Softtek®

SUSTAINABILITY REPORT 2016

Report parameters

Our sustainability report compares the results of Softtek for the period of January 1 to December 31, 2016, which is certified according to the international GRI (Global Reporting Initiative) Index as an essential option in its latest version G4.

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Softtek

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Economic Perspectives

SOFTTEK WAS NOT BORN TO SURVIVE; IT WAS BORN TO EXCEL.

01

Being part of what I like to call the talent economy is the challenge of finding, attracting, developing and, most importantly, engaging people through passion, to transform the world in which we live.

We are currently in a digital era that offers numerous business opportunities due to the need for companies and corporations in the public and private sectors to evolve towards this new facet. We have to make sure we find them and demonstrate that we are the best option to generate value through technology.

Without a doubt we have a solid services offering, an unquestionable positioning on our leadership in the Information Technology (IT) industry, an invaluable maturity in our quality assurance processes, in which we have been pioneers. But above all, we have a unique culture based on the human element, to see our employees as the true architects of that value creation.

For this reason, we seek the inclusion of this talent from an early stage through our Momentum program that integrates hundreds of students each year. We have a development program of both technical and soft skills and a virtual university through which we exchange knowledge. We offer a compensation and benefits package that represents security and stability for our employees and their families; We develop and implement an entire quality of life program that promotes physical condition, healthy eating and integration and coexistence.

This report is a tangible sample of our capabilities, reach and achievements. It is evidence that Softtek is an organization that was born to excel.

I invite you to read it, to share it and to be proud of what together we create each day.

Hugs,
Blanca Treviño

Softtek Profile

Defining Softtek is an invitation to understand what we do as well as how and why we do it.

We imagine, invent and evolve solutions to complex problems. We transform the intangible into something tangible. We convert ideas into reality.

Our engine is talent and technology is our tool. We create value for our clients, our people and our shareholders through technology. There is always an enduring impact in everything we do.

The transforming power of technology is useless in the absence of human essence. The human element is the catalyst for creating value, set in motion by a proper environment as well as **talented and determined people.**

We have a complex job; a product of multiple disciplines, diversity of ideas and perspectives.
The dynamics of our surroundings has made us agile and experts in the use of technology that allows us to remain one step ahead.

We are cognizant that collaboration is the only way to achieve our purpose.

Our beliefs not only guide us but make us unique and identify us as well.

What is our driving force? Unquestionably it's a passion for reaching new horizons, for leaving our mark, to reach a higher plateau, in short, a passion to transcend.

This is our essence… This is who we are.

WE CREATE
VALUE THROUGH
TECHNOLOGY

Basic Data

A presence in more than 20 countries and more than 30 offices worldwide

Corporate Offices: Monterrey, Mexico.

15 Global delivery centers

Industries: Manufacture Tech & Media, Financial, Retail &Consumers and Government.

11,000 associates

Taking care of 71 Global FORTUNE 500 companies

34 years experience

400+ clients worldwide

Practices:

AMS   Application Maintenance and Support

BPO   Business Process Outsourcing

ADP   Application Development

ITIS   IT Infrastructure Support

SEC   Security

ERP   Enterprise Resource Planning

IM   Information Management

QAV   Quality Assurance & Validation

Suppliers by market:

País	👤👤
Mexico:	349
SSH	184
Brazil	53
USA	573
Europe	289
Total, Suppliers	1,448

Services:

- Services Related to Applications
- BPO
- IT Infrastructure Support
- Software Products and related services

Global Presence

Softtek has 15 Global Delivery Centers whose main characteristics are:

- A solid communications structure
- Plans for disaster recovery and business continuity
- Mature recruitment practices and training center
- Maximum security and administrative conformity
- Logical and physical Segments capable of housing several clients
- Designed to house volume growth and capacity
- Strong process rigor (Six Sigma, CMM, ISO)

North America & Central America
≈ **8,600**

Canada (1):
Toronto

Maxico (8):
Aguascalientes
Mexico City-Eugenia
Mexico City-Insurgentes
Mexico City- Polanco
Mexico City-Toreo
Ensenada
Guadalajara
Monterrey

United States (5):
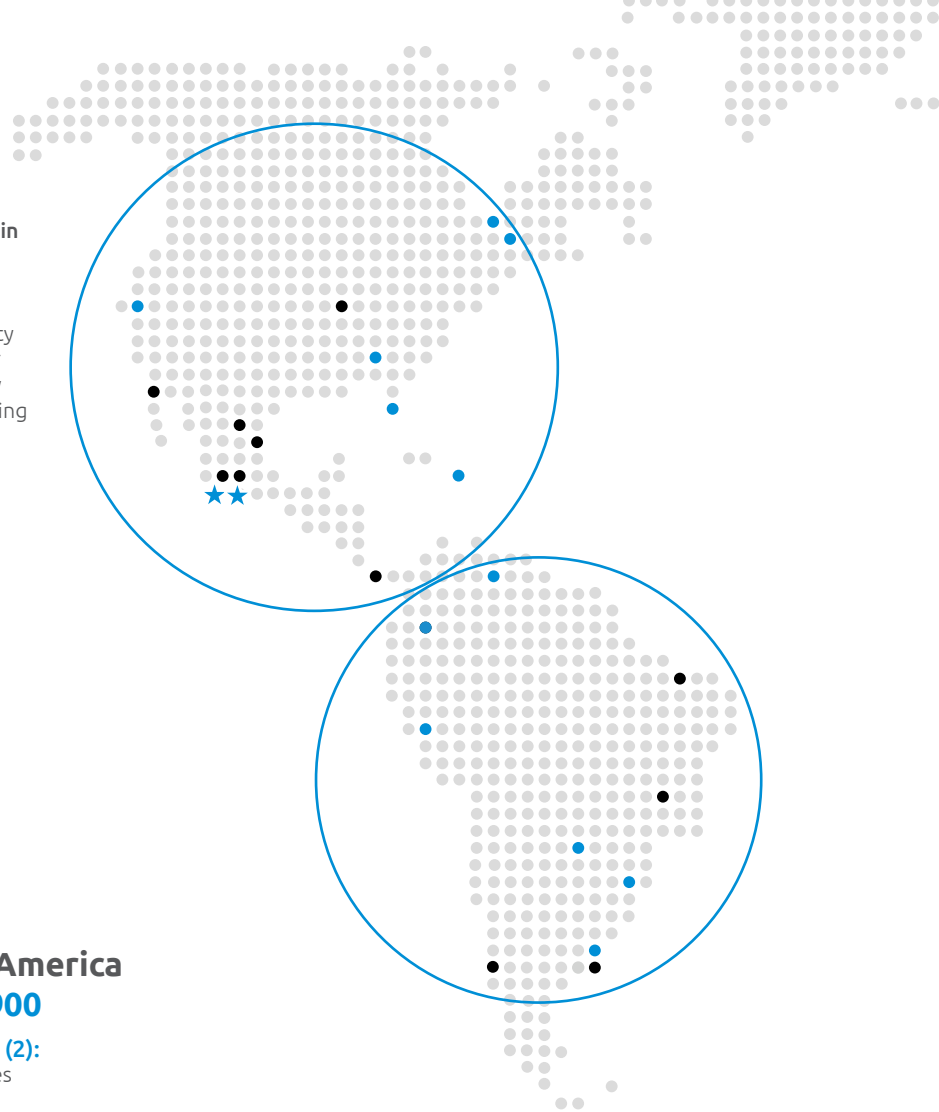Miami
New York
Atlanta
San Jose
St. Louis
Dallas

Costa Rica (1):
San Jose

Puerto Rico (1):
Guaynabo

South America
≈ **1,900**

Argentina (2):
Buenos Aires
La Plata

Brazil (4):
Barueri SP
Fortaleza
Rio de Janeiro
Sao Leopoldo- RS

Chile (1):
Santiago

Colombia (1):
Bogota

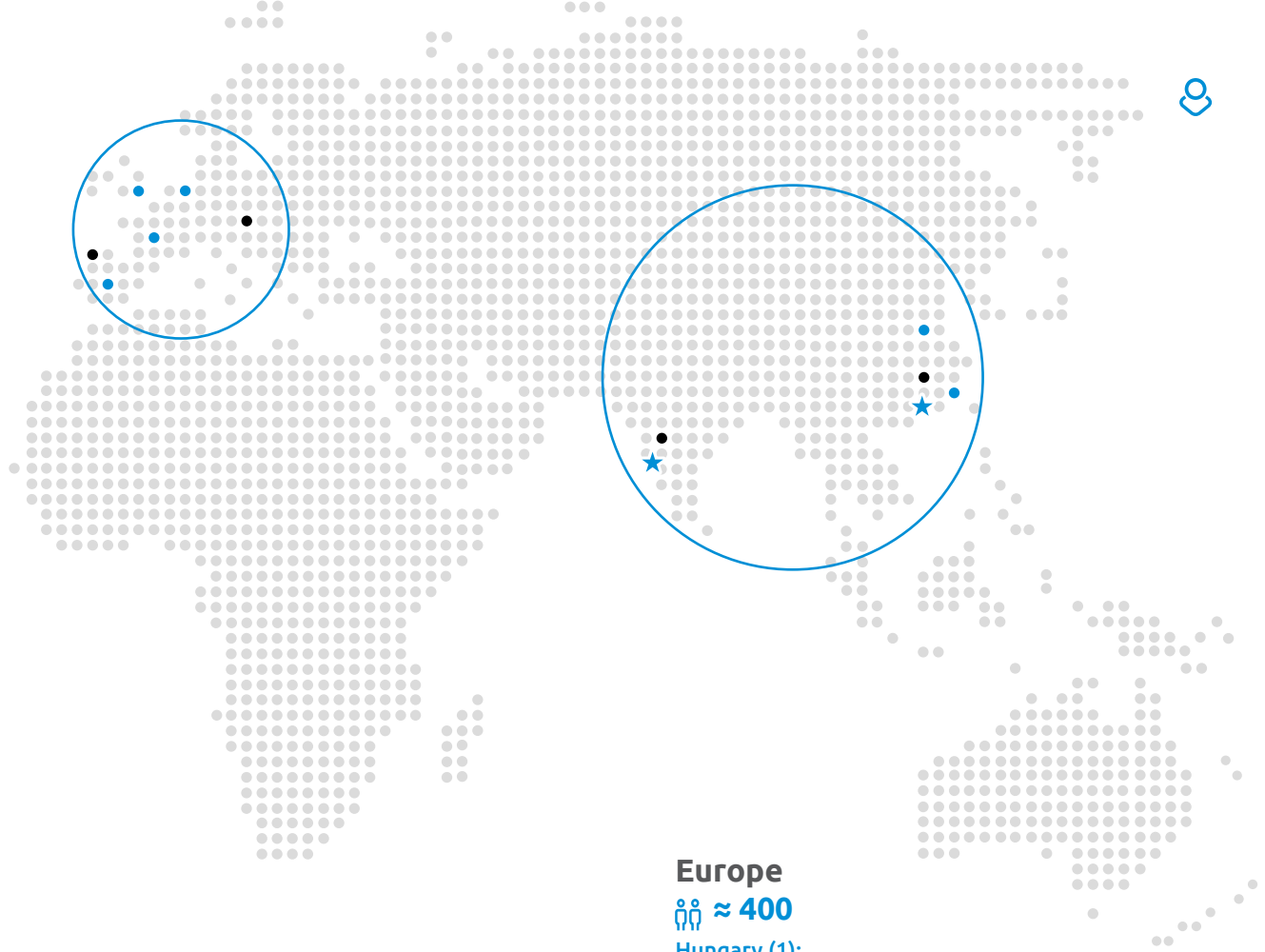**Paraguay (1):**
Asunción

Perú (1):
Lima

Uruguay (1):
Montevideo

Venezuela (1):
Caracas

Europe
👥 ≈ **400**

Hungary (1):
Budapest

The Netherlands (1):
Holland

Spain (2):
La Coruña
Madrid
Barcelona

United Kingdom (1):
London

France:
París

Asia
👥 ≈ **900**

China (3):
Beijing
Shanghai
Wuxi

India (1):
Bangalore

● **15 Global Delivery Centers.**
● **Main operations and sales offices.**
○ **Near Shore® coverage.**
★ **Centers of excellence**

