



Corporate Governance Policy of Grupo Rotoplas

Code:
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Objective:

To establish the guidelines and principles to be followed by the members of the Corporate Governance of Grupo Rotoplas, S.A.B. de C.V. ("Grupo Rotoplas" or the "Company"), including the Shareholders' Assembly and the Board of Directors, along with the intermediate bodies that assist them, composed of the Audit Committee, the Corporate Practices Committee, and the Compensation Committee, in order to ensure an honest and responsible decision-making process in the Company's business to provide certainty and confidence to shareholders, investors, and other stakeholders.

Scope:

This policy applies to Grupo Rotoplas, its shareholders, its directors, its CEO, relevant executives, and officials.

Description:


This policy describes the operation and integration of the supreme body of the Company, which is its Shareholders' Assembly, as well as the administration body of Grupo Rotoplas, and is based on the best corporate governance practices in the market and adapted to the style and needs of the Company.

Terms and Glossary:

Board of Directors means the Board of Directors of Grupo Rotoplas, S.A.B. de C.V.

Director means any member of the Board of Directors.

Independent Director means those persons who, in the judgment of the Ordinary General Shareholders' Meeting, have the necessary experience, capacity, and professional prestige, and who, due to their characteristics, can perform their functions free of conflicts of interest and without being subject to personal, patrimonial, or economic interests, and who are outside the assumptions established in article 26 of the LMV: i) be relevant executives or employees of the Company or group companies, as well as auditors or those who have performed these functions in the last 12 months; ii) individuals who have significant influence or power over the Company or group companies; iii) shareholders of the Company who maintain control of the Company; iv) customers, service providers, suppliers, debtors, creditors, partners, directors, or employees of a company that is an important customer, service provider, supplier, debtor, or creditor, and v) those who have a blood

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relationship, affinity, or civil relationship up to the fourth degree, as well as spouses, concubines, and concubinaries of any of the natural persons referred to in the previous paragraphs.

CEO means the person who has the functions of managing, leading and executing the businesses of the Society.

Relevant Director means those executives of the Society who occupy the immediate lower hierarchy to the CEO.

Corporate Governance means the framework of rules and practices that refer to the structures and processes for the management of companies, by which accountability, equity and transparency are sought in the relationship of a company with all its stakeholders (the board of directors, shareholders, customers, employees, government and the community). It combines two concepts: institutionalization, defined as the way decisions are made in the company (Board of Directors and Committees) and professionalization, defined as the degree of maturity of administrative practices that are the responsibility of the Board of Directors.

Grupo Rotoplas means Grupo Rotoplas, S.A.B. de C.V.

Official means those employees of the Society who occupy the immediate lower hierarchy to the Directivos Relevantes.

LGSM stands for Ley General de Sociedades Mercantiles (General Law of Mercantile Companies).

LMV stands for Ley del Mercado de Valores (Market Securities Law).

OKRs stands for Objectives and Key Results for the Company.

Sociedad means Grupo Rotoplas, S.A.B. de C.V.

UVR stands for Referenced Value Units.

Internal Control Objectives


The Internal Control Objectives that are fulfilled with this policy are:

- * Operation.
- * Compliance.

POLICY

I. GENERAL SHAREHOLDERS' MEETING.

Regarding its General Shareholders' Meeting, this Policy aims to promote the informed participation of Rotoplas shareholders through three basic principles: (i) transparency and quality of information, as well as openness to bidirectional communication, (ii) adherence to best practices, principles and recommendations in corporate governance and compliance matters, and (iii) ensuring that Rotoplas ensures the proper functioning of the business, guaranteeing the protection of its shareholders' interests while also committing to the planet and society.

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I.1. In accordance with the General Law of Mercantile Companies and the bylaws of Grupo Rotoplas (the "Bylaws"), the General Shareholders' Meeting (the "Meeting") is its supreme body and may resolve and ratify all acts and operations of the company, and its resolutions will be complied with by the Board of Directors.

I.2. It is the power of the General Assembly to appoint annually the members of the Board of Directors, the Audit Committee, the Corporate Practices Committee, and the Compensation Committee of the Company, as well as any other that is integrated according to the needs of the Company.

I.3. Functioning. The General Assembly operates in accordance with the provisions of Chapter Three of the Bylaws, the LGSM and the LMV. They must meet at least once a year after the end of the fiscal year and when business needs require it.

I.4. Call. The call to hold the Assembly may be made by the Chairman of the Board of Directors, the Chairman of the Audit Committee, the Chairman of the Corporate Practices Committee or the Chairman of the Compensation Committee. Shareholders entitled to vote, individually or collectively holding 10% of the share capital, may request any of the Chairs of the Board of Directors, Audit Committee, Corporate Practices Committee, or Compensation Committee to convene the Assembly.

