a club in which employees can practice sports, relax and improve their health. 576 participating Grupo Salinas employees.
	<i>Juegos Bancarios</i>	Intended to build awareness of health through sports, encouraging companionship, teamwork and Group values, all in a harmonious working environment. 600 Grupo Elektra employees participated..
	Tournaments	Encourages physical exercise, discipline, effort and togetherness among employees, as well as Grupo Elektra's values. 100 Grupo Elektra employees took part in bowling tournaments; 600 in soccer; 48 in dominos; 325 in basketball and 112 in touch football.
	<i>Actívate Socio</i>	Promotes physical activity, healthy lifestyles and physical and spiritual balance through yoga classes. Sixty employees attended yoga classes.

Sphere	Program	Goal and achievements
Culture	Reading Club	Encourages reading habits among employees and their families, expanding their knowledge. 1,382 books requested by Grupo Salinas employees.
	<i>Universo Socio</i>	Encourages employees to take up basic habits of studying, reading, music and art, so they can acquire training and new skills. 33,280 participating Grupo Salinas employees.
	<i>Socios en Armonía</i>	Supports an eagerness to learn and interact among employees, contributing to a better work/life balance through the emergence of new skills 31,000 participating Grupo Salinas employees
	<i>Microcuento</i>	Helps employees develop their creativity and develop new skills (language and communication, for example) and learn more about themselves. Consists of a contest in which employees write a short-short story of 500 characters, in the genre of their choice. 727 mini short stories contributed by Grupo Elektra employees..



Italika also developed specific initiatives to positively impact its employees' quality life. These included:



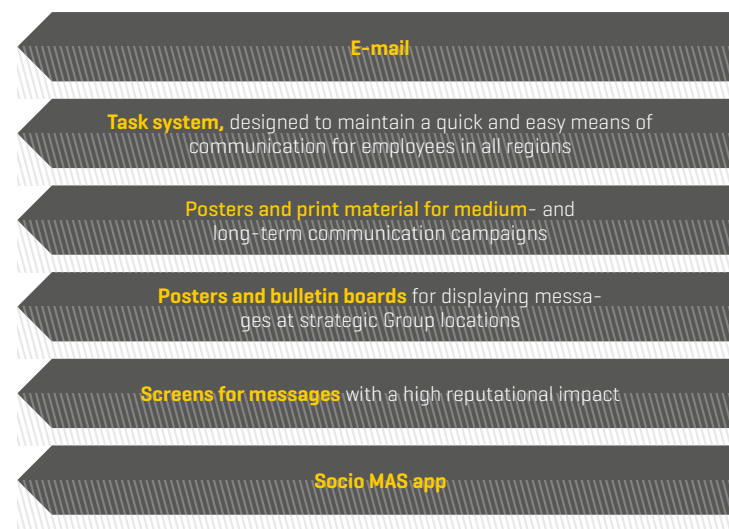
It is initiatives like these, and a proven commitment to best practices in business ethics, quality of life in the company, community outreach, and environmental preservation and care, that earned Elektra Stores, Banco Azteca and Italika the Socially Responsible Company [ESR®] distinction in 2017, awarded by the Mexican Center for Philanthropy [CEMFI] and the Alliance for Corporate Social Responsibility [AliaRSE].

Elektra Stores, Banco Azteca and Italika received the ESR® distinction in 2017

To ensure these programs achieve the expected results, and therefore to have a positive impact on employees' quality of life, effective communication with them is a strategic pillar for managing the business, given the geographic dispersion of operations at both Grupo Salinas and Grupo Elektra.

Through proper communication, employees can stay abreast of events that are important to the Group and learn about policies and initiatives under way, while the company can learn about their needs and meet their expectations, motivating its people, strengthening corporate identity and fostering a sense of pride and belonging.

The main means of communication between the companies of Grupo Elektra and its employees are:



Group Salinas' Corporate Wellness, Communication and Integration area identified a set of core employee concerns in 2017 through various channels, and found they related to better working hours, extended benefits, higher discounts, standardization of benefits for employees of all of Grupo Elektra companies, and a stronger recognition scheme.

To reinforce the quality of life and workplace environment strategy, Grupo Elektra provided a series of workshops at Banco Azteca in 2017 entitled "Building," involving executives from various areas of the Bank, who addressed areas of opportunity detected in the "Great Place to Work" survey. These workshops were designed with the results of 122 focus groups and 233 interviews of Banco Azteca employees, who shared their expectations of the environment they'd like to work in.

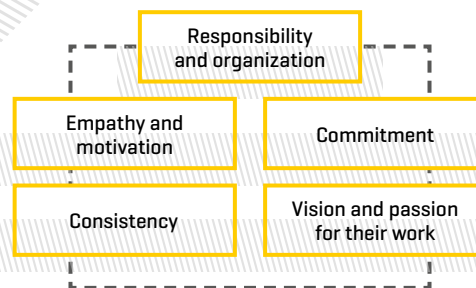
Employee satisfaction

Another key pillar of Grupo Elektra's strategy is finding out how satisfied its employees are at work, because this can help it learn more about the jobs they do and about the workplace, and give them the inputs they need to strengthen and improve lines of action to achieve the goals of the business. Working through the Corporate Wellness, Communication and Integration Area, the Group conducted two surveys in 2017:

Jefe con Estrella (Star Boss)

Goal

To identify and evaluate the recognition, pride, admiration and leadership employees perceive toward people they consider their "bosses," through a dynamic test analyzing the following aspects:



With this, the Group can recognize employees at the managerial level, encouraging good leadership, communication and support practices and spreading the Group's values.

Results

37,586 Grupo Elektra employees in Mexico and Latin America were recognized as "Star bosses" in 2016-2017.

Happy Index

Goal

To determine how satisfied, happy, and stable employees were in the jobs and in the workplace, taking into account not just the company itself but their bosses and co-workers. This survey focused on seven aspects:



This survey enabled the company to determine how employees felt about various elements of their working environment, and the way in which the Group's principles and values are encouraged within the company.

Results

The indicator showed an **11% improvement over the previous year**, based on responses from 39,011 employees.

Employee recognition

In addition to recognizing leaders considered “Star Bosses,” Grupo Elektra continues to recognize employees for efficiency in the performance of their duties.



Elektra Sun

A program of performance recognition and reward.



Azteca Heart

A prize given for meeting and exceeding deposit goals, recognizing efforts while creating a sense of belonging and teamwork in Banco Azteca branches. The recognition is awarded to the five managers with the highest growth in deposits, and the five managers who achieved the highest percentage of projected deposits.



“Jaguar Head” Contest

A distinction awarded to members of Banco Azteca’s collections staff, comparing them with true warriors because of the hard work they do in recovering delinquent loans. A prize of fifty thousand pesos was given to the winning manager.

380 million pesos were recovered on average thanks to this campaign.



Contests

A Banco Azteca program to encourage employees to meet and exceed key organizational goals, recognizing and rewarding individual and collective performance.



Recognition for 5 years working at Italika

Event that recognizes to all employees who celebrate their 5th anniversary at the company, at a gala dinner accompanied by a family member.



Recognition on Italika bulletin boards or screens

A monthly activity in which leaders recognize employees for their progress and efforts in achieving goals.



Italika raffle

Monthly. An event open to all employees who qualified for the punctuality prize.



Annual Italika prize

Open to all personnel who have no unjustified absences for the year.



Productivity and punctuality awards at Italika

Open to all employees; recognizes those who have met goals and been punctual in their working hours.

In addition to these, Italika designed a two-day event called “Ensamblika Experience” intended for service assistants, store technicians, Italika Service Center [CESIT] personnel, service specialists and service network staff in Latin America. It has two main objectives:

- Recognize employee performance, selected on the basis of internal audits, the Mystery Shopper process and service leader recommendations.
- Give participants a chance to learn about the most important processes in product assembly and to visit key areas.

7 Ensamblika Experiences in 2017 for employees of Mexico and Latin America



Occupational safety and health

GRI 403: 103-1, 103-2, 103-3

For Grupo Elektra, occupational safety and health are a core concern of all its companies, because they are essential to guaranteeing better working conditions for employees.

As part of this effort, the Group has a Civil Defense area whose mission is to guarantee operating safety and give courses to fortify employees' capacity to respond to disasters –hurricanes, flooding, volcanic eruption, earthquakes, fire or criminal attack–.

403-1

100% of brigade members received training reinforcement in 2017



2017 Civil Defense Indicators	Grupo Elektra
Employees registered	637
Employees trained	3,876
Work-hours of training	17,208
Total drills	877
Total brigade members	384

2018 Goals

- **Build a Civil Defense Area** for all of Grupo Salinas
- **Create staff specializing** in each area

Some of the training events held in 2017 were: Talks about the nature of earthquakes and types of brigades, evacuation courses for brigade members and hands-on firefighting training.

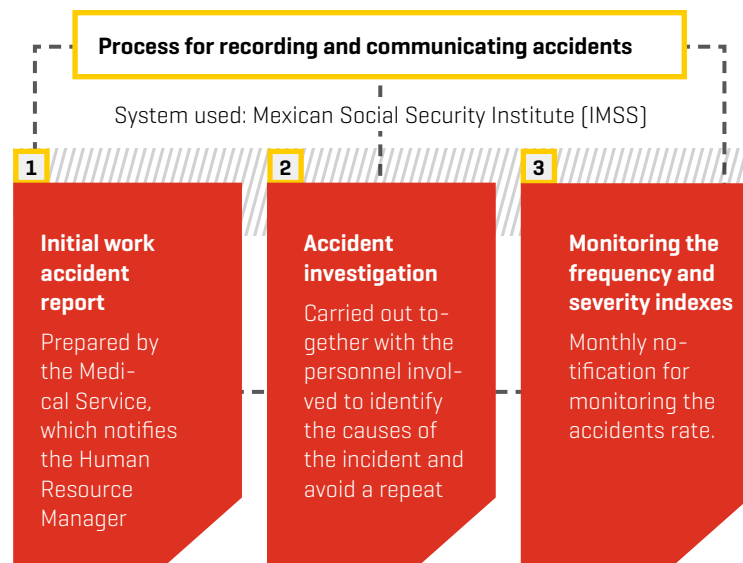
At Elektra Stores, even though there are no jobs that involve a high risk of accident, the company has a safety and health plan at all of its largest distribution centers, to keep employees informed of measures to mitigate risks to safety and health in the workplace. Furthermore, if there are any incidents, the Human Capital area is notified and fills out a work risk report, which is then turned over to the Payroll Area for recording disability time.

403-3

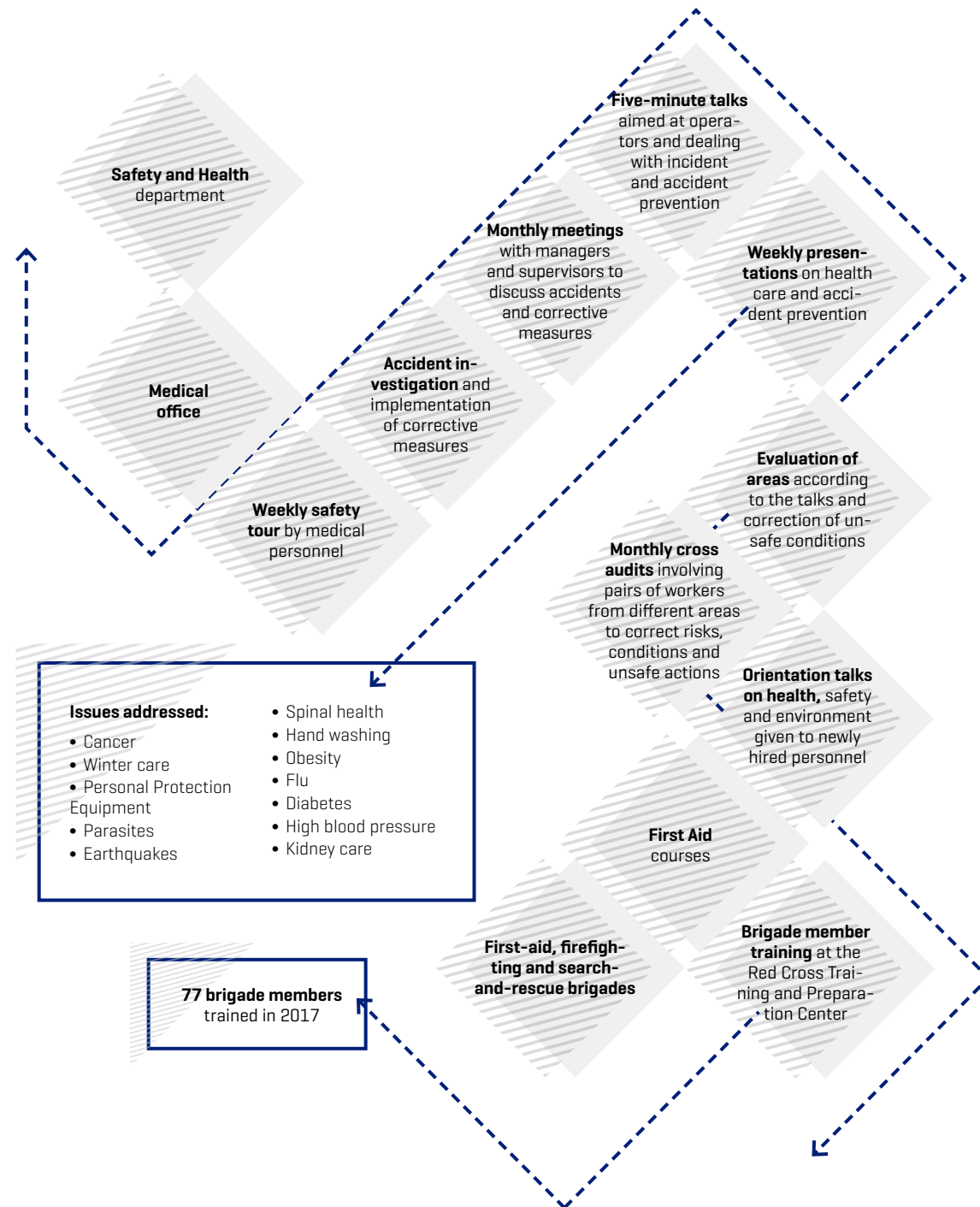
In the case of Banco Azteca, collection tasks are one of the cornerstones of the business, and these are carried out by recovery at the clients' home and using motorcycles as a work tool for employee transportation. Implementing safety measures and monitoring occupational safety indicators are therefore primordial tasks for the institution.