GDC: Delivery center, with processes, methodologies, knowledge, safety and quality structure to deliver the same service worldwide.
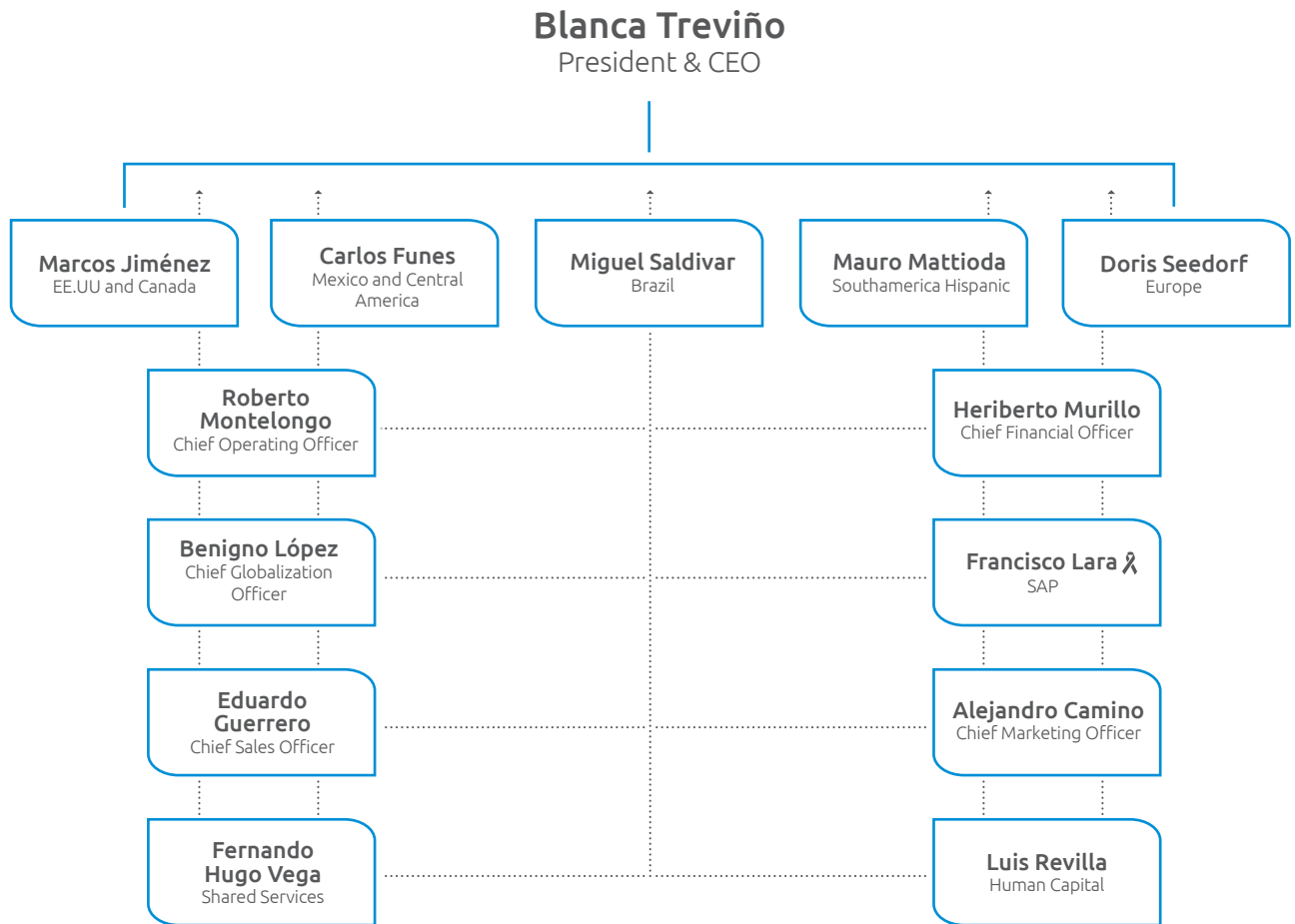
Awards and distinctions:

⭐ SEI CMMI Level 5.

⭐ Six Sigma Corporate Program.

⭐ ISO 9001:2008 Certification (for Procurement Services in Aguascalientes, Mexico and for Design, development, support and improvement in IT in Argentina) .

⭐ ISO 9001:2008 Certification (for Development Services for Applications and Support and Maintenance Applications Brazil)

⭐ "Global Outsourcing 100" from IAOP®, 2014, 2013, 2012, 2011, 2010, 2009.

⭐ "Microsoft Circle Azure Partner of the Year", 2012.

⭐ "Globalization-2010 Award for Performance", GE GDC Program.

⭐ 13 "SAP Award of Excellence".

⭐ Best Solution Delivery Award 2004 from Gartner.

⭐ Heads up the list of Emerging Outsourcing Players of BusinessWeek magazine.

⭐ Winner for 3 consecutive years of "Top Company to Watch South of the Border" from the GS100 list by Global Services.

⭐ Considered one of the best places to work in Argentina, Brazil and Mexico.

⭐ The only Latin American company included in the Magic Quadrant for Offshore Application Services 2006 & 2007 from Gartner.

⭐ Recognized as a "Strong Performer for SAP Implementation Services" in the "The Forrester Wave: SAP Implementation Providers, Q4 2007" report by Forrester Research.

⭐ Recognized as a socially healthy company By the Wellness Council Mexico.

Corporate Government

Softtek Organization Chart

Blanca Treviño
President & CEO

Marcos Jiménez
EE.UU and Canada

Carlos Funes
Mexico and Central America

Miguel Saldivar
Brazil

Mauro Mattioda
Southamerica Hispanic

Doris Seedorf
Europe

Roberto Montelongo
Chief Operating Officer

Benigno López
Chief Globalization Officer

Eduardo Guerrero
Chief Sales Officer

Fernando Hugo Vega
Shared Services

Heriberto Murillo
Chief Financial Officer

Francisco Lara
SAP

Alejandro Camino
Chief Marketing Officer

Luis Revilla
Human Capital

Board of Directors

The maximum body that governs our Corporate Government is the Board of Directors made up of people who are well versed in and leaders in the Information Technology industry.

The sum of their efforts and experience contribute to making Softtek a company that strives for excellence perusing the generation of value through technology for their interest groups.

The Board of Directors is made up of the following:

Blanca Treviño de Vega	President
Roberto Montelongo Romero	Board Member
Fernando Vega García	Board Member
Doris María Luisa Seedorf Fernández	Board Member
Heriberto Murillo Tamayo	Board Member
Horacio de Jesús Flores Gómez	Board Memeber (non executive
Ángel Eduardo Guerrero García	Board Memeber (alternate)

Among the most notable functions of the Board of Directors are:

o Executes and enforces compliance with the decisions made by the assembly.
o Supervises management, performance and general strategy of the business.
o Revision and authorization of financial statements.
o Reports on the performance and state of the business.
o Authorization of the investment plans as well as financial projections for the upcoming 5 years in all the markets that the company operates.
o Meetings 3 times per year.

Committee for Auditing and Corporate Practices

This committee evaluates the auditing and internal control systems and submits a detailed report of the current status of auditing and internal controls at Softtek to the Board.

The committee submits a detailed report on incidents and risk detection as well as the follow-up on preventive measures, mitigation plans as well as corrective measures for each area—approving as needed—all operations between related entities. Once the committee has released its findings to the Board, the Board, in turn, instructs the CEO to delegate the diligent execution of the required risk mitigation plans.

José Ángel Arias Álvarez	President
Horacio de Jesús Flores Gómez	Member of the Board
Elsa Catalina Patiño González	Member of the Board

Operating Committees

The Board of Directors relies on the different committees that are in charge of the supervision of the relevant business issues. The operating committees that directly report to the Board are as follows:

Office of Information Security

This committee is responsible for authorizing policies and initiatives proposed by the Office of Information Security in order to be aligned with Softtek, its customers and requirements.

Members:

- Blanca Treviño de Vega
- Roberto Montelongo Romero
- Fernando Hugo Vega García
- Heriberto Murillo Tamayo
- Benigno César López Santiago

Jaime González, Director of the Information Security Office, reports directly to this committee and is responsible for the coordination of all necessary actions to enable the implementation of the policies and initiatives approved by the committee.

The main functions of the Security Office include, among others:

- The evaluation and follow-up of issues regarding risks or incidents of information security incurred at Softtek.

- The revision of the security clauses contained in the work or services contracts.

- The training with regard to the data privacy policies and security of information.

- The coordination in conjunction with Human Development and the Administration of Human Resources for campaigns aimed at raising awareness of Information Security.

- Evaluation, and if applicable, the approval of the exceptions to any given policy or security norm.

- Support in the integration areas or task/step changes in the SOP's related to the security of information.

- Support in client visits to respond to security of information issues.

Committee of Investment and Risk

This committee is responsible for issuing and implementing approval of risk policies as well as evaluating and approving company investment projects and initiatives.

Additionally, they evaluate results on a quarterly basis of each one of the markets in terms of the budget and take the required measures for the purpose of safeguarding the performance of the business.

Members:

- **Blanca Treviño de Vega**
- **Roberto Montelongo Romero**
- **Heriberto Murillo Tamayo**

Executive Committee

This committee is comprised of the General Directors of each of the markets as well as the reports made directly to the CEO. Its functions include evaluating the planning annually and bi-weekly for each market as well as the results of the business strategies for the purpose of sharing experiences, providing feedback and making modifications respectively.

Members:

- Blanca Treviño de Vega
- Roberto Montelongo Romero
- Heriberto Murillo Tamayo
- Fernando Hugo Vega García
- Angel Eduardo Guerrero García
- Francisco Javier Ángeles Lara
- Benigno César López Santiago
- Marcos Jiménez Baez
- Carlos Antonio Funes Garay
- Mauro Gabriel Mattioda
- Miguel Angel Saldívar Álvarez
- Luis Ignacio Revilla Muñoz
- Alejandro Camino Cortés

The Auditing Committee

The Auditing Committee is comprised of 3 members elected by the Board of Directors:

○ The President, who is an external stakeholder of Softtek: **José Ángel Arias Álvarez**
○ And two members: **Elsa Catalina Patiño González** y **Horacio de Jesús Flores Gómez.**

They are responsible for the following activities:

○ The approval of the internal auditing program.

○ Evaluating the quality of the reports issued by internal audit.

○ Ensuring independence of internal auditing.

○ Informing the Board of Directors of the status maintained by the corporate government, reporting deviations and deficiencies regarding risks and internal control.

○ Reporting all irregularities that are detected.

○ Evaluating compliance with objectives and goals of the institution.

○ Revising regularization and auto-correction plans.

The Internal Audit meetings are carried out at the end of each quarter, which is when they are informed of the results of all the audited processes.