I.5. Information to shareholders. Once the call to hold the Assembly has been made or at least fifteen days prior to its celebration, the Secretary of the Board of Directors must make available to the shareholders the information and documents related to the items set forth in the agenda.

If modifications or additions to the Board of Directors are included in the Assembly to be held, the information must include the proposal for integration and the professional profile when it comes to a new member.


Likewise, a format containing different voting options on the agenda items must be provided so that shareholders who wish to be represented by proxies can give specific instructions for each item on the agenda. In the event that the election of the Board of Directors is voted on at the assembly, the format should contain sufficient space to vote for each proposed director.

The company provides its shareholders with the email address agua@rotoplas.com as a direct communication channel with them.

II. COMPANY MANAGEMENT.

Regarding the management of the Company, the purpose of this policy is to establish the commitments of professionalization, competence, social responsibility, and environmental responsibility with its management bodies and intermediate bodies. The management of the Company must always ensure the adequate management of the Company's resources so that it fulfills its strategic objectives and can meet its commitments to its shareholders.

II.1. The administration of the Company is the responsibility of the Board of Directors and the Chief Executive Officer, in accordance with the provisions of Article 23 of the LMV. The Board of Directors is responsible for defining the strategic direction, overseeing operations, and approving management. The Chief Executive Officer, in turn, is responsible for the management, direction, and execution of the business of the Company and its subsidiaries, subject to the strategies and guidelines approved by the Board of Directors.

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II.2. The Board of Directors is a body of representation, governance, and management that is endowed with powers both by the LGSM and by the Social Statutes, for the proper management, control, and supervision of the Company, relying on the corresponding regulatory and internal committees for its management.

II.3. The functioning and powers of the Board of Directors are set forth in Chapter Four of the Social Statutes.

II.4. Composition. The Board of Directors will be of a single level and will be composed of a minimum of 5 and a maximum of 21 Directors, of whom at least 30% must be Independent Directors. The General Shareholders' Meeting will appoint the President of said body from among the elected Directors, as well as a secretary, who will not be a member of the Board of Directors.

II.5. Selection and permanence. The members of the Board of Directors will be appointed by the Ordinary General Shareholders' Meeting, following the recommendation and nomination of the Board of Directors, taking into consideration elements that strengthen it and give it diversity of perspectives such as: i) experience in the sector, ii) knowledge of the market, iii) nationality, iv) gender, and v) age/generation. The intention is for the Board of Directors to be composed of experienced individuals to provide certainty and confidence regarding the management of the Company, as well as to promote gender, generational, cultural, and ethnic diversity to enrich decision-making and alignment with the strategy, geographical presence, and avenues of growth.

The directors, both male and female, will be appointed individually and annually by the General Shareholders' Meeting. In the case of Independent Directors, they cannot remain in their position for more than 10 years, starting from the Initial Public Offering of the issuer or their appointment. In order to be reappointed for an additional annual period, members of the Board of Directors must attend at least 50% of the regular sessions in a calendar year.

The directors must fully comply with the duties of diligence, loyalty, and responsibility provided for by the LMV.

II.6. Functioning. The Board of Directors shall meet at least four times during the fiscal year, or more if required by the business. The sessions may be held in person or through remote electronic or telecommunications communication means. The Chairman of the Board of Directors, or the respective Chairman of the Audit, Corporate Practices, or Compensation Committees, as well as 25% of the Directors, may call a meeting of the Board of Directors and establish the agenda items they consider necessary.

The call must be made by the Secretary or Chairman of the Board of Directors at least five natural days in advance of the session and the necessary information and documents for the session must be made available to the Directors.

For the Board of Directors to meet validly, the majority of its members must attend, and resolutions shall be valid when approved by the majority of those present. In the event of a tie, the Chairman of the Board of Directors shall have the casting vote.

Members of the Board of Directors may be members of the board of directors of other companies; however, they may not be directors of more than six public companies, including Grupo Rotoplas, or five if they are presidents of any of those boards.

II.7. Training and evaluation. Directors shall receive at least one training session per year on topics of interest related to their functions and the business.



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Likewise, the functioning and performance of the Board of Directors as a body, as well as each of its members, will be evaluated annually, in order to achieve continuous improvement and the professionalization of business decisions. An annual self-assessment will be carried out, in which the following four sections will be evaluated through various questions:

SECTION I. Members of the Board of Directors

SECTION II. Organization of Board of Directors meetings or sessions

SECTION III. Effectiveness of Board of Directors sessions

SECTION IV. Impact and Follow-up of the Board of Directors

Subsequently, corrective measures will be presented to the Board based on the results of this self-assessment.