Italika provides orientation talks to new hires on health, safety and the environment, and places visual material throughout its facilities on matters of safety and health.

All three companies have a specific process for recording accidents when they happen, following up on them appropriately in order to reduce risks and reducing the number of accidents and work-related illness to which employees may be exposed.

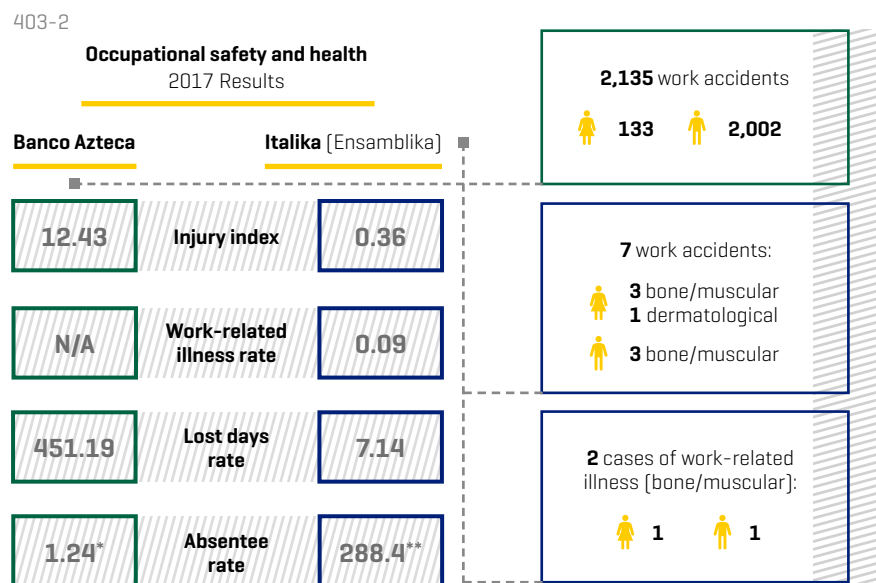


Because there are specific positions within Ensamblika which by nature involve risk –like some assembly line and sub-assembly operators, or people working in packaging intended for Elektra Stores or supermarkets, and storage of raw materials, as well as pilot testing–employee health and safety are priority issues, so the factory has a robust set of tools for establishing the necessary prevention measure to avoid or reduce risk:



The results obtained from applying these instruments are evaluated by the Medical Service and Human Capital Manager based on a safety scorecard, to identify areas of opportunity and take the necessary measures to guarantee that employees are protected.

Painstaking follow-up and continuous improvement to reinforce Grupo Elektra’s safety and health strategy brought the following results in 2017:



*Based on measurement by Banco Azteca, the absentee rate is reported as follows: $[\text{number of hours lost}/\text{number of hours worked}] \times 100$.
**For Ensamblika, the absentee rate is reported as follows: $[\text{number of hours lost}/\text{registered employees}] \times 100$.

2018 Goals

- Strengthen the “Get this into your Head” campaign
- Create a **recognition program called “Our heroes,”** to spread success stories and best practices among Credit and Collections employees.

GRI 403: 103-1, 103-2, 103-3
102-41, 403-4

All Ensamblika employees are hired under a collective bargaining contract that covers occupational safety and health matters in accordance with current legislation. The issues covered are:

- Social security, hygiene and safety
- Company’s obligation to:
 - Register workers with Mexican Social Security Institute (IMSS)
 - Maintain the proper supply of emergency first aid kits
 - Provide employees with personal protection equipment and uniforms
- Create Mixed Commissions of management and employees

Highway Safety

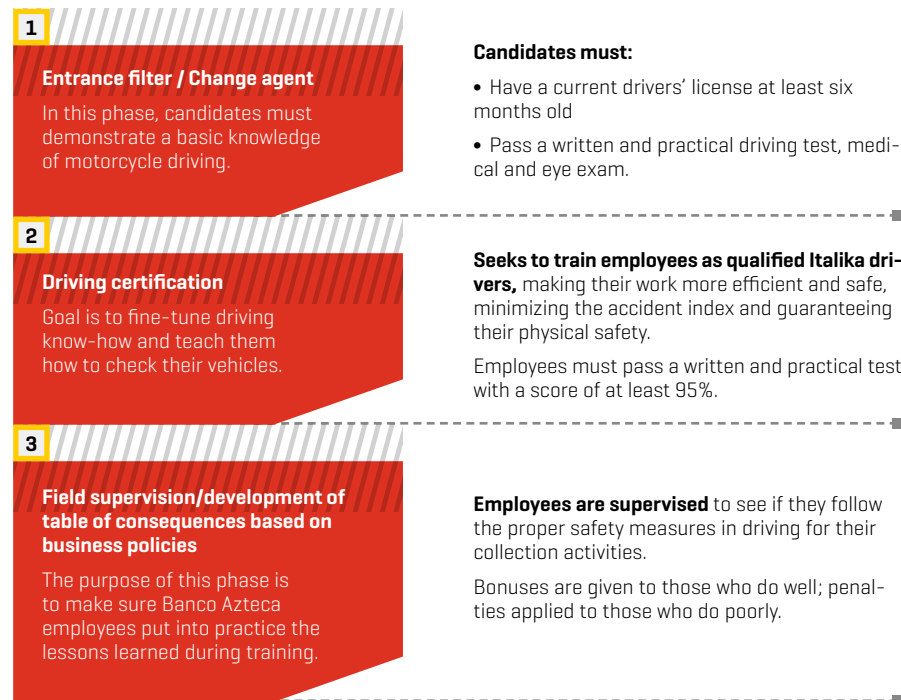
Banco Azteca is committed to the safety and wellness of its employees and the general public, and makes this a priority in developing safe driving skills and placing this on the business agenda to take the necessary preventive measures.

One notable event in this regard during 2017 was the creation of a mechanism for Banco Azteca to encourage a safe driving attitude among its employees: the “Get this into your head,” which spreads safety messages and good practice with the aim of reducing the number of highway accidents involving our Credit and Collections staff.

In 2017, Banco Azteca created the **“Get this into your Head”** campaign, **a communication crusade about highway safety** aimed at Credit and Collections employees.



In this vital effort, Banco Azteca works hand in hand with Italika, which in turn has a strategy for helping to reduce the number of accidents involving Credit and Collections personnel:



In addition to this strategy, Italika has a Highway Safety team made up of 43 people from various areas, as well as three buses that serve as “mobile classrooms” and carry material for giving courses.

The Highway Safety team works together with the Italika Service team on certification routes in order to provide information about vehicle maintenance and care; review the condition of the motorcycles and provide basic maintenance where needed.

5,850 employees trained in driving courses in 14 states of Mexico in 2017

4,622 employees certified as Italika drivers in 2017






Italika has a system for monitoring accidents among both trained employees and those pending training, identifying areas of opportunity in the training of 100% of Banco Azteca employees who use the Italika as a work tool. Both companies will work on increasing the number of courses given nationwide, considering the size of the workforce and turnover index.

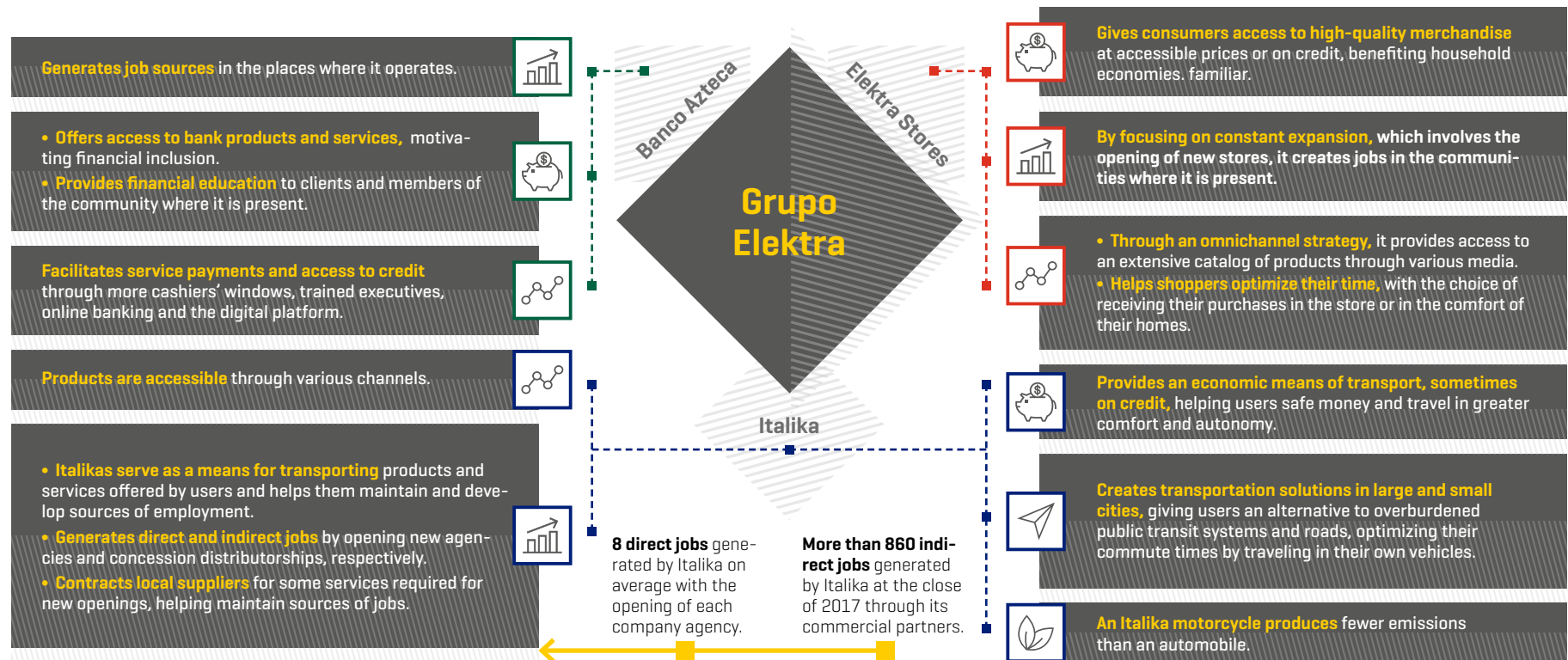
Solidarity for well-being and progress

Contribution to development

GRI 203, 413: 103-1, 103-2, 103-3
203-2, 413-1, 413-2, FS13, FS14

Grupo Elektra is a positive force for inclusive prosperity, and for the economic and social development of communities where it operates. It is firmly committed to promoting opportunities for the accessibility of products and services through various channels, making its companies key players in progress and, of course, in increasingly positive client experiences.

-  **Household budgets**
-  **Creates jobs**
-  **Omnichannel strategy/coverage**
-  **Mobility**
-  **Reduce environmental impact**



Ensuring a positive contribution to development and the success of the business model requires an in-depth knowledge of the factors that determine the behavior and decisions of stakeholders who receive the company's products and services.

Elektra Stores conducts an analysis of its top performing regions in order to make decisions about opening new points of sale. On this basis, it creates a search perimeter for cities, municipalities or regions that meet certain characteristics –more than 20,000 inhabitants, shopping zones, retail and business centers similar to those of Elektra Stores– and where the creation of a new store is feasible. This search perimeter also assumes a protective radius of 1km for Mexico City and the metropolitan area, and 2 km elsewhere in Mexico, around existing stores.

In the case of Banco Azteca, the institution carries out studies to understand the environment in which it operates, using various tools:

- Indicator analysis. Variables that can be used to identify economic growth, population market and competition, in order to find locations that are ripe for the growth and development of the financial services business.
- Cultural codes. An anthropological-social seminar for newly hired employees at Corporate headquarters, intended to teach them about the segment we serve, at the base of the pyramid. This is complemented by field visits to put into practice the lessons learned during the seminar.