Currently, the Auditing Committee meets with the Board of Directors every 6 months w in which deliver a letter reporting on all points mentioned above. (Activities).
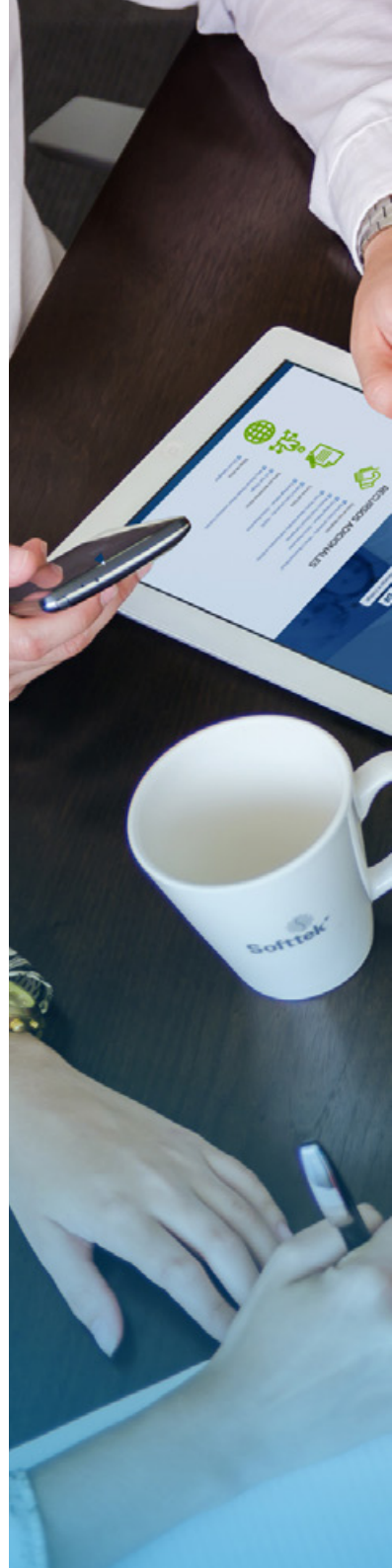
Business Ethics

Code of Ethics

Living according to our essence, beliefs and values has become for us not only a way of working, but also a way of life. Since our foundation we have had a daily and constant commitment to our integrity both inside and outside of Softtek. This is reflected in every conversation, in every behavior and in every intention, and transparency, honesty and respect will continue to be present.

By 2016 we are launching our new version of the Code of Ethics at the global level, which is based on integrity, honesty and respect as guiding principles.

In this respect our Code of Ethics fulfills the function of being a guide and light so that our professional conduct continues to be governed under the most absolute conscience of integrity.

We are convinced that in this way we are fully protecting our organization and the interests of our shareholders, collaborators, subcontractors and clients

In addition, an internal site was created to disseminate information about the new Code of Ethics and was endorsed by the Global Ethics Committee:

- **Luis Revilla**
- **Beatriz Vallejo**
- **Fernando Méndez**
- **Agustín De La Maza**
- **Mauro Mattioda**

Our Ethics Committee aims to preserve and ensure a culture and business practices at Softtek based on ethical principles, through the definition, implementation and updating of tools or means to ensure compliance.

Sustainability

Since our foundation, we have always operated with an optimal balance of benefit, people and the environment. This means that not only does the economic impact play into our business decisions, but also the benefit and interests of our partners, community, suppliers, non-governmental organizations and all our stakeholders are highly valued.

Our principles are included in the ISO 26000, Global Reporting Initiative (GRI), United Nations Global Compact, International Labor Organization and the Wellness Council Mexico Standards.

The exchange of knowledge and collaboration between companies, social organizations and other stakeholders is of great importance to us and to our progress.

Social responsibility is always in constant evolution at Softtek.

SUSTAINABILITY

Materiality

We at Softtek consider that it is of great importance to know the ethical, social, labor, community and environmental aspects. These are essential for our strategic planning and for the establishment of objectives.

The study of materiality helps to prioritize the main issues at Softtek which can influence decision making of our interest groups.

The information that has been gathered has allowed us to better determine the content of our report.

The following sources were considered in order to establish the most relevant aspects:

- Our business strategy.
- Business objectives .
- Global Reporting Initiative guidelines (GRIG4).

Governance
Ethics and integrity
Ensure client satisfaction

Budget
Data security and privacy
Innovation in investments

Social Intern
Engagement (generate identity, personal and professional development)
Inclusion and diversity
Talent atraction

Social
Volunteerism
Community support
Science and technology education
Work through strategic partners

Environment
Recycling
Carbon emissions
Reduction of residuals
Energy

Stakeholders

Collaboration and contribution are basic attributes of the day-to-day. The majority of leading companies in this segment have integrated sustainability as a way of being, of growing and taking care of their business. All this is done jointly with their clients, employees and external interest groups such as NGOs, the communities where they operate and government, etc.

It is of vital importance to Softtek to maintain contact with our interest groups because they are essential to the business, its growth and staying competitive in the market. For this reason, we establish communication channels foradequate interaction.

Our interest groups:

Organizations and civil society groups
Email, foundation page.

Government
Email, communication department, Prosoft.

Investors
Trimester meetings, Annual meetings.

Suppliers
Email, face to face meetings

Clients
email, billing, web page, social networks and face to face meetings, VOC.

Associates
email, means of internal communication, (weekly, all hands, global news) social networks, Voice Now.

Competitors
Committees
Face to face meetings
Industry Associations

Commitment to Our Customers

Softtek helps organization bridge their digital gap

According to the World Economic Forum, the "combined value" to society and industry of digital transformation is upwards US$100 Trillion through 2025.

For businesses, these opportunities come in the form of access to new markets, operational efficiencies and new product line extensions, among others. Governmental and not-for-profit organizations can improve public outreach, increase transparency and streamline operations.

To seize these opportunities organizations may not only need to change their business model, but also their entire relationship structure with customers, partners and providers; re-examining every aspect of their operations. According to WEF, 90% of organizations say they have significantly adjusted their operations or are planning to do so.

We help Global 2000 organizations to make those changes. To build a digitally-minded operational core that builds and evolves successful digital products; that transforms IT into a lean, agile and effective driver for growth, and ultimately enables digital business transformation.

We help our clients to bridge the digital gap. To create value through technology.

BUSINESS TRANSFORMATION

OPERATIONAL CORE

IT TRANSFORMATION

DIGITAL PRODUCT DEVELOPMENT
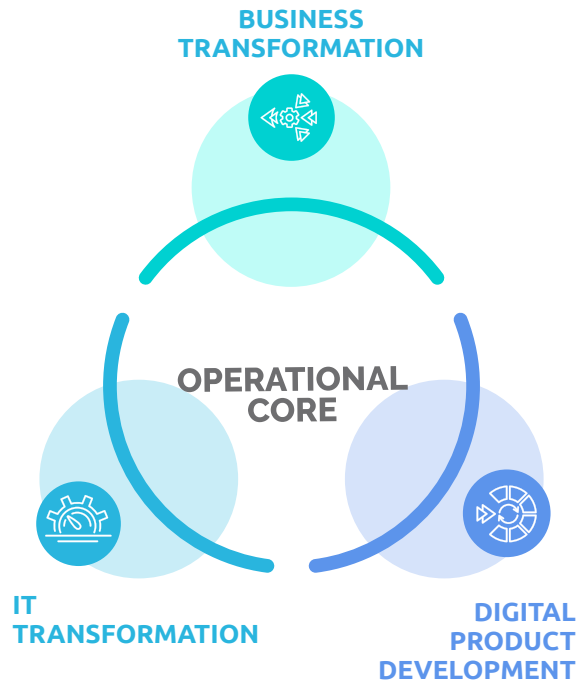
The Digital Operational Core

Whether the goal is to bring new products to the market, serve dinning guests better, grow faster, or provide more and better health care services, Softtek helps organizations to operate like digital natives by implementing digital operational cores. Here are some examples:

Customers of one of the leading banks in Mexico can now access new financial services through their smartphones on a constant basis. Softtek helped the bank by building, and operating a

platform that modernized the bank's legacy infrastructure. We combined it with agile development teams that work with the bank's product managers to continuously introduce new digital products to the market, faster than its competitors.

We help one of the world's leading casual dining restaurant companies to provide a unique experience to its more than one million customers a day. Softtek built a digital customer experience hub that combines analytics, digital marketing,

ecommerce, and customer insights, with concepts like geo-fencing and gamification. Through this digitally-enabled core, the restaurant can deliver personalized experiences to its dinning guests. We've mapped out and enabled dozens of different customer journeys, improving revenue per restaurant and increasing loyalty for its franchisees.

For one of the world's largest quick service restaurant companies, with over 23,000 restaurants in more than 100 countries, Softtek built a digital operations core that allowed the company to migrate its data centers to the cloud, simplifying the operation of IT, hence allowing the company to meet very aggressive acquisition strategies.

For one of the world's largest health care service provider, Softtek assembled a team of over 700 professionals that provide support to a portfolio of over 200 applications. Working as a digital operational core that keeps the systems compliant to increasing governmental and health regulations, while developing new digital web-based and mobile services that allow the organization to serve its more than 70 million affiliates.

By enabling our customers to change their traditional approach, by implementing new digitally minded operational cores we help them transform their technology operations, build and evolve successful digital products, and ultimately have successful digital transformations.

How we do it

Throughout the years, we have built five distinctive elements that make us unique, and enables Softtek to deliver on our promises to our clients:

- Our culture.
- Our talent and capabilities.
- Softtek's Right-Value model.
- An analytical and data-driven service design and delivery.
- A pragmatic approach to automation.
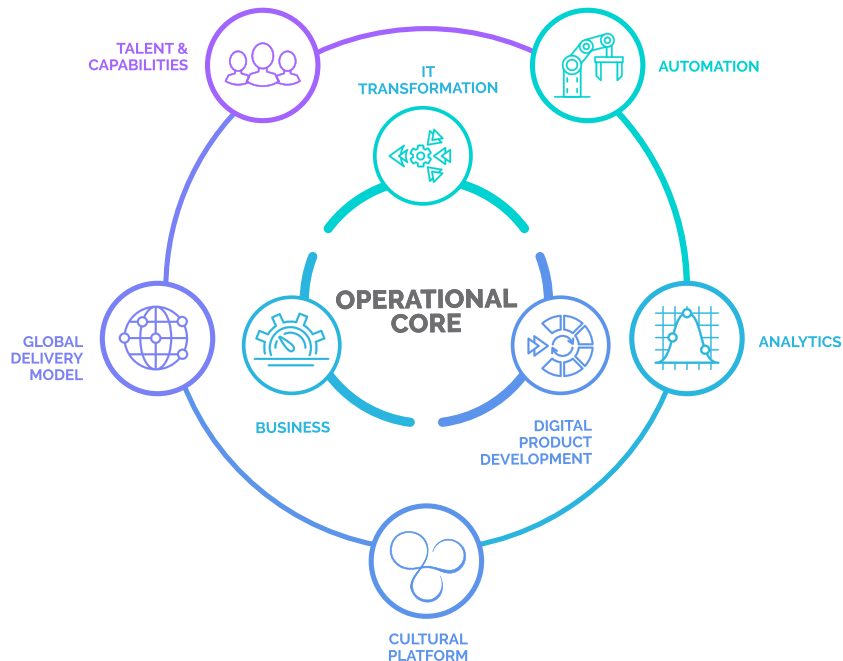
Our Culture

Explained further in this document, we think culture is the single most important asset we have as an organization. We pride ourselves on being rooted in the belief that self-aware and open individuals can create a successful organization. For over three decades we've believed in the power of teams conformed by individuals that are very aware of their behaviors, self-concept and feelings… yes, feelings!
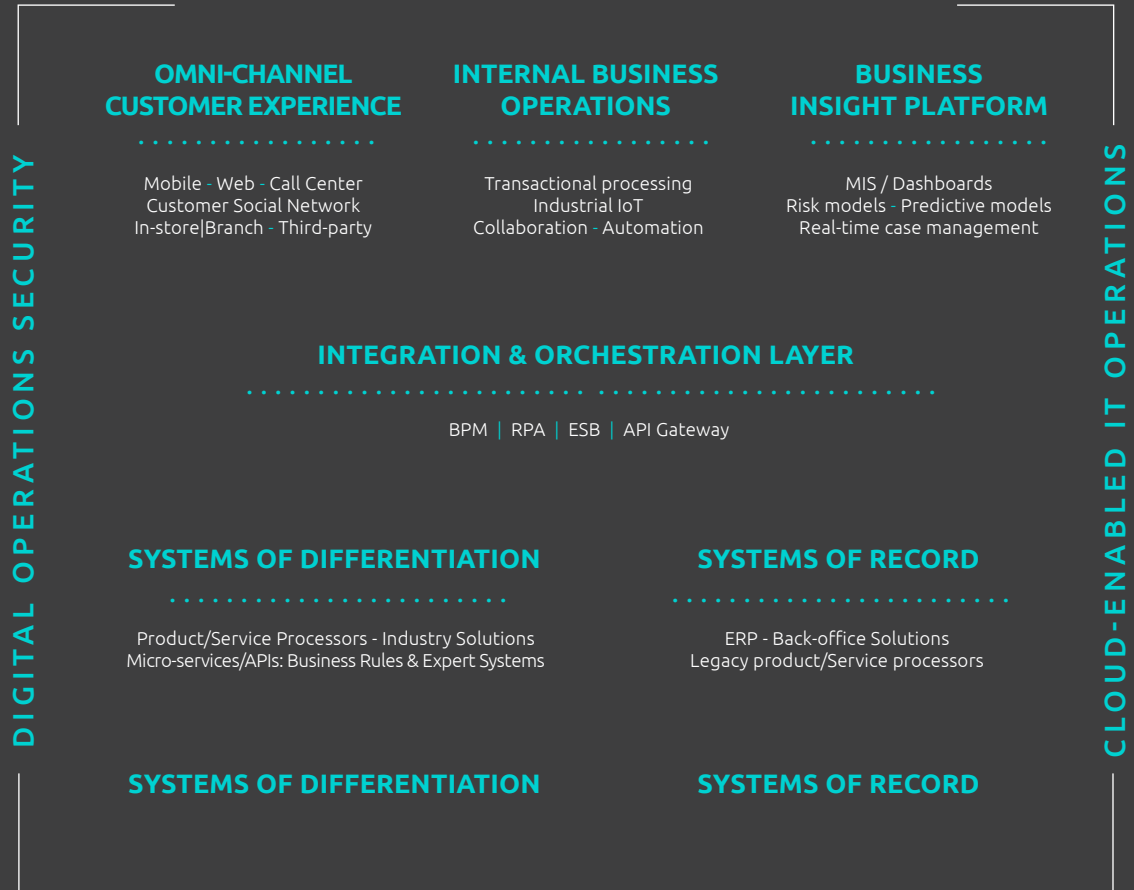
Softtek's Cultural Platform defines our essence, purpose and beliefs. It's what makes Softtek unique.

Our Talent and Capabilities

By January 2017 Softtek had a team of roughly 12,000 at our offices and client's facilities around the globe. We have structured our teams around the software-focused capabilities that our clients need to thrive in the digital era. These are 10 essential capabilities:

- Omni-channel customer experience.
- Internal business operations.
- Business insight platform.
- Integration and orchestration.
- Systems of differentiation.
- Systems of record.
- Structured data management & insights.
- Non-structured data management & insights.
- Cloud-driven IT operations.
- Digital operations security.

Together these ten capabilities can power a modern digital operational core for any organization.

DIGITAL OPERATIONS SECURITY

CLOUD-ENABLED IT OPERATIONS

OMNI-CHANNEL CUSTOMER EXPERIENCE

Mobile - Web - Call Center
Customer Social Network
In-store|Branch - Third-party

INTERNAL BUSINESS OPERATIONS

Transactional processing
Industrial IoT
Collaboration - Automation

BUSINESS INSIGHT PLATFORM

MIS / Dashboards
Risk models - Predictive models
Real-time case management

INTEGRATION & ORCHESTRATION LAYER

BPM | RPA | ESB | API Gateway

SYSTEMS OF DIFFERENTIATION

Product/Service Processors - Industry Solutions
Micro-services/APIs: Business Rules & Expert Systems

SYSTEMS OF RECORD

ERP - Back-office Solutions
Legacy product/Service processors

SYSTEMS OF DIFFERENTIATION

SYSTEMS OF RECORD

Our Right-Value Model

Softtek's characteristic approach has six key components that we believe essential to any successful client relationship, project or engagement:

Right Culture
We believe in establishing an environment that is value, results and efficiency-driven as well as a culture that rewards action-oriented behaviors.

Right Governance
Good governance requires identifying key business performance indicators, a clear change management strategy and baseline processes to create predictable performance in accordance with Six Sigma, CMMi, ITIL or any other applicable set of guidelines. Softtek automates processes and measures via digital dashboards, which yield relevant business performance metrics and continuous improvement.

Right Size
One must have the right number of people with the right mix of skills. At Softtek, we do not believe in simply re-badging or relocating people as a first approach. First, we identify the client's business objectives, and then we build an optimal-sized team with the right skill mix.

Right Place
Labor arbitrage is a strong tool for cost reduction, yet often a recipe for failure. We believe that team allocation should be determined by performance, regulation, geopolitical and risk mitigation factors rather than solely the location of labor. Our onsite, onshore, Nearshore and offshore capabilities allows us to make optimal work-allocation recommendations. Our

network of 15 global delivery centers allow us to offer a wide range of options for all sorts of Global 2000 organizations.

Right Execution
Softtek's approach optimizes outcomes and ensures operational health throughout the engagement lifecycle, whether the objective is improved time to market, gain market share, or reduce operational costs.

Right Quality
We believe quality must be evaluated based on business performance. Our quality assurance metrics ensure that performance is measured by service level agreements and your bottom line.

Data-driven solution design and operation

When designing the service we will deliver for our client, we perform an in-depth analysis that is specific and unique to each client's software portfolio and true operational reality. We identify the root causes of problems and tailor a continuous improvement approach. We use this as the baseline for service design, and match these operational metrics to key business indicators.

We develop custom dashboards to feed our digitized governance systems. This will produce performance dashboards to be used by management, and data that will feed the automation platform.

A pragmatic approach to automation

We are embracing Automation and Artificial Intelligence technology as a vehicle to enhance competitiveness. Softtek is investing in the creation of a platform that serves as a repository and link to the most advanced technologies developed by companies like Microsoft, Google or IBM. This will allow integration and orchestration between people, processes, systems and services. We have code-named this platform Yarvis.

We believe there are great software companies developing cognitive computing, machine learning and artificial intelligence that will revolutionize the world. We want to leverage those capabilities. We also know that those capabilities are not a one-size fits all. These need customization and advanced software development capabilities to meet an individual company's need. We have those capabilities, and we are building those components and integrating them into Yarvis. This is what we call a pragmatic approach use of technology to automate and digitize operations.

| PEOPLE | PROCESSES | SYSTEMS | SERVICES |

INTERACT & ORCHESTRATE

UNDERSTAND
Natual Language Processing
Sensors (GPS, Stereo, Temp, etc)
Protocols/Lang
(Email, Web, DB, etc)

ACT
Human-comuter interaction
BusinessProcess Automation
Virtual Personal
Assistant

GOALS
SLAs | KPIs

PREDICT
Anomaly detection,
Deep learning
Sentiment analysis
Predictive analytics

LEARN
Multi-layer neural networks
Genetic Algorithms
Imitation Learning
Reinforcement Learning

AI infraestructure platforms and frameworks from partners
Microsoft, AWS, Google, Python, Anaconda, Tensorflow

Customer Satisfaction Improvement Program

This program is based on the periodic launching of satisfaction surveys on a global scale, for the purpose of obtaining feedback as to the level of satisfaction of our clients as well as to provide important strategical information for Softtek that will promote and facilitate growth through:

- Ensuring total coverage of all participating clients.

- Visualizing trends and areas of opportunity.

- Continuously taking the program to the next level to increase the retention, revenue and growth of our clients.

Number of global surveys: **1,289**

Markets where surveys were taken:

- Brazil
- Softtek SSH
- Mexico
- USA
- Europe
- Global Accounts

Number of surveys per market:

Brazil:	110
Softtek SSH:	42
Mexico:	427
USA:	410
Europe	31
Global Accounts:	246

Number of surveys per practice:

Application Development	311
ARS Staff Augmentation	302
Application Maintenance and Support	256
ITIS	160
ERP	83
QAV	44
Information Management	36
Information Security	21
BPO	14

NPS

The Net Promoter Score makes the human side of organizations more transparent and becomes an important metric of loyalty.

As a reference, the average NPS for customers in the Information Technology market is 29.

NPS by market:

Mexico	41
USA	33
Europe	31
Brazil	0
Global Accounts	19
Softtek SSH	50

NPS by practice:

Application Development	15
ARS Staff Augmentation	50
Application Maintenance and Support	31
ITIS	32
ERP	57
QAV	52
Information Management	I50
Information Security	100
BPO – no responses	no responses

Social
Perspective

Talent is the steel angle of our business and many of the most important organizations in the world trust our services on an ongoing basis. For this reason, we take special care of our people because their success is our ultimate goal.

Softtek offers an extensive array of resources and training programs that allow our employees to be highly competitive, creative, take risks and stand out. We promote professional and personal development through our corporate culture and a unique social structure which has made Softtek one of the best companies to work for in different countries.

We offer interesting career opportunities around the world as well as a dynamic environment with the possibility of learning and sharing knowledge with thousands of talented colleagues as well as learning about different cultures in a wide variety of industries, technologies and processes.

Softtek has a solid corporate history and the reason we are in so many markets and industries while dominating so many business processes and technology – behind every new line of service or new effort in a country- talent of a group of people is found that enjoy the trust and support of the company. We have a corporate vision and a well-defined action plan that is enriched by the ambition of our people to reach new heights.

TALENT IS
THE STEEL ANGLE
OF OUR BUSINESS

Staff

28.89%

71.11%

We favor local development by hiring local staff that come from the countries in which Softtek has a presence.

Distribution by gender by market

Headcount

Market	♂♂	♀♀
Brazil	33.18%	66.82%
Corporate	35.14%	64.86%
Europe	29.57%	70.43%
Mexico	31.70%	68.30%
Softtek SSH	33.00%	67.00%
USA	24.76%	75.24%
Grand Total	**28.89%**	**71.11%**

Distribution by age

Boomers (52-68 yrs):	3.80%
Generation X (36 to 51 yrs):	26.62%
Millenials (18 to 35 yrs):	68.64%
Generation Z (Under 17 yrs):	0.94%

Distribution by gender by venue

Location	♂♂	♀♀
Aguascalientes	24.81%	75.19%
Atlanta	18.45%	81.55%
Bangalore	22.85%	77.15%
Barcelona	0.00%	100.00%
Beijing	37.38%	62.62%
Bogotá	44.12%	55.88%
Brasilia	46.15%	53.85%
Buenos Aires	29.36%	70.64%
Caracas	100.00%	0.00%
Ensenada	17.05%	82.95%
Fortaleza	22.22%	77.78%
Guadalajara	21.09%	78.91%
La Coruña	34.74%	65.26%
La Plata	23.94%	76.06%
Lima	0.00%	100.00%
Madrid	20.91%	79.09%
Mexico	33.30%	66.70%
Monterrey	28.75%	71.25%
Ontario	11.76%	88.24%
Porto Alegre	30.00%	70.00%
Rio de Janeiro	36.67%	63.33%
San Jose	12.00%	88.00%
Santiago	35.71%	64.29%
São Paulo	34.56%	65.44%
Wuxi	30.17%	69.83%

Distribution by age by gender

Market	Boomers	Generación X	Millenials	Generación Z
Brazil	29.09% ♂ 70.91% ♀	60.66% ♂ 29.34% ♀	31.03% ♂ 68.97% ♀	30.30% ♂ 69.70% ♀
Europe	42.86% ♂ 57.14% ♀	31.03% ♂ 68.9% ♀	27.84% ♂ 72.16% ♀	50.00% ♂ 50.00% ♀
Mexico	17.70% ♂ 82.30% ♀	26.41% ♂ 73.59% ♀	35.31% ♂ 64.69% ♀	50.00% ♂ 50.00% ♀
Softtek SSH	31.48% ♂ 68.52% ♀	38.65% ♂ 61.35% ♀	68.52% ♂ 31.48% ♀	38.65% ♂ 61.35% ♀
USA	15.12% ♂ 84.88% ♀	21.97% ♂ 78.03% ♀	25.69% ♂ 74.31% ♀	38.24% ♂ 61.76% ♀

Distribution by level by market

Market	Beginner	Trainee	Junior	Proficient	Senior	Expert	Ma
Brazil	14.27%	6.81%	23.56%	23.56%	22.25%	9.55%	0.00%
Europe	4.17%	9.85%	20.83%	18.94%	27.65%	18.56%	0.00%
Mexico	11.66%	2.55%	17.29%	23.12%	24.20%	17.24%	3.94%
Softtek SSH	7.65%	0.46%	15.64%	33.11%	35.39%	7.76%	0.00%
USA	13.81%	3.51%	18.53%	22.16%	21.97%	16.63%	3.39%

Distribution by global level

	Beginner	Trainee	Junior	Proficient	Senior	Expert	Ma
Headcount	12.22%	3.31%	18.27%	23.53%	24.20%	15.54	2.93%

Distribution by practice by market

Market	AMS	APD	BPO	ERP	IM	ITIS	QA	SEC
Brazil	51.70%	12.04%	4.97%	10.34%	6.68%	1.57%	12.70%	0.00%
Europe	9.85%	53.03%	18.18%	1.14%	2.65%	9.85%	4.92%	0.38%
Mexico	22.42%	42.37%	0.06%	8.67%	7.47%	11.36%	6.89%	0.75%
Softtek SSH	32.19%	36.64%	0.00%	24.89%	0.00%	3.88%	2.40%	0.00%
USA	28.56%	15.78%	4.40%	6.38%	0.94%	28.51%	9.70%	5.73%

Distribution by global practice

Headcount	AMS	APD	BPO	ERP	IM	ITIS	QA	SEC
	27.92%	28.31%	2.81%	9.08%	3.79%	17.25%	8.10%	2.75%

Billables:	87.89%
Non Billables:	12.22%
Terminations:	2,822
Hires:	4,525
Monthly Rotation:	2.15%
Rotation:	26.8%

Global Headcount
≈ 11,800

Engagement Index

By propitiating the proper environment, talented and self-determined people create amazing things.