- Other seminars. Forums to address various topics pertaining to the socio-economic environment of the places where Banco Azteca operates, for example: perceptions about insurance, financial concepts and AFORES at the bottom of the pyramid; characteristics of the millennial generation, the value of gold in certain regions of the country; socioeconomic levels in Mexico, Peru, Guatemala, Honduras and Panama; family roles and types in Mexico; use and significance of the Internet and telephones in Mexico; and others.

31 seminars held in 2017



- Ad hoc research. Field research from the socio-anthropological perspective, for the purpose of validating hypothesis and identifying perceptions and impact of new product and services launches among stakeholders.

Also, when there are specific needs that arise due to contingency situations in the communities where Banco Azteca operates, the institution establishes various initiatives to mitigate their impact. For example, in Honduras:

- To protect clients from accumulation of back interest, the performing loan portfolio was frozen.
- Employee income was maintained in a social and political emergency situation.
- Clients were kept up to date and given assistance on operating financial services.

Financial inclusion

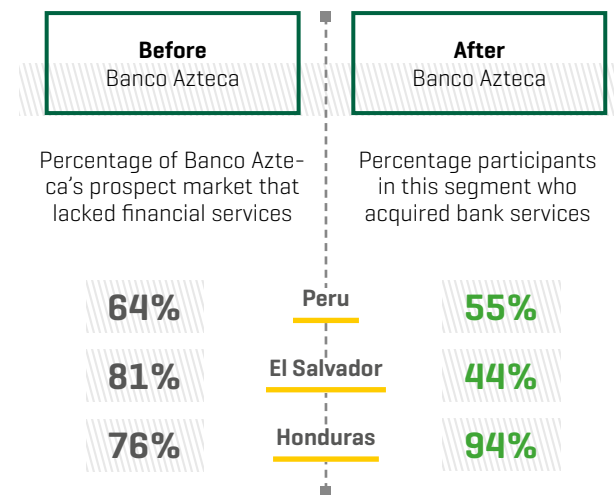
GRI 203, 413: 103-1, 103-2, 103-3
203-2, 413-1, 413-2, FS13, FS14

Banco Azteca was born 15 years ago, with the vision of transforming the Mexican financial system through measures that would incorporate segments of the population that had no existing access to financial services. The institution was a pioneer in understanding the importance of credit to improve families' quality of life, primarily in the most vulnerable segments, as a tool for financial inclusion and therefore an essential part of Mexico's social and economic development.

In a 2014 World Bank study entitled "The Real Impact of Improved Access to Finance: Access from Mexico," a number of positive impacts from the opening of Banco Azteca branches were noted in the surrounding communities: an increase in micro-business activity among Banco Azteca's client segment, a rise in income levels and GDP, and a reduction in unemployment rates.

An important indicator of Banco Azteca's influence in the area of **financial inclusion** is its **present in 778 Mexican municipalities**, and the fact that is the **only bank in 167 of these**.

Banco Azteca began operations in 2002 **with 800 branches**; today it has **1,735 branches in Mexico**, making it **the second largest banking network in the country** and promoting financial inclusion and inclusive prosperity.



In fact, in the same year as Banco Azteca celebrated its 15th anniversary, it became the leading banking inclusion force in Peru, El Salvador and Honduras, according to prospecting studies by Equifax, a global information solutions and credit agency reporting company.

The studies showed that a significant percentage of the mass market in those countries had no access to financial services until Banco Azteca arrived. And since it began operations, a substantial portion of clients in this target segment have been first-time borrowers.

Banco Azteca is convinced about the importance of helping to build financial capacities and saving habits from an early age, and in various segments of the economy. In 2017 it launched three new products: Guardadito Kids and Guardadito VAS – aimed at children and young people, respectively– and Débito Negocio –a business debit card for clients who are in business for themselves–.

With the **launch of the Guardadito Kids card**, Banco Azteca wants to **incorporate 100,000 minors** into the financial system every year

The **Guardadito Kids card is backed by the technological platform of MasterCard** –a leaders in electronic payment media technology– and with the highest standards of safety to guarantee transactions

Launch of **Guardadito VAS**, aimed at young people **between 18 and 25 years of age**

Launch of **Débito Negocio**, a debit card aimed at clients involved in their own **business or commercial activities**

Financial education

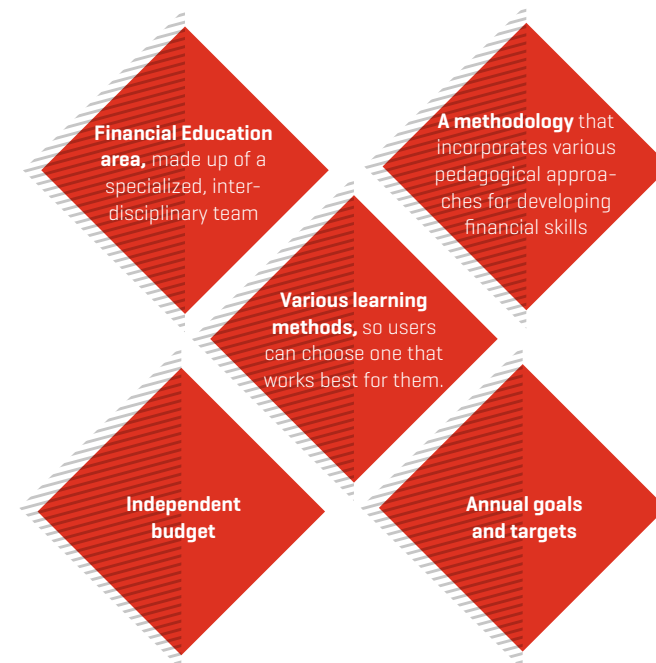
GRI 203, 413: 103-1, 103-2, 103-3
203-2, 413-1, 413-2, FS16

Since its inception, Banco Azteca’s vocation has been bringing people formally excluded from traditional banking into the financial system. Despite its efforts, there is still a wide gap between access to financial services and understanding of their use, so the institution continues to pur-

sue its commitment to inclusive prosperity by bringing to more people the tools they need to achieve their financial goals.

One way Banco Azteca works for responsible financial inclusion is through a financial and business education program called *Aprende y Crece*. The goal of this program is to teach people about how to properly manage personal finances, and promote a culture of entrepreneurship.

Banco Azteca has a vast set of specialized resources for managing these initiatives:

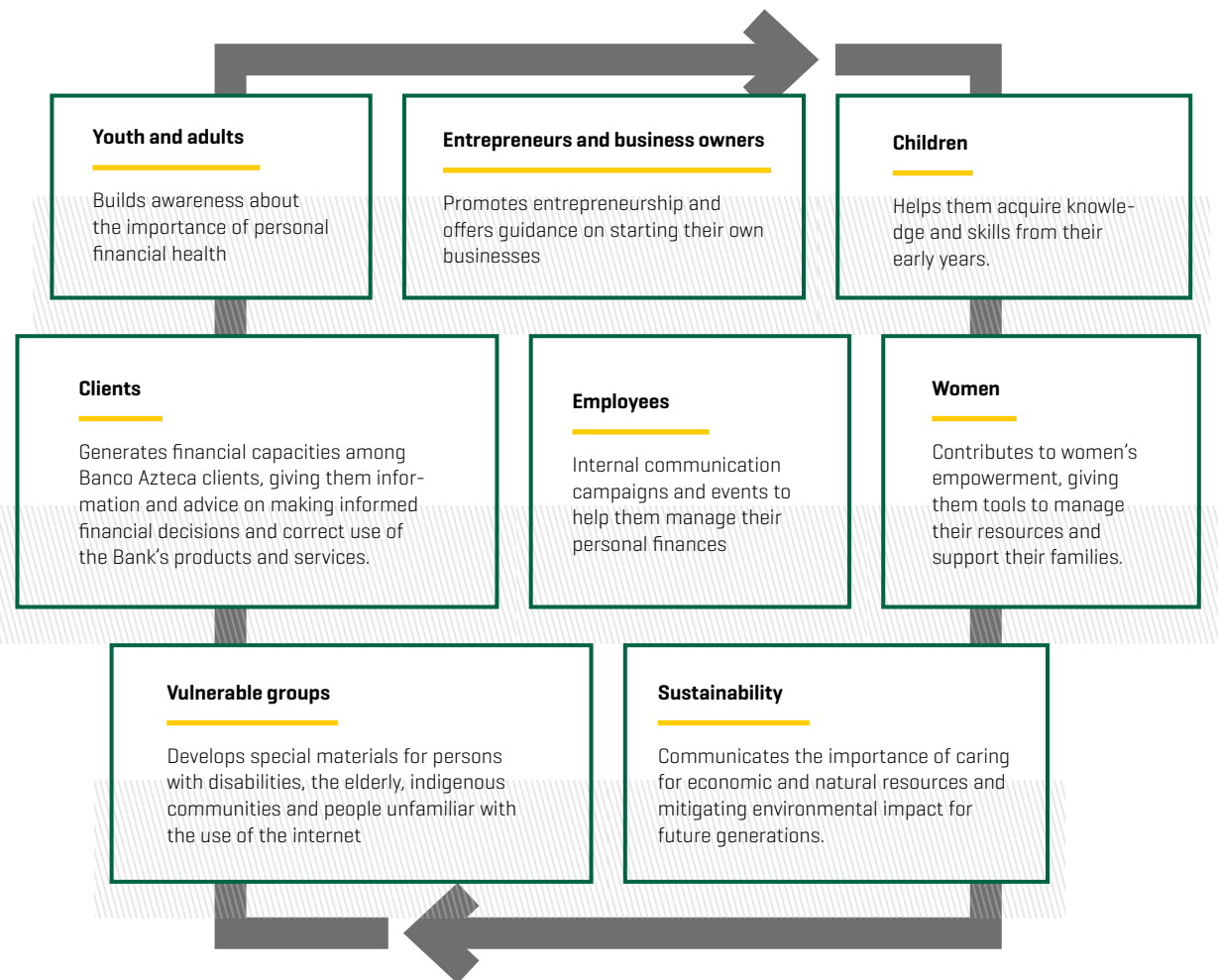


The performance of these instruments is evaluated through:

- Internal assessment:
 - Satisfaction surveys. A qualitative study to identify whether training workshops meet the users' expectations.
 - Pre-post evaluation. An analysis intended to measure the short-term impact and detect the scope of the expected results; it is conducted before and after the activity in order to determine the knowledge participants had before they began, and confirm whether the practice brought new lessons, respectively.
- External assessment:
 - Focus groups. Exercises carried out after the activities to learn participants' opinions in a group discussion.
 - Qualitative evaluation. Analysis of the design, methodology and implementation of activities, by a specialized financial education consultant, in order to identify areas of opportunity.

Citing innovative mechanisms like these, the Center for Financial Inclusion –a think tank created to build knowledge and promote best practices to encourage financial inclusion– recognized

the *Aprende y Crece* program as a revolutionary, innovative contribution to financial education for Mexicans. The program benefits a number of stakeholders, helping them better understand formal financial services, improving their quality of life and contributing to community development:



Along with specific action lines for each stakeholder group, Banco Azteca forges ties with public and private institutions, nonprofit organizations and international groups to maximize its impact and generate inclusive prosperity.

The *Aprende y Crece* website is an accessible, easy-to-navigate platform certified by Hearcolor, a company that works for Internet accessibility for all and certifies inclusive websites, meaning those whose content is accessible to people with disabilities (visual, auditory, motor, cognitive and neurological), older people and people with educational disadvantages or unfamiliar with the Internet. By this standard, Banco Azteca has been distinguished as a pioneer in digital inclusion.

Among the initiatives carried out as part of the *Aprende y Crece* program in 2017 were:

Mexico

- Participation in National Financial Education Week for the 4th year in a row, with an innovative Galactic Hub called “Space Academy for “Ahorronautas” (Save-o-nauts).
- In an alliance with the Institute for Mexican Overseas (MIE) and the National Commission for the Protection and Defense of Financial Service Users (CONDUSEF), *Aprende y Crece* took part in Financial Education Week in the United States and Canada, with workshops at the consulates in Orlando, McAllen and Brownsville, as well as sponsorship of publications distributed in 52 consulates in Mexico and the United States.
- Creation of a new section called “Amigo Paisano” on the *Aprende y Crece* website, and the second special edition of a bimonthly newsletter to support migrants and their families with information and advice on how to optimize their remittances from overseas.
- Participation in Global Money Week at Mexico’s Interactive Museum of the Economy, with workshops, plays and music.
- Provided financial education to Banco Azteca employees through a cycle of lectures called “Finances for a free future,” sponsored by CONDUSEF, the Institute for the Protection of Bank Savings (IPAB) and Banco de Mexico.

- Alliance with the Organization for Blind Workers, in which MP3 digital audio players were given out containing podcasts on family budgeting and savings at the La Merced market in downtown Mexico.
- *Aprende y Crece* courses given to the indigenous community of San Francisco Totimehuacan, Puebla, accompanied by distribution and readings from the magazine on family budgets, in Náhuatl.