The Engagement Index evaluation provides us with information about our organizational climate so that we can understand our strengths and opportunity areas. It also gives us visibility to take action to build the place we all aspire to work in.

A high level of engagement is related to high levels of productivity which has a positive impact on the success of people as well as the organization as a whole.

According to the opinions of the 2016 Engagement Index, the Organizational Climate is placed in the neutral category at 75.45%. We are close to the category of high Performance, and in order to achieve it in 2017, a series of measures will be implemented to put us on the path towards the best version of Softtek.

The Engagement Index survey is applied in Argentina, Brazil, Colombia, Chile, Costa Rica, India, Mexico, United States, Canada, EMEA and China.

0-50 %
DESTRUCTIVE ENVIRONMENT

51-65 %
CRITICAL ENVIRONMENT

66-80 %
NEUTRAL ENVIRONMENT

75.45 %

80-100 %
HIGH PERFORMANCE

70 %
PARTICIPATION

ASSOCIATES POLLED
7,676

75%

QUALITY OF LIFE

BALANCE BETWEEN
PERSONAL AND WORK
LIFE. FACILITIES

78%

WORK

EVERY DAY ACTIVITIES

76%

OPORTUNITIES

CAREER AND
DEVELOPMENT

6
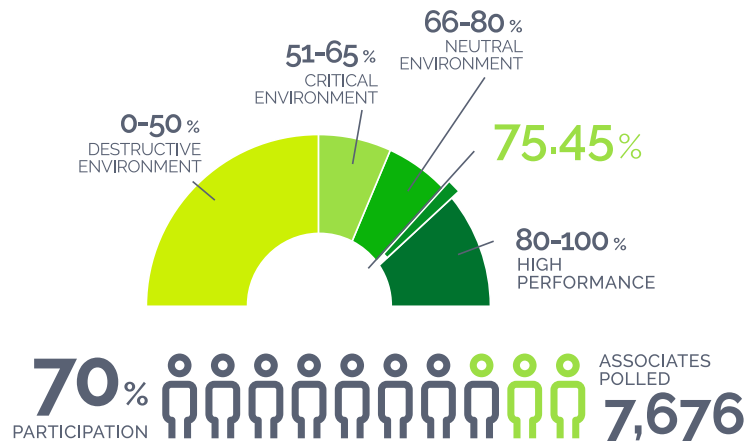
DIMENSIONS SHAPE THE
ENGAGEMENT INDEX

77%

**PRACTICES AT THE
ORGANIZATION**

DIVERSITY AND INCLUSION

69%

**RECOGNITION &
COMPENSATION**

WAGES AND
BENEFITS

77%

PEOPLE

LEADERSHIP, INTEGRATION &
COMMUNICATION AMONG
WORKING TEAMS

NPS
Leaders **34.7%**

NPS
Softtek **41.5%**

74%

SATISFACTION 2015

78%

SATISFACTION 2017
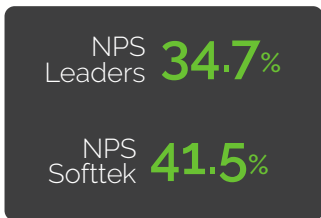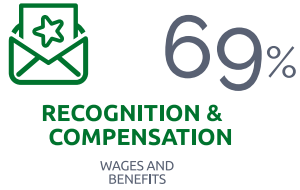
"How much I enjoy being here"

TALK POSITVELY ABOUT
THE ORGANIZATION

Performance Management

In order to identify and recognize all achievements from throughout the year, a follow-up on processes and an evaluation of the objectives that have been met was conducted. Performance Management is a biannual process geared at employee evolution that allows a proper follow-up and provides the leader with visibility of the team productivity which translates into growth and development for all.

The Performance Management process supports the engagement which in one of its definitions contemplates three areas:

Autonomy: To know the objectives of each person to carry out activities independently.

Purpose: To clearly understand the direction and what is expected of each person for both leaders and employees.

Mastery: Identify high performance. To clearly understand what is expected of everyone and have visibility of current performance as well as weaknesses. Undoubtedly, one will enjoy the benefit of a development for the organization and all of us who are a part of it.

Concluded Processes: 8,371
Concluded Processes by market:
Hispanic South America: 306 processes
Brazil: 404
USA: 3791
Europe: 233
Mexico: 3575
Corporate: 62

Benefits

Number of insured employees: 100%
Vacation days per year (on average including long weekends): 19 days
Number of people that received some type of bonus: 3,400
Number of days maternity leave: 84 days

We have a MetLife web site which includes information on body care, nutrition, psychology and medical attention online.

Training programs

Academies

At Softtek we are convinced that supporting new talent development is a worthwhile endeavor and is key to reaching the goals of our organization. Our academies program is focused on developing abilities and knowledge for new graduates, on the most sought after platforms and technologies by our clients. It allows young people to gain experience and to complement their academic endeavors with training based on real projects.

The Softtek academies have been in force since 1999 and are still in place today. Hundreds of new graduates have found new opportunities to acquire knowledge thanks to the program, opening doors to the development of successful professional careers within our organization.

What is the objective?
- To enable knowledge and skills related to technology.
- To integrate new talent into the work force.
- To develop new technological skills.

What mutual benefits are there?
- To broaden the vision of personal and professional success.
- Hiring of the academician at the start of training.
- Compensation at the beginning of training.
- Participation in nationally transcending projects with our clients.

Implemented academies:
- Mainframe.
- Java.
- Business Intelligence (Cognos, DataStage, Informatica Power Center).
- Testing.
- Dot Net.

At Softtek we want to support the professional development and to have the best talent that can be outstanding in the IT industry.

Number of academies
- ABAP- 4.
- INFOSEC- 14.
- DBAS- 6.
- AMS -16.
- Java- 16.

Softtek University

Softtek University is a platform that allows employees the opportunity to train online, which provides time efficiency by balancing daily activities with professional training.

What is the objective?

Through Softtek University we want to develop professionally trained people who are qualified and versatile, that have a positive attitude and human sensitivity.

Content

- Various training programs.
- Learning resources, includingcourses, books
- Internal certification in training programs.
- Knowledge base where we will all participate
- Mentors
- The evaluation of knowledge acquired

Workshops

Country	No. of participants in workshops	No. Of persons single entries	No. Of workshops average per person
Argentina	891	512	2
Brazil	3,252	711	5
Canada	57	17	3
Chile	65	55	1
China	869	323	3
Colombia	76	48	2
Costa Rica	134	44	3
Spain	778	256	3
India	2,030	564	4
México	37,848	7,314	5
USA	1,250	350	4

Face to face Workshops

Country	👥
Argentina	53
Brazil	280
Canada	1
Chile	4
China	86
Colombia	15
Costa Rica	20
Spain	30
India	101
Mexico	1,905
USA	71

Online courses

Country	Total	Duration in hours	👥	Average per person
Argentina	9,987	7,297	496	20
Brazil	4,342	3,886	349	12
Canada	32	29	15	2
Chile	788	716	56	14
China	1,823	1,470	115	16
Colombia	825	776	71	12
Costa Rica	265	257	44	6
Spain	1,589	1,385	145	11
India	11,757	9,635	442	27
Mexico	90,112	78,094	4,890	18
USA	2,666	2,114	316	8

Induction course

Country	👥
Argentina	181
Brazil	187
Chile	11
China	181
Colombia	28
Costa Rica	11
Spain	82
India	221
Mexico	2,541
USA	24

Distribution by type of training

Category	Argentina	Brazil	Canada	Chile	China	Colombia	Costa Rica	Spain	India	Mexico	USA	Grand Total	%
English		3	7	1	3	2	20	17	64	776	36	929	1%
Internal Process	3	28			56		2	189	48	6,476	53	6,855	5%
Introductory Block	2,401	3,398	10	271	1,490	574	153	766	4,657	28,591	1,223	43,535	34%
Methodology	7,336	769	3	459	46	235	10	312	5,264	43,302	883	58,619	46%
Other		2						3		12		17	0%
Power Skills	11	13					1			123	3	151	0%
Project Management	21	13		2		2		36	2	1,369	43	1,488	1%
Security	272	244	13	59	316	16	70	239	1,218	8,397	432	11,276	9%
Six Sigma		4		3			4	22	2	1,087	28	1,150	1%
Technological	11	144				10	22	46	610	1,766	29	2,638	2%
Grand Total	10,055	4,618	33	796	1,911	839	282	1,630	11,865	91,899	2,730	126,658	100%

Total training

Country	👤	🧍	Persons	Hours	Courses	Average hours per person
Argentina	156	392	548	11,600	10,034	21
Brazil	237	488	725	20,489	4,618	28
Canada	2	15	17	133	33	8
Chile	28	45	73	860	792	12
China	109	208	317	3,391	1,902	11
Colombia	32	57	89	1,075	840	12
Costa Rica	4	41	45	589	284	13
Spain	86	166	252	3,079	1,617	12
India	126	437	563	15,593	11,852	28
Mexico	2,056	5,088	7,144	252,670	91,895	35
USA	65	303	368	6,041	2,732	16
Global	2,901	7,240	10,141	315,520	126,599	31

Certifications

Country	👥
Brazil	14
Costa Rica	2
Spain	11
India	1
México	236
USA	12

Momentum Program

Since its inception our company has considered that development of talent is key to the creation of interesting careers. Our "Momentum" project allows people to work on actual projects during the early stages of their professional development. Each year, thousands of students that are in different stages of their education, as well as those who are new graduates, can gain experience in training while specializing in practices and technologies that are crucial to Softtek, in addition to learning software engineering techniques, and quality initiatives like Six Sigma.

Thanks to its proven success, and to its contribution to the careers of the participants, the Momentum program has received great reviews from Human Resources analysts, as well as universities and state and federal governments.

They also include a knowledge platform comprised of emerging technologies, world-class business processes and a focus on high quality. Everyone has the opportunity to work with and learn from our expert employees from around the world.

Country	January	February	March	April	May	Junio	June	August	September	November	December	Average
Argentina	1	1	1	1	1	1	1	1	1	1	1	1
Brazil	11	10	10	10	10	9	9	9	8	7	6	9
China	25	22	22	25	26	26	26	26	24	23	37	26
Colombia	6	6	6	6	6	6	6	6	6	5	3	6
Spain	2	2	2	23	23	21	15	15	16	13	2	12
Mexico	302	308	353	409	409	406	355	355	319	318	296	350
USA			1	1	1	1	1	1				1
Grand total	347	349	460	476	476	470	413	413	374	367	345	404

Quality of life

For Softtek, Corporate Social Responsibility is a value-creating process whereby we strive to attain an optimum balance between our profitability, the environment and people.