Latin America

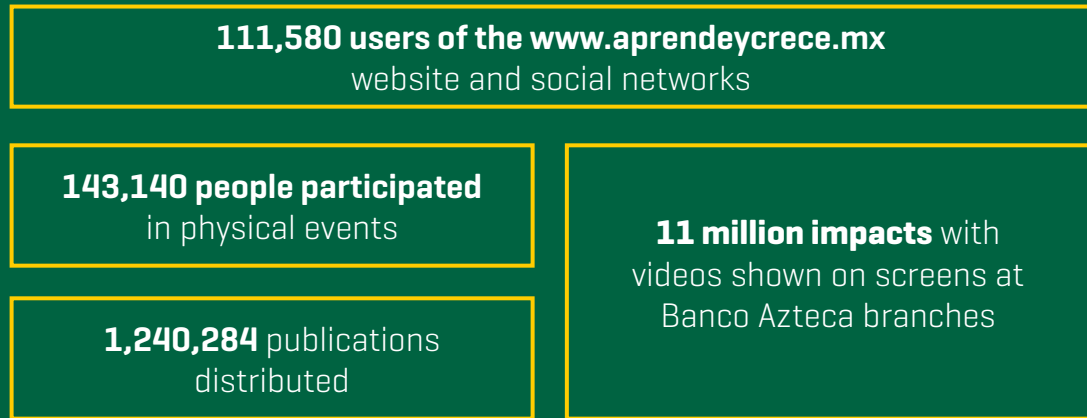
- Launch of the *Aprende y Crece* program in Panama.
- Activities in all of the countries where Banco Azteca operates in the region: El Salvador, Guatemala, Honduras, Panama and Peru.
- Successful participation in financial education forums: the Arequipa International Fair in Peru, Financial Education Week in Honduras, Global Money Week in El Salvador, Guatemala and Panama, and World Savings Day in El Salvador, Honduras and Panama.
- Financial education workshops for Banco Azteca employees in El Salvador, Guatemala and Peru.
- Encouraged entrepreneurship among technical professionals-in-training in Honduras (INFOP), Guatemala (INTECAP) and Panama (INADEH).

- Developed financial skills among children and young people through events at primary and secondary schools and universities in El Salvador, Guatemala, Honduras, Panama and Peru.
- Supported migrants and their families in Guatemala and Honduras with personal finance and business activities on optimization of the use of their remittances.
- Financial inclusion of disadvantaged communities:
 - In Peru, in the municipality of Ate, copies of a magazine called “La Familia Luchón” translated to Maya were distributed, dealing with the subjects of savings and budgeting.
 - In Guatemala, in the Department of Chimaltenango, financial education workshops were provided to a community of migrant families, most of them indigenous.

In 2017, *Aprende y Crece* reached close to 13 million people in Mexico, the United States, Guatemala, Honduras, El Salvador, Panama and Peru, contributing decisively to improving quality of life for all people.

Results of *Aprende y Crece* in Mexico in 2017

12,495,004 children, young people, women, entrepreneurs, business owners, financial service users, employees and clients of Banco Azteca **benefited from the *Aprende y Crece* program in Mexico in 2017**



203-1

\$3,835,332 pesos invested in the *Aprende y Crece* program in Mexico in 2017.

Results of *Aprende y Crece* program in Latin America in 2017

***Aprende y Crece* is the only financial education program** that is prepared with and certified by the Ministry of Public Education, the Ministry of Labor and Social Planning, and **CONDUSEF**

338,151 children, young people, women, entrepreneurs, business owners, financial service users, employees and clients of Banco Azteca **benefited from the *Aprende y Crece* program in Latin America in 2017**

62,200 publications distributed

33,360 people participated in physical events

Banco Azteca, Afore Azteca and Seguros Azteca are the only financial institutions that have **earned a 5-star rating from CONDUSEF's Financial Institutions Bureau** in the field of financial education

242,591 users of the www.aprendeycrece.mx website and social networks

***Aprende y Crece* was one of the key** reasons Banco Azteca won the Socially Responsible company Distinction from the **CEMEFI and AliaRSE**

4,780,091 pesos invested in the *Aprende y Crece* program in Latin America in 2017

Highway safety for society

As a Socially Responsible Company, Italika is committed to encouraging safe driving among its motorcycle owners, and it pursues various initiatives to publicize the rights and obligations involved in driving.

One of these is a driving course for current and prospective owners, in which Italika tells them about the benefits of using their product in optimizing their daily activities, based on a vision of responsibility and safety.



6,240 clients took driving courses given in 5 states of Mexico in 2017

To guarantee the physical safety of driving students during these training sessions, training motorcycles are equipped with safety breaks that shut down the vehicle if the student loses control of it.

Fundación Azteca

GRI 203, 413: 103-1, 103-2, 103-3
102-12, 203-2, 413-1, 413-2

This is the organization through which Grupo Salinas and Grupo Elektra put into practice their goal of promoting inclusive prosperity, through actions that benefit society, particularly the neediest segments. It does so by identifying the most pressing problems and needs and introducing specific programs, with the support of allies and volunteers.

In this way, *Fundación Azteca* serves as a liaison network between nonprofit organizations and people who need help, with partnerships that work to provide direct and indirect support, providing social and health-related products and services. It also sponsors activities that restore the social fabric for future generations.



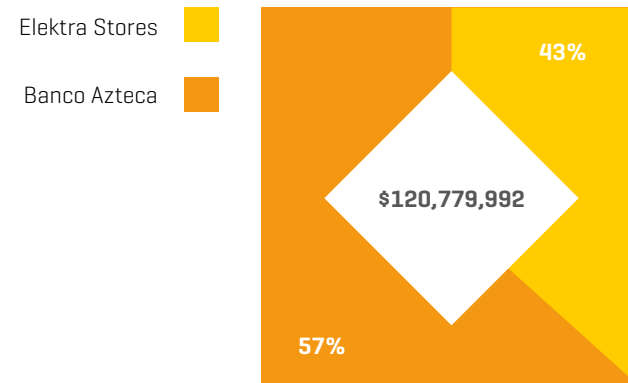
fundacionazteca.org

Fundación Azteca uses three essential tools to pursue its mission:

- Donation Evaluation Committee, which proposes, coordinates, executes and oversees processes and policies that guarantee transparency in the use of funding granted.
- Accountability reports, such as the annual transparency report to the Mexican Tax Administrative System (SAT) and monthly donation reports to comply with anti-money-laundering legislation.
- The Azteca Social Network, where nonprofit organizations can apply for funding.

In 2017, the companies of Grupo Elektra extended their economic support to actions taken by *Fundación Azteca*, as follows:

Amount invested by *Grupo Elektra* in *Fundación Azteca* programs



Fundación Azteca funds four types of causes: Education and culture, health, Social Development and the Environment.

Education and Culture

Plantel Azteca

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

2,100 scholarship students every year at the Mexico City campus

100 scholarship students in Leon, Guanajuato, in 2017



plantelfundacionazteca.com

Collaborative Learning Model

This model is aimed at improving the quality of elementary education in Puebla through the implementation of a new pedagogical student-centered model which transforms learning by including daily life experiences as well as the family and community context.



42,703 students and 1,540 teachers benefited by the Collaborative Learning Model at 434 schools in Puebla in 2017



Generación Bicentenario [Bicentennial Generation] Scholarships

In 2010, the 1,000 the best students at the elementary, secondary and high school level were chosen to receive aid throughout their educational process.

Aid for the **1,000 best students continued to be provided in 2017** through the *Generación Bicentenario* scholarships.

Robotics

This is an initiative which promotes interest for science and technology in children and young people by developing multiple skills through sponsored, play-based, entertaining learning. The final aim is their participation in local and international Robotics contests and competitions.

5 participating teams sponsored by *Fundación Azteca* in 2017

Mexico de 10

Since 2016, *Fundación Azteca* supports young university students of excellence with scholarships that cover food, transportation and school supplies.

In 2017 aid was provided for 50 university students through the *Mexico de 10* scholarship program



Orquesta Sinfónica Esperanza Azteca

This is a socio-musical program whose objective is to improve the quality of life of young people from low-income families and their families and communities as they learn values such as discipline, excellence and teamwork through music.

In creating the *Orquesta Sinfónica Esperanza Azteca* (OSEA), *Fundación Azteca* identifies the particular needs of the target population and the characteristics of public schools in the region through a survey of local needs and issues. An ethnographic investigation has been conducted for the past two years to determine more accurately the characteristics of the population to be attended in 2018.

87 Symphony orchestras and children and juvenile choirs: **84 in Mexico, 1 in the United States and 2 in El Salvador**

551 concerts in 2017 with the participation of major figures such as **Paquito D’Rivera, Valery Gergiev, Saúl Ibarra, Jesús Torres, Elena Durán and Armando Manzanero**



Social development

Red Social Azteca

Aimed at linking civil society organizations with individuals who can provide direct or indirect assistance, mainly through goods, and social and health services.

More than **1,700 civil society organizations** registered in *Red Social Azteca*

700 attendees at the *II Encuentro de Organizaciones Civiles de Red Social Azteca in 2017*

12th edition of the **Donativo Hormiga** ceremony; 1,000 donated items with a value of **\$2.7 million pesos**

113 social assistance civil organizations benefited with Donativo Hormiga in 18 states: Mexico City, State of Mexico, Guerrero, San Luis Potosi, Sinaloa, Tamaulipas, Coahuila, Morelos, Nuevo Leon, Chihuahua, Yucatan, Tabasco, Michoacan, Jalisco, Veracruz, Puebla, Sonora and Queretaro

45 institutions benefited with direct deliveries

Strengthening of Voluntariado Azteca, formed by 20 members and more than 1,860 hours of volunteer work per person

Bancomunidad Azteca

Through the *Centro de Desarrollo Comunitario Centéotl* –a non-profit organization working in benefit of marginalized society in Oaxaca since 1990–, *Fundación Azteca* has granted microcredits to more than 3,500 low-income women in order to aid them start businesses that will improve their quality of life and that of their families.

\$4 million pesos granted to 4,600 mujeres in the *Bancomunidad Azteca* program

Tocando Vidas

Through this program hosted by Esteban Motezuma, *Fundación Azteca* presents life stories that inspire positive change for a better future.

38 episodes of “*Tocando Vidas*” **broadcast in 2017**

Salud

Parteras Profesionales [Professional Midwives]

Program aimed at training women for attending births in their communities, which are generally located in remote or isolated places with difficult access to public health services. Its objective is to help decrease mother-child mortality.

6 female scholarships holders



limpiemosnuestromexico.com

The environment

GRI 304: 103-1, 103-2, 103-3,
304-3

Limpiemos Nuestro Mexico

-due to the earthquakes that occurred in September, this activity was rescheduled to February 2018-.

Program through which *Fundación Azteca* raises social awareness about the seriousness of waste pollution and the possible solutions for remedying this situation. It is the most important clean up drive in Mexico, and calls on companies, institutions, the government, the media, schools, unions, organizations and society in general to collaborate in a common cause with a clear objective: make Mexico cleaner and healthier.

Recognition of winners of the contests that took place in 2016

Approximately **7 million** volunteers in **140,000 brigades** in the Clean-up Drive

40 thousand tons of waste collected in 4 hours

“Desierto de los Leones Orgullosamente Limpio”:

collection of 20 tons of solid waste in 26 clean-up workdays

» **35 environmental education** workdays with 1,300 impacts

» **22 information tours** and 10 activation sessions

» **Upgrading to the new NADF-024-AMBT environmental standard** on information about the four types of containers for waste separation.

» **2 Environmental leaders** and 250 volunteers

“Torreón Orgullosamente Limpio”:

- » **1 Environmental education megabrigade** at the Bosque Urbano de Torreón [Torreon Urban Forest]
- » **1 Clean-up mega drive**
- » **175 special activity volunteers** and 200 brigade members in activities led by environmental leaders
- » **550 volunteer hours**

The program has been replicated in Guatemala, with the name of *Limpiemos Nuestra Guatemala*; the campaign has an accumulative total of over one million volunteers, creating ecological and social awareness among the youth and children. The short-term objective is beginning *Limpiemos Nuestro Perú* and *Limpiemos Nuestra Colombia* campaigns.

¡Que Viva la Selva Lacandona!

This initiative raises social awareness –especially in children– about the importance of preserving protected natural areas. Through the drawing contest *¡Que Viva la Selva Lacandona!* and other productive projects, *Fundación Azteca* contributes to stopping illegal logging, burning and destruction of the region.

Children between 9 and 15 years of age participate in the contest; winners have the chance of traveling to the Montes Azules Reserve in Chiapas, visiting the Lacandon Jungle and being made aware of the importance of preservation by 20 biologists, teachers and volunteers from *Natura y Ecosistemas Mexicanos, A.C.*, enabling them to become ambassadors and spokespersons.

40,500 drawings received

36 winning children traveled to the Lacandon Jungle: 1 per state in Mexico, 1 from *Plantel Azteca* and 3 from Grupo Salinas

The program was implemented in Guatemala with the name *¡Que Vivan Nuestros Lagos!* and the winners will also visit the Lacandon Jungle.



Movimiento Azteca

Program that joins the four aspects at which *Fundación Azteca* aims its efforts. Society in general is called on to contribute to diverse organizations through the dissemination of a social and environmental co-responsibility campaign carried out jointly with TV Azteca.

100 *Movimientos Azteca* (MOVA) have granted aid to 330 organizations and to more than 1.5 million people: boys, girls, young people, adults and senior citizens.

Due to the earthquakes that hit Mexico in 2017, the 100th MOVA took place in support of affected communities.



Juguetón

The largest toy drive in the world, which in 2017 reached schools, detention centers, orphanages, indigenous communities, hospitals, day care centers, soup kitchens, penitentiaries and other facilities, bringing joy to the lives of thousands of children in adverse situations.

16,751,423 toys presented on January 6, 2017, worth around **\$502 million pesos.**

More than **11,500 volunteers** from **government and private enterprise** supported the program.

With the funds raised in 2017, it was possible to **buy more instruments** for children of the orchestras; **ensure treatment for 400 individuals** and avoid transplanted organ rejection; **buy 6,000 chair beds and 60 new ambulances;** contribute to the **rescue of the jaguar;** and **construct 400 houses** in the wake of the September earthquakes.

www.tvazteca.com/vive

Vive sin Drogas

A campaign intended to encourage people – mainly young people– to choose a healthy, addiction-free life

The initiative addresses issues relating to drug use, alcoholism, correct use of social networks, bullying, smoking, eating disorders, and promotion of sports and artistic and cultural activities.

23 events held in 2017

to spread the message of prevention

More than **28,600 people** directly benefited in Mexico and Guatemala

Un Nuevo Bosque

GRI 304: 103-1, 103-2, 103-3
304-3

This is an ongoing reforestation campaign that embodies the environmental commitment of Grupo Salinas and its companies. It involves a series of mass communication campaigns by affiliate stations of TV Azteca, for the purpose of restoring areas affected by natural phenomena or human action.

Un Nuevo Bosque is endorsed by the National Forestry Commission (CONAFOR), which helps it with the selection and preparation of land, participation of brigade members, advice to volunteers and contribution of the trees to be planted, which are selected by species and region to guarantee their survival.



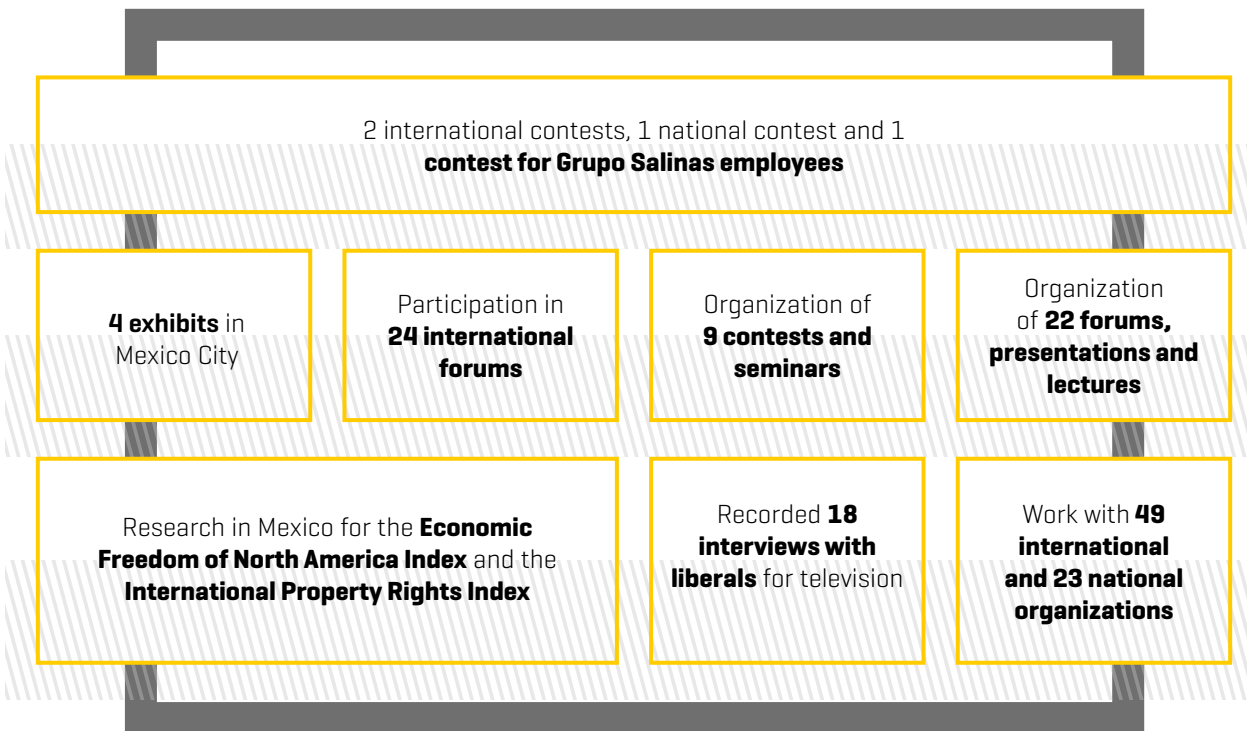
Un Nuevo Bosque carried out **35 tree-planting activities** in 2017

The reforestation campaign planted a **record 1.2 million trees across 1,147 hectares in 2017**, with the help of around 120,000 volunteers

Caminos de la Libertad

This is a social initiative by Grupo Salinas, which is important because it serves as a forum for transmitting the Group's ideas and principles in Latin America, influencing public opinion both locally and internally on the matter of fundamental human rights –like economic freedom and freedom of expression– the rule of law, free trade, individual and civil liberty, the war on poverty, creation of wealth, and the social value of entrepreneurs.

In 2017 its actions were as follows:

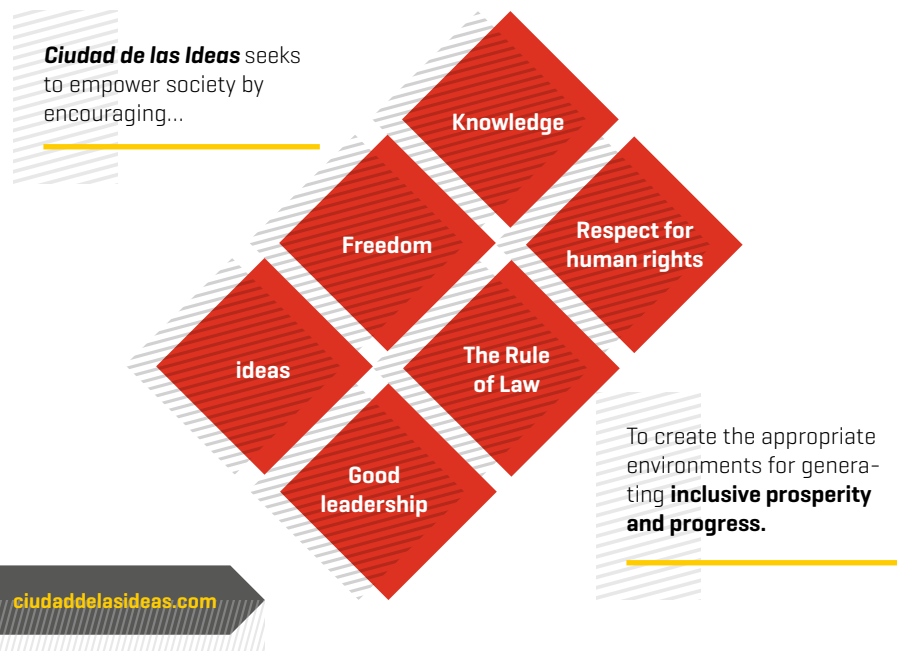


La Ciudad de las Ideas

This is a festival that brings together the brilliant minds that are changing the world. Its objective is to empower society through knowledge; it is a celebration of creativity and human curiosity.

It stands out for highlighting talent and cultivating critical thought through the dissemination of science, art, innovation, and all those tasks which are transforming international economic, social, environmental and cultural aspects.

Approximately 60 speakers –scientists, humanists, and opinion leaders– participate in the forum. In parallel, it is also the stage for a cultural program that includes short films and artistic activities.



Since its inception, **La Ciudad de las Ideas** has...

Reached an audience of **more than 32 million people** through various media.

Welcomed 36,000 visitors to its various festivals, including opinion leaders, entrepreneurs, journalists, academics and students.

Made audiences reflect on the ideas of more than 500 brilliant minds and confront them with paradigms for generating a new way of seeing the world.

Celebrated creativity, imagination and ingenuity in around 1,350 hours of programming.

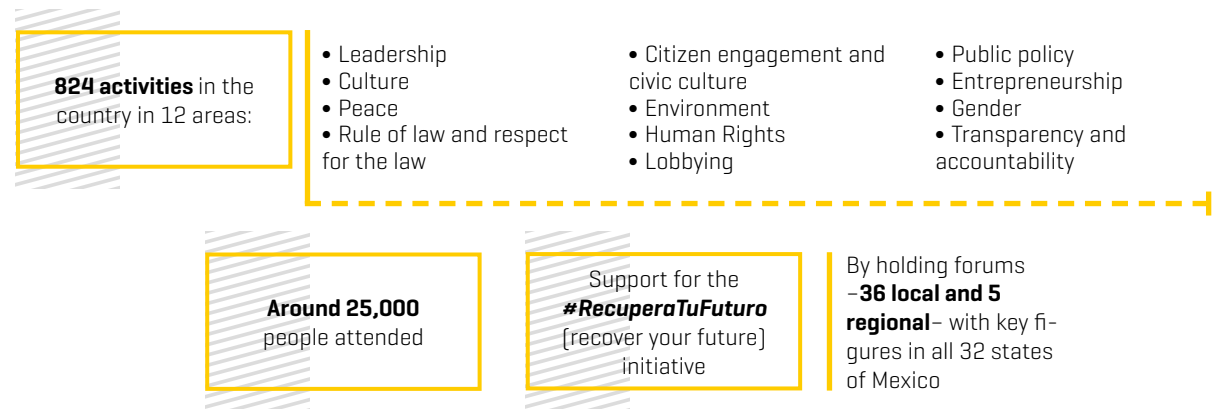
Created close to 30 alliances with universities, companies and government agencies.

Kybernus

This is Grupo Salinas' program for creation of shared social value, the purpose of which is to promote and spread the message about the importance of leading with excellence –with vision, skill, and ethics– in building climates that nurture inclusive prosperity.



2017 Results



Donations

One of the qualities that characterizes Group Salinas is its generosity to institutions doing valuable work for society.

Banco Azteca presented a generous donation to the Mexican Red Cross during its 2017 national fundraising drive, channeling voluntary contributions from clients and employees.

Banco Azteca **donated more than \$1.1 million pesos** to the Mexican Red Cross.

In Honduras, to promote wellness and sports, Banco Azteca supported soccer teams of 25 schools with new uniforms, benefiting around 15,000 students.

In Peru, during the holiday season, Banco Azteca helped children from the La Inmaculada Sector of San Juan de Miraflores with gifts of toys and creation of a playground. Each participating employee sponsored one child, presenting him or her with a gift, an effort that extended to 300 children. The donation was equivalent to approximately \$25,000 soles.

Grupo Salinas support in natural disasters

2017 was a tremendously challenging year for the country, because the earthquakes of September 7 and 19 not only shook the earth but stirred painful memories for those who had lived through past disasters and imprinted new memories on a new generation. But it also stirred the hearts of the Mexican people.

The events caused serious damage in 15 states of Mexico, and once again proved Mexican citizen's reputation for solidarity, union and teamwork under adversity.

Grupo Elektra joined in the rescue and restoration tasks led by Grupo Salinas, motivated by the generosity of the great people that make up their teams, and the human quality they are known for, in order to support employees who were affected and bring help to where it was most needed.



Under its Business Continuity Plan, Banco Azteca has a firm commitment to supporting clients located in vulnerable areas of which have been hit by natural disasters, either through consumer products or by offering payment alternatives on their loans and credit cards. After the September 2017 earthquakes

Banco Azteca put these systems into practice, along with the direct support it gave to affected employees. The Bank took three special measures to benefit clients at branches located in the earthquake-damaged zones:

- Option to renew starting at 20% of the term.
- Freezing of the portfolio so clients did not fall into default.
- Cash withdrawals of between \$5,000 and \$9,000 pesos.

In Peru, Banco Azteca supported victims of the “El Niño” weather phenomenon through:

- An alliance with the Banco de Alimentos (food bank) in Lima, Piura and La Libertad, providing 10,000 breakfast rations to affected families.
- Product donations of clothing, shoes, toys and basic food supplies for affected families in Lima, through a corporate employee volunteer corps.

Donations in Peru **equivalent to** approximately **\$100,000 soles**



ENVIRONMENTAL VALUE

Environmental commitment

Grupo Elektra is eager to seize every possible opportunity to reiterate its commitment to generating environmental value and thus to promote inclusive prosperity. It designs actions to reduce its impact on the environment and create more opportunities for present and future generations to develop.

Responsible management

GRI 304: 103-1, 103-2, 103-3
304-2

To correctly manage the process of attenuating its environmental impact, Grupo Salinas created an Energy and Environment Area, a unit specializing in energy efficiency and environmental issues that proposes strategic solutions. These may include technological projects, innovation and applied research, as well as strict compliance with environmental regulations in order to guarantee optimum use of natural resources while preserving the profitability of its business.