3E Employee Engagement Events

We believe that a dynamic quality of work life that is affected by balancing programs or activities, as well as recreation, can maintain and increase emotional wellbeing which translates into better performance. The quality of life programs at Softtek have a focus aimed at getting an employee to be in recreational surroundings and at the same time, place him/her closer to information and tools for his physical and mental health.

♡ Health Programs

As part of the efforts directed towards promoting the development of healthy behavior and a prevention culture, the FitMe program was created primarily to provide employees with tools to seek a balance of physical activity, nutrition and regular medical monitoring. **Participants: 1,259**

During 2016, Softtek adhered to the **Workplace Wellness Council Mexico** as a support tool for creating a prevention culture.

We closed the year with a total of **4,391 participations in the 32** health programs that were carried out during 2016.

👍 Integration Programs

As part of the balance between work life and personal life at Softtek, we include programs that seek to integrate employeees and the inclusion of their respective families with the organization.

A total of 105 programs were carried out, involving 30,021 employees.

😊 Entertainment programs

As we have employees that share common interests, we created spaces to allow for further developing or learning from other pastimes.

Sports Programs

Our sports programs include activities that allow our employees to remain physically active both in and out of the office, promoting physical activity as a form of integration and also of staying fit and healthy.

"Get In The Game" is a series of tournaments in disciplines such as f soccer, basketball, volleyball, softball, track, tennis, ping pong and swimming. The tournaments are qualifiers into the "Softtekiada" as well as different activities of physical activation inside the offices A total of 5,000 employees participates worldwide.

Softtekiada

A fundamental part of our quality of life program, the Softtekiada is the culmination of the GET IN THE GAME program, comprised of sports tournaments, social and cultural activities, that also serve as a classification mechanism.

The primary objective is to incentivize physical activity, relationship-building and integration. The venue for 2016 was Cabo San Lucas, Baja California Sur, Mexico.

650 Attendees
374 Relatives and friends (58%)
276 Athletes (42%)
13 Countries
15 Venues

Total Participants in 3E activities

Participation by venue

Venue	Headcount	Unique participation (currently active)	% of general participation according to HC
Aguascalientes	2,210	1,821	82.40%
CDMX	3,685	2,309	62.66%
Ensenada	325	270	83.08%
Guadalajara	462	303	65.58%
Monterrey	1,190	942	79.16%

Participation by program by venue

Program	Aguascalientes	Mexico City	Ensenada	Guadalajara	Monterrey
Sports	1,262	1141	281	270	686
Entertainment	1,636	557	576	143	2517
Social integration	7,333	6906	1110	855	4317
Health	1,686	776	185	34	1710

Single participation (General) 2016

Legend: ●●● Headcount   ●●● Unique participation (general)   ○—○ % of general participation according to HC
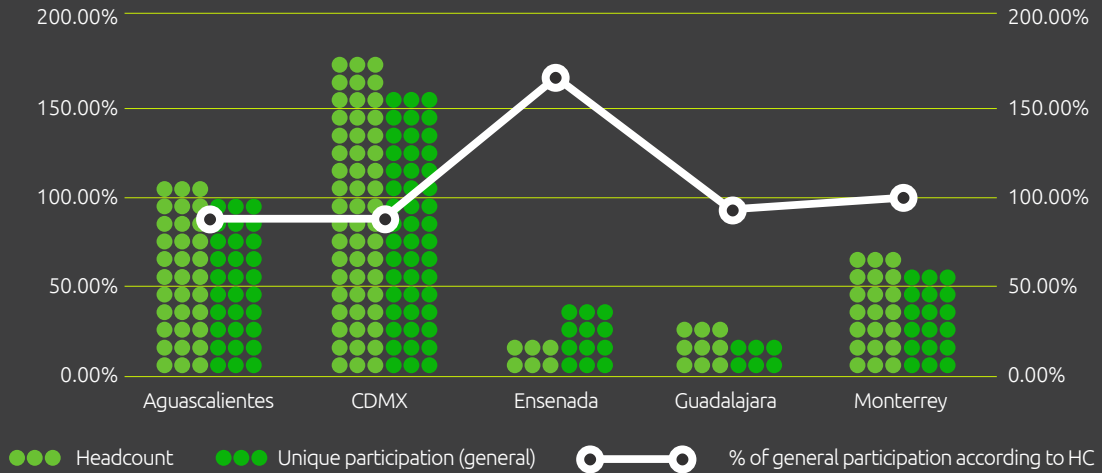
Single share (Assets currently) 2016

Legend: ●●● Headcount   ●●● Unique participation (currently active)   ○—○ % of general participation according to HC
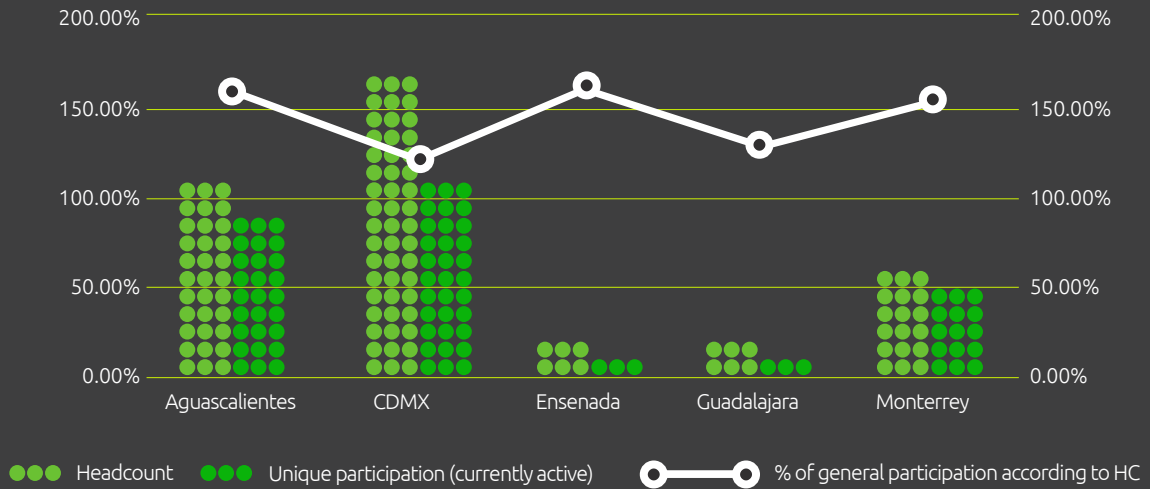
*Markets Mexico and USA

Softtekian Day

This is a space to recognize the enormous talent of each employee, to show appreciation for the great value they contribute to the organization and is also designed to integrate and promote fellowship.

November 10 is the day in which we unite to celebrate and recognize all the talent that makes up the organization, through surprise meetings between leaders and team members, in a different environment, in a celebratory environment, where the loudest message shared is the commitment to continue to create amazing things.

Place	Meetings leaders and team	Assistants
Aguascalientes	22	1,110
Mexico	26	1,194
Ensenada	15	270
Guadalajara	18	185
Monterrey	35	690
Brazil	1	680
Spain	10	100
India	1	650
Costa Rica	5	50
USA	2	82

Grand total:
5,011 Softtekians

Fundación solidaria

MISSION

To contribute to the sustainable development of the communities where we operate.

VISION

Contributing to the social welfare and the optimal balance between population and environment.

This foundation focuses its efforts on actions that contribute to developing community sustainability where we operate. We are aware that the collaboration between our volunteers and the communities is fundamental to achieve great changes in society.

Thanks to our corporate volunteer platform, we can be agile in the creation of technological solutions to social problems and open up space for our employees to put their abilities to work. All this with one thing in mind:

TO KEEP MAKING THE DIFFERENCE!

BECAUSE SHARING IS NOT GIVING WHAT WE HAVE LEFT

FUNDACIÓN SOLIDARIA

8,322 Beneficiaries

2,474 Volunteers

4,929 Hours volunteered

Solidaria Investment	$49,333
Volunteer donations	$149,072
Softtek Donation	$558,124
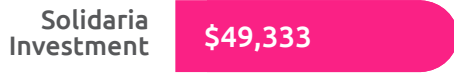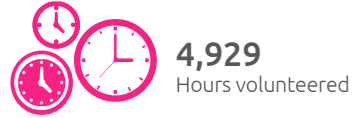
Program	Beneficiaries	Volunteers	Hours
Education	2,568	514	896
Healt	960	424	55
Housing clothing and food	265	146	410
Nature	592	125	132
Fellowshipand solidarity	4,897	1,265	3,491

G4-EC7 G4-EC8 G4-SO1

Codellege

In 2016, we started a restructuring process of our technological classroom, transforming it into important aspects such as scope, strategic alliances, impact indicators and an economic sustainability model.

Codellege is a product resulting from this job, for the purpose of achieving a work inclusion for young people in the IT industry. This was done using an education program focused on web development, emotional intelligence, English and entrepreneurship.

The first generation of the program will take place during 2017.

#SofttekDonates
Global blood donation campaign.

On the World Blood Donation Day 2016, Softtek joined Blooders, a group of Mexican entrepreneurs, to launch a campaign for blood donation drives to impact the lives of thousands of people.

From June 13 to the 17th, blood donation drives were carried out in the different venues in which Softtek has presence: Spain, Monterrey, Argentina, Guadalajara, Ensenada, Colombia, Chile, India and Mexico City.

To help coordinate these efforts, we used Blooders' know-how and their registration platform, and Softtek developed a technological resource to count all blood donations in real time as well as to share the moments of the donation.

A total of 424 employees participated; 320 made blood donations and amassed a total of 153,600 milliliters of blood worldwide.

Make a Difference Day

With the firm intent of creating projects of impact in each of our communities, the Solidarity Foundation, through its corporate volunteer program, carried out our Make a Difference Day, with participation in communities in more than 12 countries. Work included refurbishing community centers and schools and sharing computer knowledge and skills. More than780 volunteers dedicated more than 3,000 hours of their time, benefiting 1,100 people globally.

MAD

2016 has been an important year for the foundation with the launching of our Make a Difference platform that links Softtek corporate volunteers to the communities where it operates in, for the purpose of providing solutions to social problems in a dynamic manner.

Throughout the year, 895 employees participated with the most popular causes being: environment, animals, education and traditional volunteering.

5K benefit race

More than 485 employees, as well as their families and friends, participated in a 5K race to help Syrian war refugees worldwide at each of our venues.

Environment

Softtek is committed to the management of our direct environmental impacts through monitoring the use of our energy, recycling and water usage, as well as ensuring proper storage and disposal of our computers and cell phones.

We look for the certification of our company with recognized environmental organizations. Because of this, and as part of a commitment to standardize the efforts within the company, 2016 marked the beginning of our norm ISO14001:2015 certification process.

In our first stage, training and certification was undertaken to create and implement an environmental management system at Softtek, which will function as an environmental beacon in 2017.

G4-14   G4-15   G4-DMA

ENVIRONMENT

Softtek is consciously aware of our industry, processes and activities and assumes this responsibility by committing to:

- Fulfill the pertinent legal, local, state, national, international volunteer requirements.

- Prioritize the use of clean technologies in our processes and services.

- Protect the environment and prevent contamination.

- Efficiently use the resources to minimize our environmental impact.

- To have processes for continuous improvement throughout the entire organization

IT assets and cellular telephones

The purchasing of computers and cell phones is relevant given the nature of Softtek's business, and in 2016, these numbers totaled 3,226 and y 1,400 units, respectively. At the end of their useful life, at Softtek, the equipment is reused and recycled.

The main working tools of our employees are laptops and cell phones where we manage the devices responsibly and promote the re-use and recycling practices.

Emission Control

Although our activities do not generate significant direct gas emissions, we utilize some measures aimed at promoting the responsible consumption of energy among employees.

Softtek continues to strengthen the use of new technologies that contributes to achieving better communication and reducing the number of trips. To facilitate communication, Softtek has 26 teleconference units worldwide that facilitate a connection between employees and with clients.

For the environment, we aim to constantly improve results year after year. In 2017, we will continue to work on environmental awareness in our groups of interest support in new environmental initiatives and activities.