The Energy and Environment Area designed what it calls an Energy Management System, a key technological tool for analyzing electrical energy consumption, handling data on the electricity consumption of all the Group's companies and preparing specific diagnoses for each property. Among the benefits of this platform are:

It monitors trends in group or individual consumption of its properties in a given time period.

It keeps track of Area's activities and progress against goals.

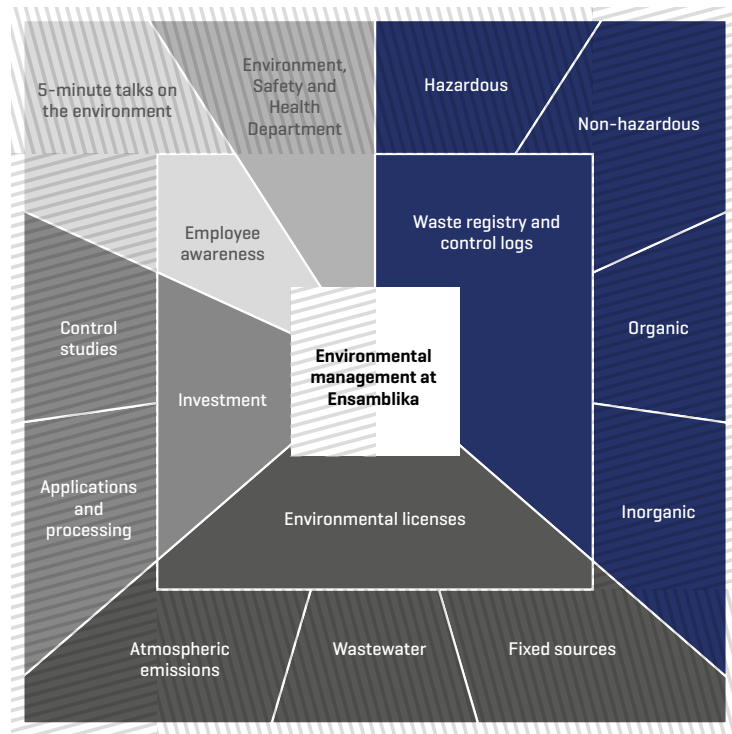
Data is collected manually by the people in charge of each property.

It generates alerts and reports on electricity consumption and events.

More than \$69 million invested by Grupo Elektra in improvements to conserve the environment in 2017.



Meanwhile, at Italika, avoiding a negative impact on quality of life in its communities and on the environment is a priority. Ensamblika has various tools to appropriately mitigate environmental impact, such as:



Ensamblika evaluates its environmental management model by making sure its environmental licenses are kept current, hiring experts to test contaminating emissions and conducting internal audits. In this process, it has identified areas of opportunity to establish goals and keep track of certain indicators.

More than \$270,000 pesos invested by Ensamblika in official applications and processing to improve its environmental management.

Energy

GRI 302, 307: 103-1, 103-2, 103-3

Because electrical energy is one of the main inputs for Grupo Elektra’s company operations, it must abide by various regulations and standards to guarantee the safety of its employees and its workplace processes, and to use energy efficiently, among which are:

- NOM-001-SEDE-2012, electrical installation safety [use]
- NOM-031 y 031-ENER-2012, Energy efficiency and minimum parameters for LED lighting.
- NOM-025-STPS-2008, Workplace lighting conditions
- NMX-AA-164-SCFI-2013, Minimum environmental criteria for sustainable buildings.
- Annual report of High-Consuming Users [UPAC] at the Esmeralda Torre 1 headquarter of Elektra Stores, mandated by the Energy Transition Law to guarantee sustainable energy use.

To ensure compliance with these regulations, the Energy and Environment Area continuously monitors operations by Grupo Elektra companies through various processes, such as:

- Monthly analysis of electricity use and comparison against past periods.

- Energy audits of its most representative properties in order to design environmental mitigation programs.

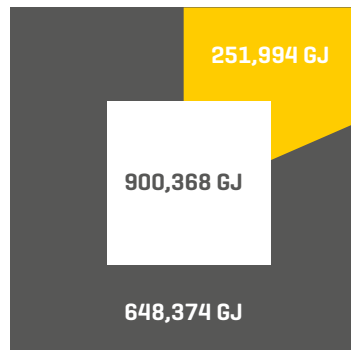
To calculate energy consumption, Grupo Elektra follows the international protocol developed by the Efficiency Valuation Organization (EVO), the purpose of which is to measure and guarantee energy savings, reduce costs and systematize the measurement and verification of energy performance.

In 2017, **37% of energy consumed** by Grupo Elektra came from **renewable sources.**

120,360 kilowatt-hours (kWh) of electrical energy consumed on average by each Elektra store in 2017, a 13.7% increase compared to 2016

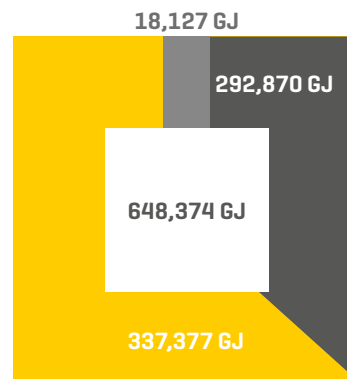
Grupo Elektra
Energy consumption [Gigajoules]

Renewable Non-renewable



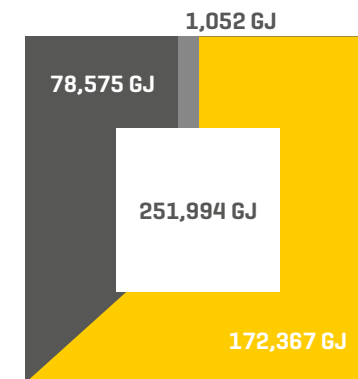
Consumption of fuel from non-renewable sources [Gigajoules]

Elektra Stores Banco Azteca Italika



Consumption of fuel from renewable sources [Gigajoules]

Elektra Stores Banco Azteca Italika



302-1

189.6 Gigawatts-hour (GWh) of electrical energy consumed in 2017 by Grupo Elektra

Notes:

- GJ = Gigajoules
- The breakdown of non-renewable energy consumption by company and source was as follows:
 - **Elektra Stores:** 74.1 Gigawatt-hours (GWh) of electricity; 661,642 liters of gasoline; 23,314 liters of diesel; and 105,014 liters of LP Gas.
 - **Banco Azteca:** 40.8 Gigawatt-hours (GWh) of electricity and 5,611,387 liters of gasoline.
 - **Italika:** 4.7 Gigawatt-hours (GWh) of electricity and 35,267 liters of gasoline.

Notes:

- GJ = Gigajoules
- The breakdown of renewable energy consumption by company and source was as follows:
 - **Elektra Stores:** 48.4 Gigawatt-hours (GWh) of electricity [14.3 GWh of wind energy and 34.1 GWh of geothermal energy].
 - **Banco Azteca:** 21.3 Gigawatt-hours (GWh) of electricity [6.3 GWh of wind energy and 15 GWh of geothermal energy].
 - **Italika:** 0.3 Gigawatt-hours (GWh) of wind energy.

302-3

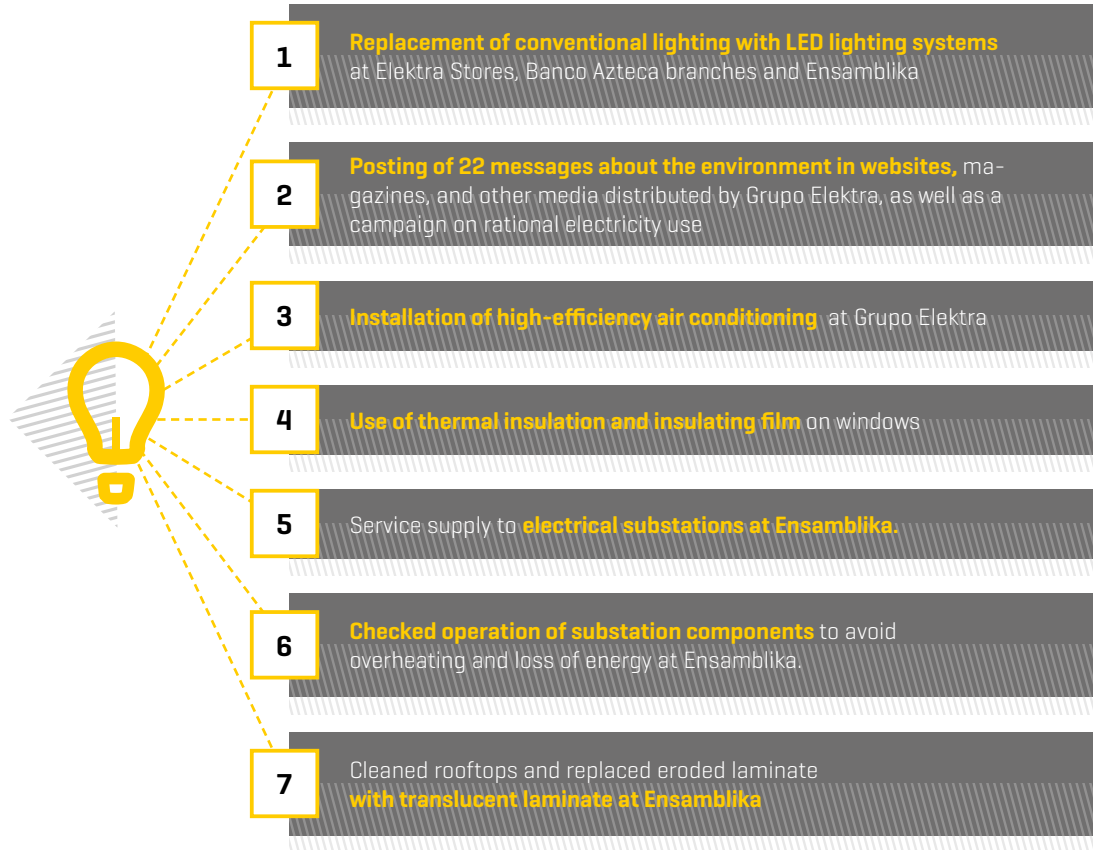
22,500 kilowatt-hours (kWh) of electrical energy consumed on average by each Banco Azteca branch in 2017, a 2.9% reduction from the previous year

9 kilowatt-hours (kWh) of electrical energy consumed by manufactured motorcycle (Italika) in 2017; met the goal of reducing electricity use by 10% against the previous year.

302-4, 302-5

A 25% increase in electrical energy consumption efficiency at Elektra Stores and Banco Azteca branches compared to a standard store or branch, **by modernizing lighting and air conditioning systems**

Energy savings initiatives



18% increase in efficiency at Grupo Elektra from modernization of air conditioning technology

Grupo Elektra reduced its electricity consumption by 3,348 Gigajoules [GJ] in 2017 thanks to energy efficiency initiatives

Italika works to reduce the amount of electricity it uses every day in assembling its products and providing its services, in order to mitigate the emission of contaminating gases and consumption of fossil fuels while saving on operating costs.

To guarantee the efficacy of energy optimization measures, Ensamblika has a Maintenance Area in charge of providing the necessary electrical support and monitoring improvements.

Also in 2017, Ensamblika asked the public lighting and power authority (the CFE) to conduct an inspection, in order to obtain feedback for improvement. The results were satisfactory, because the power factor remained unchanged throughout the year, meaning its electrical energy consumption was effective.

Emissions

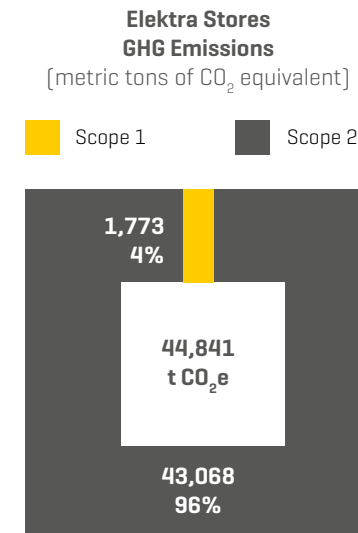
GRI 307: 103-1, 103-2, 103-3

Every year, Grupo Elektra prepares a report for the National Emissions Registry (RENE) for both Elektra Stores and Banco Azteca, ensuring they remain in compliance with the General Law on Climate Change. This registry is one way Mexico keeps track of its international commitment to reduce emissions by 30% by the year 2025 and by 50% by the year 2050.

The RENE report incorporates carbon dioxide (CO₂) and greenhouse gas (GHG) emissions, given that most of the emissions by the two companies come from the consumption of energy required for their operations. It is also a tool for identifying the main sources of emissions in Grupo Elektra companies, to establish programs to reduce consumption and mitigate environmental impact.

With this in mind, based on an operational control approach, Grupo uses the RENE methodology to calculate its emissions, as well as emission factors from the indexes published by the Ministry of the Environment and Natural Resources (SEMARNAT).

In 2017, GHG emissions by Grupo Elektra broke down as follows:

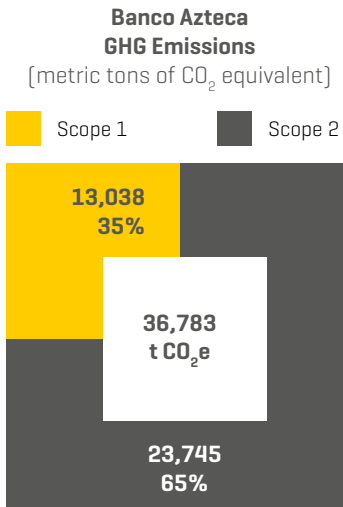


Notes.