Electrical Energy

Aguascalientes	Cost	KW/h
2011	2,256,995	1,315,440
2012	2,083,187	1,172,736
2013	1,916,467	1,050,480
2014	1,988,443	1,053,234
2015	1,814,705	1,189,871
2016	2,434,806	1,508,612

KW/h
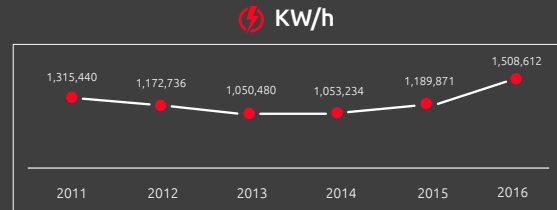
Ensenada	Cost	KW/h
2011	38,105	19,697
2012	572,557	302,480
2013	537,611	313,628
2014	670,554	326,480
2015	577,400	333,568
2016	607,922	319,416
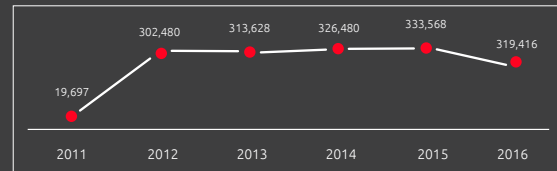
Eugenia	Cost	KW/h
2011		
2012	209,927	131,600
2013	1,084,459	473,540
2014	1,062,946	501,067
2015	1,300,362	739,738
2016	1,355,129	778070
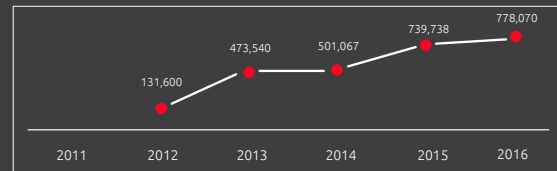
Monterrey	Cost	KW/h
2011	3,654,711	1,555,037
2012	3,497,958	1,425,188
2013	3,030,708	1,216,759
2014	3,030,708	1,216,759
2015	2,435,768	977,905
2016	2,339,830	935,932
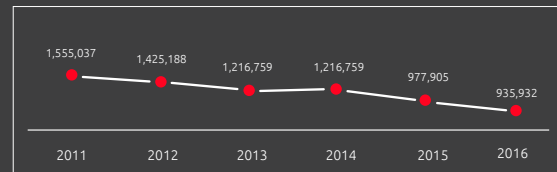
Guadalajara	Cost	KW/h
2011		
2012		
2013		
2014	443,664	353,310
2015	487,694	291,680
2016	522,799	235,790

LEED Building

In 2015, Softtek obtained the LEED certification in its GDC Aguascalientes, Mexico building. This has enabled energy savings as well as reduction in water consumption by means of:

- Solar panels that have generated 36.864 MWH (Mega Watts Per Hour) since May and with this, we have stopped emitting some 19.569 tons of CO_2, because of the electrical system.

- Automatic fluxometers of low consumption at 6 liters per toilet and 3.8 liters per urinal.

- Automatic taps in the restrooms with a maximum flow of 1.9 liters per minute.

- Artificial illumination with low consumption T5 21W bulbs.

- Local vegetation that requires little or no water.

- Exclusive parking slots for low contamination emission cars.

- The use of ecological paint.

- A great portion of the parking lot contains artificial grass that enables filtration of rain fall and thus avoiding residual carrying runoff.

- Natural air ventilation is injected into offices and meeting rooms to avoid stale recycled air.

Commitments
for Innovation

Today, corporate life is being shaped by new technologies, most of which, give company decision makers leading-edge strategic advantages. There certainly are a lot ways in which businesses can Innovate; ranging from the natural evolution of company-wide processes, to new disruptive advances.

We at Softtek, are certain that Innovation is one of the strongest drivers for the overall success of any kind of organization; which is why we are seeking Innovation where most companies fail to do so. Normally, Innovative ideas for the enterprise come exclusively from corporate leaders which is where Softtek takes a different approach. We believe that everyone at the company has great ideas that could shape the future... and we aren't talking solely of our company, as we are sure that there are a number of Innovative thoughts within our employees that could potentially change the world.

This is the main reason behind our Innovation-driven culture. We look for new ideas from the people out in the front-lines, help them grow and eventually become a part of the company's processes. From our experience, we have found out that as many as 80% of productivity and innovation results derive out of individuals in the operations and not from their managers.

Thanks to this belief Softtek Innovation Platform was born, giving the company a simple way to discover Innovative opportunities that might become fully-fledged solutions. The Softtek Innovation Platform allows us to capture many ideas from the team members, select the ones that show the most potential, and then accelerate those with 3 Different Strategies:

- Using our Softtek Intelligent Automation Platform
- Involving Softtek Labs and
- Bring those Opportunities to Our Scheduled Hackathons (Programing Contents with Internal and External Programmers)

Our crowd-sourced platform grants Softtek the necessary data analytics to prioritize and direct the Innovation Portfolio to Achieve our corporate mandates.

Here at Softtek, we follow a relatively simple model to ensure a continuous stream of Innovation (which wouldn't be possible otherwise). With the three previously mentioned steps (Select and Capture, Acceleration, and Adoption) we can systematize, manage, and measure the Innovation process, making it a simpler task for every involved team or individual.

This is a big part of the process, we don't want the Innovator to go unnoticed. His or her name will always be present when talking about the idea; all the way from the selection, to the deployment steps. We at Softtek give strong credence to the fact that the Innovator is the most important part of the Innovation system; without him or her the idea would've never been conceived in the first place.

Innovation Principles

Our Innovation Ecosystem is sustained by the Following Principles:

- Diversity, we need inputs from each Softekian, in summary We All need to create Ideas and participate in the ideas discussions and rating.

- Idea inheritance, ideas that climb on other ideas shoulders, we have identified that a set of cluster ideas could generate in average 3 other derived ideas. All the Code and Information is Shared within Softtek and Used for other Ideas.

- Selection, this is the hardest one to implement; to succeed in innovation a lot of Ideas must die. For each Softekian the adoption of their idea becomes their responsibility,

they need to collaborate and get the approval of the community thru our Crowd Rating mechanisms.

Innovation Grants
Value to our Customers

Softtek is not only looking for Innovation within its own walls, as we seek to offer innovative solutions and find possible innovation points beyond the company and to our customers. Yes, we consider Innovation to be a value driver for our clients; which is why we will always pursue the many ways in which we can help them grow through technology and new ideas.

Acceleration
Softtek Labs

Select & Capture

Adoption

Machine Learning
ESP / MX

Robotic Process Automation
MX

Digital Experience
MX / ARG / CH

Opportunities

Solutions

Business Innovation

% Engagement
Idea Throughput
Crowd Ratings

Metrics

**Turing
Softtek Intelligent
Automating & RPA Platform**

Hackathons

User Adoption
Retention Rates

Realized ROI
Impact Benefits

**Webstore
App Store (Mobile)**

**MicroServices
Usage & Coverage Analytics
Comments
Updates Management**

Innovation is one of the most powerful ways to surmount the competition, giving our clients new ways to improve their own market competitiveness through technology. As Michael Porter, from Harvard University, states: "The only meaningful concept of competitiveness is productivity". This idea is the main reason behind Softtek's drive to Innovate. We are confident that technological Innovation leads to productivity, which will ultimately lead to significant results.

Softtek is without a doubt determined to improve and expand both our own and our clients' business through Innovation, giving us leverage over the competition and improving how internal processes function. Innovation, no matter the size, must be included in the enterprises' vision for success.

Softtek Innoventures

Softtek Innoventures is an initiative geared to propel innovation and entrepreneurship within Softtek. We are committed to carrying out a valuable impact in the entrepreneurship culture in Mexico.

Mission
To provide a platform so that entrepreneurs solve global business organization challenges and reinforce the value and influence Softtek has in the market.

Vision
To establish a process and innovation and entrepreneurial platform that is profitable and recognized worldwide that will:

- Establish and adopt the highest standards for processes and innovation

- Promote and utilize LatAm resources to innovate through software and technology

- Provide a large-scale impact in business technology at a local, transnational and worldwide level

- Provide a large platform for education and continuous support for emerging and well established companies.

The program transforms ideas into sustainable initiatives.
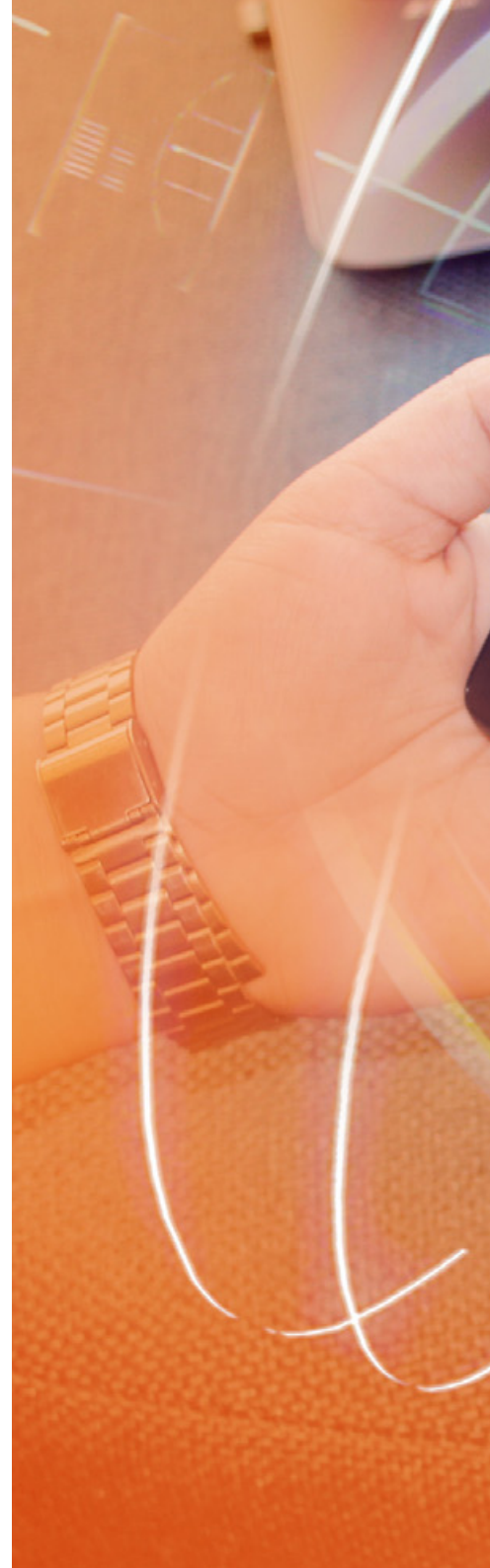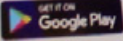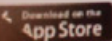
Financial
Perspective

Economic Perspectives

2016 was a year in which high volatility continued in the global economy thus propitiating the growth of political strife and inflation in the emerging markets. This caused the US dollar to strengthen against all the rest of the currencies as well as adjustments in the reference interest rates in the majority of the markets where we do business.

For 2017, we expect improvement in the growth of the global economy with a 2.7% increase in the global GDP at the current exchange rates, versus 2.5 in 2016. The expected growth is supported by greater business activity in the emerging markets as well as an improvement in the economy and inflation in the developed markets, mainly supported by the expectation of fiscal expansion, cutbacks and higher infrastructure investment in the United States.

GLOBAL
ECONOMY

Financial Perspectives

Again, 2016 was a dynamic year for our industry, information technology, with the evolution of new services in support of improving competitive positions of companies, particularly in their digital transformation process. We continued to focus on improving service levels to respond with agility to market demands and improve the efficiency of our operation. This translates into the expansion of margins and better positioning with our clients. We will continue these strategies in 2017 to attain a better position in the market and to maintain the expansion of our margins.

Softtek is an anonymous variable capital society, and as per the laws of the United States of Mexico, has subsidiaries and operations around the world. The company, by decision of its shareholders, continues to operate as a private company, adopting the better business practices with evolving internal controls, financial statements, as well as the safeguarding and information security in compliance with the applicable corporate laws in each of the countries where it has presence.