- Direct emissions are composed of carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O).
- In 2017, Elektra Stores emitted 1,712 metric tons of CO₂ equivalent in biogenic carbon dioxide.

13 metric tons of CO₂e emitted per bank branch in 2017 [scope 1 and 2]





Notes.

- Direct emissions are composed of carbon dioxide [CO₂], methane [CH₄] and nitrous oxide [N₂O].
- In 2017, Banco Azteca emitted 12,528 tons of CO₂ equivalent in biogenic carbon dioxide.

13 metric tons of CO₂e
emitted per branch in 2017
(scope 1 and 2)

Note.

Units of measurement:

- kg: kilograms
- kg/h: kilograms per hour.
- kg/m³: kilograms per cubic meter

Due to energy consumption optimization initiatives at Grupo Elektra, like upgrading to high-efficiency equipment, using more renewable energy (wind and geothermal) and bolstering energy savings measures at corporate headquarters, stores and bank branches, Elektra Stores and Banco Azteca avoided the emission of 262 and 279 metric tons of CO₂e, respectively.

Italika is also conscious of the environmental impact it has by the nature of its business, primarily carbon dioxide emissions from testing and product transportation, and it has therefore put in place measures to mitigate this impact.

At Ensamblika, where there are special confined areas for conducting startup tests and adjusting each motorcycle, equipment is verified to ensure it meets current regulations. In 2017, the results of these evaluations were satisfactory, and operations were found to be within permissible limits, enabling the company to obtain its license for stationary source operation.

0.0425 metric tons of CO₂
emitted by Italika in 2017

Emissions

Current environmental standards applicable to Ensamblika

NOM-085-SEMARNAT-2011

Atmospheric contamination - Maximum permissible limit on emissions from indirect-fired combustion equipment and their measurement

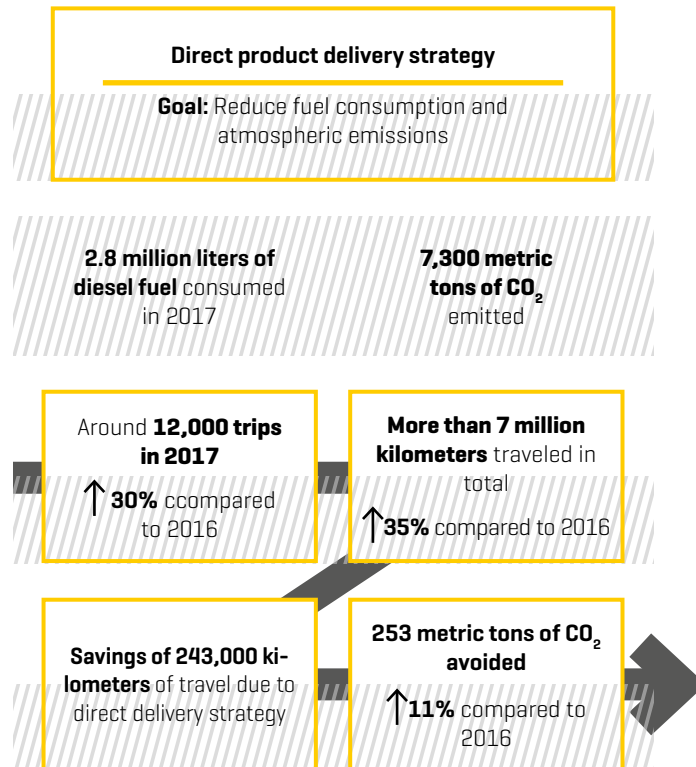
NOM-043-SEMARNAT-1993

Maximum permissible limit on atmospheric emission of solid particles from stationary sources.

**Ensamblika
2017 Emissions**

NO _x	0.0794 kg
COV	625 kg/h
PM	0.00458929 kg/m ³

In 2017, Italika's strategy of direct product delivery had the following results:



2018 Goals

- **Develop logistics project** for making product distribution more efficient.
- **Continue strategy of direct store delivery to save more than 950,000 kilometers of travel distance**, avoiding the emission of close to 1,000 metric tons of CO₂ into the atmosphere.

Water

Grupo Elektra continues to raise awareness about the responsible use of water, in order to fortify actions to save and care for this vital resource.

306-5

Based on Grupo Elektra's environmental policy and the nature of its businesses, there is no water source that is affected by over-exploitation of water consumption or discharge of contaminating waste.

198,170 m³ of water consumed by Elektra Stores in 2017*

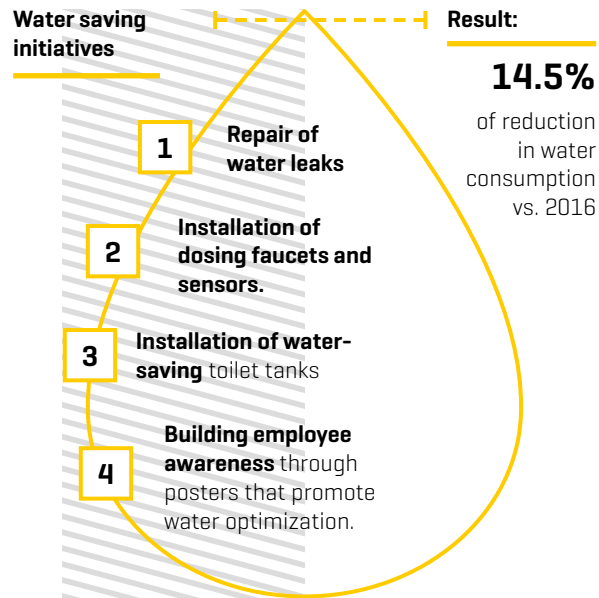
239,179 m³ of water consumed by Banco Azteca in 2017*

30,023.6 m³ of water consumed by Italika's assembly plant in 2017

*Notes:

- m³ = cubic meters
- Because all Elektra Stores share facilities with Banco Azteca branches, water consumption is measured jointly based on the size of the branches and the number of employees in each, number of clients per day and buckets of water used for cleaning each day; this gives the total cubic meters of consumption. After that, the percentage occupied by each company in terms of square meter (70% for Elektra Stores/30% for Banco Azteca branches) is applied to the calculation on use of cubic meters of water.
- Banco Azteca also has some standalone branches, whose water consumption is added to the above calculations to arrive at the company-wide total.
- Finally, metered water consumption at Grupo Elektra's seven corporate offices is added to the total.

Ensamblika also has measures to save this non-renewable resource, as described below:



Furthermore, Ensamblika evaluates the effectiveness of these measures by monitoring water meters, comparing water consumption every two months against year-earlier levels, and following the recommendations of the industrial park. Based on the results of this evaluation it has identified some areas of opportunity for managing this vital resource, which have to do with setting targets for consumption and saving, and introducing internal audits.

Materials

By the nature of its business, the materials Grupo Elektra uses for operation are mostly office supplies:

301-1

Close to 412 metric tons of material acquired* in 2017 by Grupo Elektra; 49% of which was paper and 23% printer cartridges

Use of around **15,426 million assembly pieces and 24,292.5 metric tons of packaging**, shrink-wrapping and transporting equipment by Ensamblika

The Purchasing Area is responsible for acquiring equipment and material with the highest environmental efficiency standards. Some examples are:

Italika launched a new line of tires in 2017, modifying the packaging design and **reducing the amount of plastic used to wrap the tire by 50%**

2,738 air conditioners and 65,669 pieces of lighting equipment acquired* in 2017 by Grupo Elektra

* Note. Data from Grupo Salinas Central de Compras. Office supplies acquired were not necessarily used completely in 2017.

Waste

GRI 306, 307: 103-1, 103-2, 103-3

In accordance with its internal manual on sorting solid waste, and with environmental standard NADF-024-AMBT-2013, Grupo Elektra has solid waste separation programs at all its corporate offices, in which waste is sorted into categories as organic, non-organic, recyclable and hazardous.

In 2017, Grupo Elektra distributed messages on environmental issues and launched a campaign to promote comprehensive waste management.

306-4

Solid waste at Grupo Elektra is disposed of through external companies authorized to provide waste collection and transportation services and dispose of it at trash dumps. These companies provide a manifest at the end of the process stating that the comprehensive waste management methodology was correctly followed.

301-2, 301-3, 306-2

In 2017 Grupo Elektra generated more than 6,000 metric tons of solid waste, most of it non-hazardous.

198 metric tons of recyclable waste recovered from Grupo Elektra corporate offices

Waste reduction initiatives

- 1 Use of **returnable containers** for supermarkets.
- 2 Use of **biodegradable napkins** in the cafeteria.
- 3 Packing **space reduction** review.
- 4 **Recovery of recyclable materials:** cardboard, wood, foam rubber, Styrofoam and metal.

Results [tons]	
4.9 metric tons of hazardous waste generated	1.4 metric tons of non-hazardous waste generated
0.7 metric tons of non-recyclable organic waste	0.7 metric tons of organic waste
4,027 metric tons of recycled non-organic waste	1,440 metric tons of waste sent for composting.

Ensamblika optimizes materials use and re-uses them in order to reduce the amount of waste generated and preserve the environment, which also lowers the cost of final disposal.

In accordance with Group directives, Ensamblika has specific initiatives for reducing the impact of its operations, as well as internal audits of compliance with environmental standard NOM-161-SEMARANT-2011, which deals with sorting of wastes for special handling and determining which waste is subject to a Management Plan.

About this report

102-50

Grupo Elektra is pleased to present its 6th Sustainability Report, which contains the results of the economic, social and environmental performance of the operations of Grupo Elektra, S.A.B. de C.V. for the period between January 1st and December 31, 2017.

102-49, 102-54

Grupo Elektra carries out a process of continuous improvement, and accordingly, this report has been prepared for the first time in accordance with Global Reporting Initiative (GRI) standards, Core Option, and continues to report information pertaining to the financial Services Sector Supplement (FSSS).

102-45

The information in this report corresponds to the results of Elektra Stores, Banco Azteca and Italka. The scope encompasses operations in Mexico, Latin America and the United State, except for the environmental data, which corresponds only to Mexico.

The amounts contained herein are reported in Mexican pesos (MXN/Ps.), unless otherwise specified.

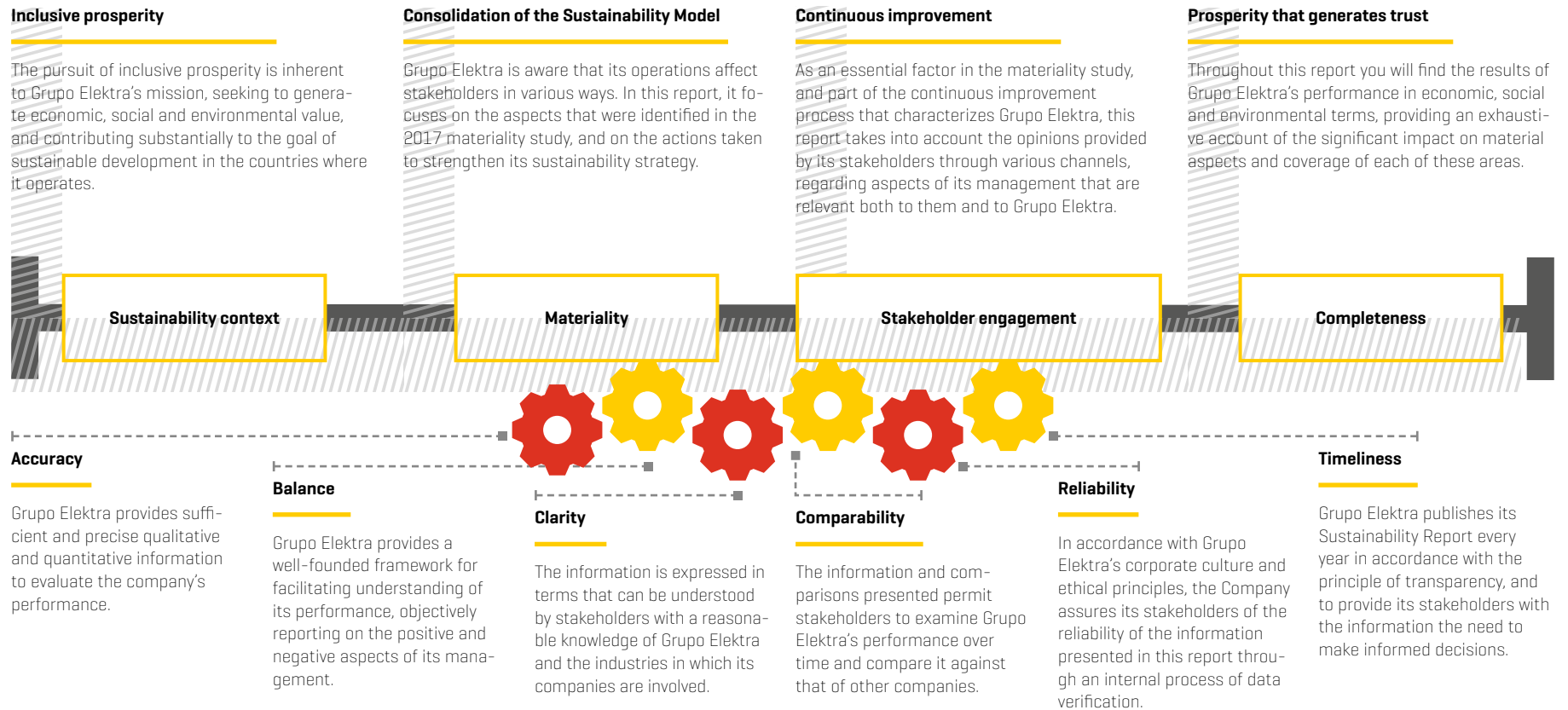
102-48

Restatement of certain information: some of the environmental data in this report has been restated, as follows:

- Energy results for fiscal year 2017 are presented at the Group level, and not by company.
- Water consumption for Italka's assembly plant [Ensamblika] was verified for 2016 and corrected to 35,111,01 m³.

Principles applied in preparing this Report

Grupo Elektra’s 2017 Sustainability Report is intended to serve as a clear, balanced, comparable, precise, timely and accurate document, and accordingly it applies the principles established by the Global Reporting Initiative (GRI) for determining the report’s content and quality, as follows:



GRI Content Index

102-55

GRI Standard	Disclosure	Page / Direct Response	Omission
General Disclosures			
Organizational profile			
102-1	Name of the organization	5	
102-2	Activities, brands, products, and services	5-8	
102-3	Location of headquarters	132	
102-4	Location of operations	5	
102-5	Ownership and legal form	5	
102-6	Markets served	6-8	
102-7	Scale of the organization	5-8, 27 Market capitalization as of December 31, 2017 was \$60.34 billion pesos, represented by 231 million outstanding shares [weighted average during the year].	
102-8	Information on employees and other workers	72	
102-9	Supply chain	49-50	
102-10	Significant changes to the organization and its supply chain	49	
102-11	Precautionary Principle or approach	39-40	
102-12	External initiatives	16, 99-112	
102-13	Membership of associations	26	
Strategy			
102-14	Statement from senior decision-maker	9-11	
102-15	Key impacts, risks, and opportunities	9-11	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	41	
102-17	Mechanisms for advice and concerns about ethics	45-48	
Governance			
102-18	Governance structure	31	
102-19	Delegating authority	31, 34-35	
102-20	Executive-level responsibility for economic, environmental, and social topics	34	
102-21	Consulting stakeholders on economic, environmental, and social topics	32	
102-22	Composition of the highest governance body and its committees	31, 33	
102-23	Chair of the highest governance body	31	

GRI 102: General Disclosures
2016

GRI Standard	Disclosure	Page / Direct Response	Omission
Contenidos Generales			
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102-25	Conflicts of interest	36	
102-26	Role of highest governance body in setting purpose, values, and strategy	31, 41	
102-27	Collective knowledge of highest governance body	32	
102-28	Evaluating the highest governance body's performance	35	
102-29	Identifying and managing economic, environmental, and social impacts	37-40	
102-30	Effectiveness of risk management processes	37-40	
102-31	Review of economic, environmental, and social topics	31	
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	35	
102-34	Nature and total number of critical concerns	35	
102-35	Remuneration policies	35	
102-36	Process for determining remuneration	35	
102-37	Stakeholders' involvement in remuneration	35	
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	14-15	
102-41	Collective bargaining agreements	72-88	
102-42	Identifying and selecting stakeholders	14-15	
102-43	Approach to stakeholder engagement	14-15, 17	
102-44	Key topics and concerns raised	21, 45-48	
Reporting practice			
102-45	Entities included in the consolidated financial statements	122	
102-46	Defining report content and topic Boundaries	25	
102-47	List of material topics	25	
102-48	Restatements of information	122	
102-49	Changes in reporting	122	
102-50	Reporting period	122	
102-51	Date of most recent report	2016	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	132	
102-54	Claims of reporting in accordance with the GRI Standards	122	

GRI 102: General Disclosures
2016

GRI Standard	Disclosure	Page / Direct Response	Omission
	102-55	GRI content index	124-131
	102-56	External assurance	The data contained in this report are reviewed internally, without external verification.
Material topics			
Economic Performance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	28
	103-2	The management approach and its components	28
	103-3	Evaluation of the management approach	28
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	27
	201-2	Financial implications and other risks and opportunities due to climate change	39-40
		Defined benefit plan obligations and other retirement plans	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.
Corruption, Bribery and Transparency			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	42-44
	103-2	The management approach and its components	42-44
	103-3	Evaluation of the management approach	42-44
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	42, 43
		Communication and training about anti-corruption policies and procedures	42, 43
	205-3	Confirmed incidents of corruption and actions taken	During the period covered by this report there were no confirmed cases of corruption or money-laundering.
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	26, 42
	103-2	The management approach and its components	26, 42
	103-3	Evaluation of the management approach	26
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	During the period of this report there were no incidents relating to unfair competition or monopolistic practices.
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	26
	103-2	The management approach and its components	26
	103-3	Evaluation of the management approach	26
GRI 415: Public Policy 2016	415-1	Political contributions	In accordance with the law, Grupo Elektra does not contribute in any way to political parties or their representatives.

GRI Standard	Disclosure	Page / Direct Response	Omission
Materials			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Because this is the first fiscal year in which Grupo Elektra reports on Material Aspects, it does not yet have a management focus; it has committed to undertake this effort in the coming year.
	103-2	The management approach and its components	Because this is the first fiscal year in which Grupo Elektra reports on Material Aspects, it does not yet have a management focus; it has committed to undertake this effort in the coming year.
	103-3	Evaluation of the management approach	Because this is the first fiscal year in which Grupo Elektra reports on Material Aspects, it does not yet have a management focus; it has committed to undertake this effort in the coming year.
GRI 301: Materials 2016	301-1	Materials used by weight or volume	120
		Recycled input materials used	121
	301-3	Reclaimed products and their packaging materials	121
Environmental Policies / Environmental Management System			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	114-117
	103-2	The management approach and its components	114-117
	103-3	Evaluation of the management approach	114-117
GRI 302: Energy 2016	302-1	Energy consumption within the organization	115
		Energy intensity	115, 116
	302-4	Reduction of energy consumption	116
	302-5	Reduction in energy requirements of products and services	116
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	114-119, 121
	103-2	The management approach and its components	114-119, 121
	103-3	Evaluation of the management approach	114-119, 121
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Grupo Elektra complies fully with all applicable environmental laws, and there were no reported breach of these laws in 2017.
Biodiversity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	104-105, 107, 113-114
	103-2	The management approach and its components	104-105, 107, 113-114
	103-3	Evaluation of the management approach	104-105, 107, 113-114
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.
		Significant impacts of activities, products, and services on biodiversity	113
	304-3	Habitats protected or restored	104-105, 107

GRI Standard	Disclosure	Page / Direct Response	Omission
Waste Management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	121
	103-2	The management approach and its components	121
	103-3	Evaluation of the management approach	121
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	121
	306-3	Significant spills	By the nature of the business, there is no risk of significant spills.
		Transport of hazardous waste	121
	306-5	Water bodies affected by water discharges and/or runoff	119
Talent attraction and retention			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	71-73
	103-2	The management approach and its components	71-73
	103-3	Evaluation of the management approach	71-73
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	72
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	79
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	86-88
	103-2	The management approach and its components	86-88
	103-3	Evaluation of the management approach	86-88
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	86
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	There were 23 fatalities in Banco Azteca operations, and 0 at Ensamblika.
		Workers with high incidence or high risk of diseases related to their occupation	86
	403-4	Health and safety topics covered in formal agreements with trade unions	88
Human Capital Development			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	74-78
	103-2	The management approach and its components	74-78
	103-3	Evaluation of the management approach	74-78
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	76
		Programs for upgrading employee skills and transition assistance programs	75 At Elektra Stores, outplacement sessions are held when a workplace is closed.
	404-3	Percentage of employees receiving regular performance and career development reviews	77-78
			The data on training hours pertain to total man-hours of training rather than average hours of training, because employees may participate in various courses over the course of the year.

GRI Standard	Disclosure	Page / Direct Response	Omission
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	34, 71-73
	103-2	The management approach and its components	34, 71-73
	103-3	Evaluation of the management approach	34, 71-73
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	34, 73
	405-2	Ratio of basic salary and remuneration of women to men	79
Human Rights			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	51, 71-73
	103-2	The management approach and its components	51, 71-73
	103-3	Evaluation of the management approach	51, 71-73
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	During the reporting period there were no cases of discrimination.
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	51
	103-2	The management approach and its components	51
	103-3	Evaluation of the management approach	51
"GRI 407: Freedom of Association and Collective Bargaining 2016"	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	There are no operations or suppliers in which the freedom of association and right to collective bargaining are at any risk.
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	51
	103-2	The management approach and its components	51
	103-3	Evaluation of the management approach	51
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	There are no operations or suppliers in which there is a risk of child labor.
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	51
	103-2	The management approach and its components	51
	103-3	Evaluation of the management approach	51
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	There are no operations or suppliers in which there is a risk of forced or compulsory labor.
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	51
	103-2	The management approach and its components	51
	103-3	Evaluation of the management approach	51
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	51
		Employee training on human rights policies or procedures	42
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	51
			Grupo Elektra conducts impact evaluations of suppliers regarding human rights; it does not conduct any internal evaluations.

GRI Standard	Disclosure	Page / Direct Response	Omission
Social Impact			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	56-58, 90-91, 92-97, 99
	103-2	The management approach and its components	56-58, 90-91, 92-97, 99
	103-3	Evaluation of the management approach	56-58, 90-91, 92-97, 99
"GRI 203: Indirect Economic Impacts 2016"	203-1	Infrastructure investments and services supported	28, 30, 57, 96
	203-2	Significant indirect economic impacts	56-58, 63, 90, 92, 93, 99
Requirements to Suppliers			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	90-91, 92-97, 99
	103-2	The management approach and its components	90-91, 92-97, 99
	103-3	Evaluation of the management approach	90-91, 92-97, 99
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	90, 92, 93, 99
	413-2	Operations with significant actual and potential negative impacts on local communities	90, 92, 93, 99
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	49-50
	103-2	The management approach and its components	49-50
	103-3	Evaluation of the management approach	49-50
"GRI 204: Procurement Practices 2016"	204-1	Proportion of spending on local suppliers	49
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	51
	103-2	The management approach and its components	51
	103-3	Evaluation of the management approach	51
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	51
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	51
	103-2	The management approach and its components	51
	103-3	Evaluation of the management approach	51
"GRI 414: Supplier Social Assessment 2016"	414-1	New suppliers that were screened using social criteria	51
Products and Services Development / Customer Relations Management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	53, 62-66
	103-2	The management approach and its components	51-52, 62-66
	103-3	Evaluation of the management approach	51-53, 62-66
"GRI 416: Customer Health and Safety 2016"	416-1	Assessment of the health and safety impacts of product and service categories	53, 63, 65
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	During the period reported, there were no cases of violations of regulations and standards, although Italika received 745 claims regarding product quality. 729 of these were resolved and 16 are still being addressed.
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	59-62
	103-2	The management approach and its components	59-62
	103-3	Evaluation of the management approach	59-62

GRI Standard	Disclosure	Page / Direct Response	Omission
Products and Services Development / Customer Relations Management			
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	53-55
	417-2	Incidents of non-compliance concerning product and service information and labeling	In 2017 there were no reported violations of advertising or product information laws by Grupo Elektra.
	417-3	"Incidents of non-compliance concerning marketing communications"	In 2017 there were no reported violations of advertising or product information laws by Grupo Elektra.
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	67-70
	103-2	The management approach and its components	67-70
	103-3	Evaluation of the management approach	67-70
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Due to the Grupo Elektra legislation compliance and the obtained certification, there are no claims concerning to privacy or data leakage.
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	53-55, 59-62
	103-2	The management approach and its components	53-55, 59-62
	103-3	Evaluation of the management approach	53-55, 59-62
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Because Grupo Elektra complies with all applicable laws and regulations, during the period reported there were no violations in social and economic matters.
"FSSS Product Portfolio"	FS1	Policies with specific environmental and social components applied to business lines	Grupo Elektra has the Energy Saving Seal, an internal tool used at all the companies of Grupo Salinas to evaluate, validate and certify the purchase of efficient lighting equipment, air conditioning and any other device that consumes electricity.
	FS2	Procedures for assessing and screening environmental and social risks in business lines	39-40
	FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	53
	FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	75
	FS6	Percentage of the portfolio for business lines by specific region, size [e.g. micro/SME/large] and by sector.	28
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	28
	"FSSS Audit"	FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures
"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	26
"FSSS Local Communities"	FS13	Access points in low-populated or economically disadvantaged areas by type	90, 92
		Initiatives to improve access to financial services for disadvantaged people	90, 92
	FS16	Initiatives to enhance financial literacy	93

Contact

102-3, 102-53

For more details about this report on issues relating to sustainability at Grupo Elektra, please contact:

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