The corporate government and Board of Directors at Softtek is continuously supported by various committees, among them: the Executive Committee, responsible for ensuring the continuation of business as usual, with respect to the approved plans, and the Risk and Investment Evaluation Committee, responsible for evaluating and approving business and initiatives that will ensure a defined minimum return by said committee. These committees have contributed to maintaining an administrative, financial and operational discipline that will ensure sustainable growth at higher rates than the industry average—always above income growth and the expansion of its profit margins.

Currency and Interest Rate forecasts, as of 28 November 2016

	Current	1Q 17F	2Q 17F	3Q 17F	4Q 17F	1Q 18F	2Q 18F
United States: Federal Funds	0.50	0.75	1.00	1.00	1.25	1.25	1.50
10-Yr. Treasuries (Period Ave.)	2.36	2.30	2.45	2.55	2.60	2.60	2.60
Euro Area: US$/€	1.06	1.02	0.99	0.99	1.00	1.00	1.03
Euro Depo Rate	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40
10-Yr. Bunds (Period Ave.)	0.24	0.50	0.30	0.20	0.20	0.10	0.10
Japan: ¥/US$	113	113	114	115	114	113	112
Policy Rate	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
10-Yr. JGB (Period Ave.)	0.04	0.00	0.03	-0.03	0.00	0.00	0.00

Source: Citi Research

Revenue CAGR	**L5Y**	**17%**
Revenue CAGR	**N5Y**	**12%**

Expansión EBITDA %	**L5Y**	**35%**
Disminución del apalancamiento	**L5Y**	**58%**

Distribución del ingreso		USD	MX	BRL	ARG	EUR	Colombia	Other
Mercados	2016	43%	31%	10%	6%	4%	2%	4%
Monedas	2016	50%	25%	10%	5%	4%	2%	4%

*CAGR: Compound annual growth rate
* L5Y: Last 5 years
* N5Y: Next 5 years

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GENERAL STANDARD DISCLOSURES

Strategy and analysis

General Standard Disclosures	Page	Omissions
G4-1	5, 4 y 5	

Organizational Profile

General Standard Disclosures	Page	Omissions
G4-3	6	
G4-4	8, 9	
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G4-6	10, 11	
G4-7	74	
G4-8	9, 10, 11	
G4-9	9, 34, 35, 36, 75	
G4-10	34, 35, 36	
G4-11	We have no information 2015	
G4-12	75	
G4-13	74	
G4-14	60	
G4-15	20, 60, 64, 74	
G4-16	We have no information 2015.	

Material aspects and coverage

General Standard Disclosures	Page	Omissions
G4-17	72, 74, 75	
G4-18	22	
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Stakeholder engagement

General Standard Disclosures	Page	Omissions
G4-24	23	
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G4-26	23	
G4-27	23	

Report Profile

General Standard Disclosures	Page	Omissions
G4-28	2	
G4-29*	Last report 2015.	
G4-30	2	
G4-31	76	
G4-32	2	
G4-33	N/A we did not have verification	

Governance

General Standard Disclosures	Page	Omissions
G4-34	13	
G4-35	14, 15, 16, 17, 18	
G4-36	14, 15, 16, 17, 18	
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Ethics and Integrity

General Standard Disclosures	Page	Omissions
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SPECIFIC STANDARD DISCLOSURES

ECONOMY

Economic Performance

Indicators by Aspects	Page	Omissions
G4-DMA	22, 72	
G4-EC1	75	

Market Presence

Indicators by Aspects	Page	Omissions
G4-DMA	22, 34	
G4-EC5		No contamos con los datos del 2016, se esta trabajando para proyectarla en el próximo reporte. (G4-EC5, G4-EC6)
G4-EC6		

Indirect Economic Impacts

Indicators by Aspects	Page	Omissions
G4-DMA	72, 74	
G4-EC7	54, 64, 65	
G4-EC8	54, 64, 65	

Procurement Practices

Indicators by Aspects	Page	Omissions
G4-DMA	72, 74	
G4-EC9	75	

ENVIRONMENTAL
Energy

Indicators by Aspects	Page	Omissions
G4-DMA	20, 60	
G4-EN3	62, 63	
G4-EN6	62, 63	

SOCIAL
Labor practices and decent work

Employment

Indicators by Aspects	Page	Omissions
G4-DMA	37, 38	
G4-LA1	34, 35, 36	
G4-LA2	39	

Labor/Management Relations

Indicators by Aspects	Page	Omissions
G4-DMA	Softtek recognizes the importance of social dialogue institutions and applicable collective bargaining structures; Respect at all times the right of employees to form and join their own organizations.	
G4-LA4	Depending on the criticality: High for the first 24 hours.	

Occupational Health and Safety

Indicators by Aspects	Page	Omissions
G4-DMA	39	
G4-LA8	39	

Training and Education

Indicators by Aspects	Page	Omissions
G4-DMA	40, 41	
G4-LA9	40, 41, 42, 43	
G4-LA10	43, 44	
G4-LA11	39	

Diversity and Equal Opportunity

Indicators by Aspects	Page	Omissions
G4-DMA	32	
G4-LA12	34	

Equal Remuneration for Women and Men

Indicators by Aspects	Page	Omissions
G4-DMA	32	
G4-LA13		We do not have the data for 2016, Working to project in the next report.

Supplier Assessment for Labor Practices

Indicators by Aspects	Page	Omissions
G4-DMA	23, 24	
G4-LA15	9	We do not have surveys for our suppliers, we are working to project in the next report.

Labor Practices Grievance Mechanisms

Indicators by Aspects	Page	Omissions
G4-DMA	37, 38	
G4-LA16	No tuvimos reclamación durante el 2016.	

SOCIAL
Human Rights

Investment

Indicators by Aspects	Page	Omissions
G4-DMA	72, 74, 75	
G4-HR2	42, 43	

Non-discrimination

Indicators by Aspects	Page	Omissions
G4-DMA	19	
G4-HR3	19	We had no cases of Discrimination in 2015

Freedom of Association and Collective Bargaining

Indicators by Aspects	Page	Omissions
G4-DMA	Employers, without distinction and without prior authorization, have the right to establish the organizations they deem appropriate, as well as to join these organizations, on the sole condition of observing the statutes thereof.	
G4-HR4		We do not have data in 2016, we are working to project in the next report.

Child Labor

Indicators by Aspects	Page	Omissions
G4-DMA	We know that the principles of the Convention on the Rights of Persons with Disabilities must always be respected and Children's rights. Having policies to prevent its employees from becoming involved in the sexual exploitation of children and inAny other exploitation of the same	
G4-HR5	We had no risks in 2016	

Forced or Compulsory Labor

Indicators by Aspects	Page	Omissions
G4-DMA	Forced or compulsory labor, nor do we benefit from it. No person should be required to perform a job or service under threat of punishment, or to perform it on a non-voluntary basis.	
G4-HR6	We had no risks in 2016.	

Security Practices

Indicators by Aspects	Page	Omissions
G4-DMA	16	
G4-HR7	42, 43	

Indigenous Rights

Indicators by Aspects	Page	Omissions
G4-DMA	We recognize and respect the principle of Non-discrimination and the rights of individuals belonging to an indigenous people, in carrying out their decisions and activities.	
G4-HR8	We had no case of violation of the human rights	

Assessment

Indicators by Aspects	Page	Omissions
G4-DMA	In order to respect human rights, we have a responsibility to exercise due diligence in order to identify, prevent and address the actual or potential human rights impacts resulting from their activities or activities of those with whom they are related.	
G4-HR9		We do not have a human rights assessment in 2016.

Supplier Human Rights Assessment

Indicators by Aspects	Page	Omissions
G4-DMA	Softtek enhances its credibility by establishing relevant commitments in relation to its impacts, undertaking appropriate actions and evaluating performance and communicating the progress made and the shortcomings of its stakeholders.	
G4-HR10	We do not have a human rights assessment in 2016.	

Human Rights Grievance Mechanisms

Indicators by Aspects	Page	Omissions
G4-DMA	Softtek has mechanisms to resolve conflicts or disagreements with stakeholders, appropriate to the type of conflict or disagreement and useful for affected stakeholders. Direct discussions with affected stakeholders; And delivery of written information to address misunderstandings.	
G4-HR12	We had no claims on human rights in 2016.	

SOCIETY
Society

Local Communities

Indicators by Aspects	Page	Omissions
G4-DMA	Softtek contributes to the development of innovative technologies that can help solve social and environmental issues in local communities.	
G4-SO1	54, 55, 56, 57, 58, 59	

Anti-corruption

Indicators by Aspects	Page	Omissions
G4-DMA	Softtek identifies the risks of corruption and implements and maintains policies and practices that combat corruption and extortion; We make sure our leaders are an anti-corruption example and provide commitment.	
G4-SO4	13, 14, 15, 16, 17, 42, 43	

Public Policy

Indicators by Aspects	Page	Omissions
G4-DMA	Softtek shapes its employees and representatives and increases awareness of responsible political participation and contributions and how to handle conflicts of interest.	
G4-SO6	We have not contributed financially or in kind.	

Anti-competitive Behavior

Indicators by Aspects	Page	Omissions
G4-DMA	At Softtek we believe that anti-competitive behavior can adversely affect an organization's reputation vis-à-vis its stakeholders and can lead to legal problems. When we refuse to engage in anti-competitive behavior we help create a climate where such behavior is not tolerated, which benefits everyone.	
G4-SO7	We had no claims for unfair competition during 2016.	

Compliance

Indicators by Aspects	Page	Omissions
G4-DMA	Softtek carries out its activities in a manner consistent with the competition laws and regulations and cooperates with the competent authorities; Establishes procedures and other safeguard mechanisms to avoid being involved or being complicit in conduct Anti-competition	
G4-SO8	We did not have it in 2016	

Supplier Assessment for Impacts on Society

Indicators by Aspects	Page	Omissions
G4-DMA	We assess the suitability of health and safety laws, regulations, standards and other specifications when addressing all aspects of health and safety.	
G4-SO10	We did not evaluate the impacts in the supply chain in 2016	

Grievance Mechanisms for Impacts on Society

Indicators by Aspects	Page	Omissions
G4-DMA	Effective complaints resolution mechanisms play an important role in the State's duty to protect human rights. In the same way, in order to fulfill its responsibility to respect human rights, we establish the mechanisms so that those who believe that their rights have been abused can bring the problem before the organization and try to obtain compensation. This mechanism should not prejudice access to available legal channels.	
G4-SO11	We had no claims in 2016.	

SOCIETY
Product Responsibility

Customer Health and Safety

Indicators by Aspects	Page	Omissions
G4-DMA	Softtek provides products and services that, under normal and reasonably foreseeable conditions of use, are safe for users and others, for their property, and for the environment.	
G4-PR2	We had no incidents in 2016.	

Aspecto material: Etiquetado de los productos y servicios.

Indicators by Aspects	Page	Omissions
G4-DMA	Softtek gives consumers the right information to enable them to make informed decisions according to their individual wishes and needs and to be protected against misleading or misleading advertising or labeling.	
G4-PR5	30, 31	

Marketing Communications

Indicators by Aspects	Page	Omissions
G4-DMA	Fair marketing practices, objective and unbiased information and fair contractual practices provide information about products and services in a way that consumers can understand. This allows consumers to make informed decisions about consumption and purchases and to compare the characteristics of different products and services.	
G4-PR6	We do not sell products Prohibited or in dispute.	

Customer Privacy

Indicators by Aspects	Page	Omissions
G4-DMA	Softtek helps maintain your customers' credibility and trust by using rigorous systems for obtaining, using and protecting consumer data.	
G4-PR8	We had no claims in 2016.	

Compliance

Indicators by Aspects	Page	Omissions
G4-DMA	The protection and privacy of consumer data is intended to safeguard the right of consumers to privacy, limiting the type of information collected and the ways in which that information is obtained, used and maintained secure.	
G4-PR9	No tuvimos multas en el 2016.	

CSR
CORPORATE SOCIAL
RESPONSIBILITY

SUSTAINABILITY REPORT
SOFTTEK 2016