II.8. The General Shareholders' Meeting, by a majority of votes, may remove any Director from their functions in the following cases:

- a. Incurring civil liability against the Company or its shareholders.
- b. Serious violation of their duties of diligence and loyalty.
- c. Having been disqualified from practicing commerce.
- d. Consecutive absence from three Board of Directors sessions or from the Committee of which they are a member.
- e. Use or advise the use of privileged information from the Company for their own benefit.
- f. Repeated failure to comply with their obligations established in the General Law of Mercantile Companies, the Securities Market Law, as well as in the Company's bylaws.

II.9. The Board of Directors will have the assistance of at least three Committees: Audit, Corporate Practices, and Compensation. The election of the members of said committees will be carried out in accordance with what is established in the Company's bylaws, always respecting the independence requirements, so that the presidents of said committees must be Independent Directors.

The aforementioned Committees will receive reports from the following areas:

- a. Audit: Internal Audit, Control, Legal and Compliance.
- b. Corporate Practices: Financial Planning.
- c. Compensation: Human Capital.

II.10. The CEO has the responsibilities described in Article 44 of the LMV, as well as those indicated in the Company's bylaws.

II.11. Confidentiality. All members of the Company's management undertake to maintain strict confidentiality of the decisions taken in the Board of Directors, as well as any communication made with any officer of the Company when business or Rotoplas' strategy information is shared, and in general, to refrain from disclosing any information to which they have had access in the exercise of their position, except by request of a competent authority.

The obligation of confidentiality shall remain in force even when the Director has ceased to hold the position, and shall keep confidential any confidential information, data, reports, or background that they become aware of as a result of their position, without such information being communicated to third parties or being disclosed.

When Board of Directors' sessions are held by remote communication means, each director agrees to connect from a private and closed room that guarantees the confidentiality of the agreements and materials used in the session, without the presence of third parties and through reliable Wi-Fi networks.



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III. COMPENSATION.

Grupo Rotoplas' compensation practices will be compatible with adequate risk management, the business strategy, and the values of the company, with the aim of generating long-term value.

The variable compensation for the entire organization will only be triggered if there is a minimum annual target established for sales, EBITDA, and ROIC indicators.

III.1. For the Board of Directors: the remuneration of the directors must be proportionate to the importance of the company in the market, the economic situation at each time, the responsibility of the position, and market standards of comparable companies. The compensation of the members of the Board of Directors will be approved by the Shareholders' Meeting each year, following the proposal of the Compensation Committee.

III.2. The compensation for the CEO will be calculated based on financial metrics that condition the variable: 40% sales, 40% EBITDA, 20% ROIC, and the weight that these metrics have in the OKRs variable. Below are the parameters for the calculation of said compensation:


Percentage	Type of Compensation	OKRs	Modality	Vesting Period
(40 – 45%)	Fixed		Cash	
(20 – 35%)	Short-term variable	*Talent and Culture *Sustainability *Performance of products and services	Cash	
(40 – 20%)	Long-term variable	Differential ROIC over cost of capital	Stock Plan and Referenced Value Units (UVR)	4 years

III.3. The benefits and compensation received by Relevant Executives include: (i) salary, (ii) life and major medical expense insurance, (iii) vacation pay, (iv) savings fund, (v) annual bonus, and (vi) holiday bonus. Additionally, the Company has established and implemented two long-term incentive plans for certain Relevant Executives, through the creation of (i) a Stock Option Plan (Stock Option Plan for vice presidents only) and (ii) a Plan of Referenced Value Units (UVR Plan).

✦ Stock Option Plan

The stock option plan consists of an incentive scheme, through the granting of options to purchase shares that the Company offers to certain officials and relevant executives, based on their achievements and results obtained with the Company. This plan is administered by the Chairman of the Company's Board of Directors, who has absolute authority to select plan participants, define the number of shares that will be subject to option through a stock option purchase agreement, and the schedule for release of such shares, taking into consideration the level of the position and the nature of their responsibilities with the Company, as well as their present and future contributions to its success and other relevant elements at that time.

Once the selected participant has been granted an option to purchase shares, that participant may choose to pay for the optioned shares as soon as the release schedule contained in the option purchase agreement allows it and receive such shares or request their liquidation through the BMV.

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The release schedule for such optioned shares has a duration of 10 years from their respective granting.

- **Plan de Unidades de Valor Referenciado (UVR).**

The plan of referenced value units consists of a variable compensation scheme that is granted to certain relevant officials and executives of the Company, based on the achievements and results obtained during the year. This compensation is made up of virtual units that are assigned to plan participants, called "Referenced Value Units" (UVR), whose value is referenced to the value and economic rights of the Company's outstanding shares. The UVRs do not represent any dilution to the Company's shareholders with respect to the share capital, nor do they have any corporate rights, representing only the right of the participants to receive a bonus with a value referenced to the shares.

This plan is administered by the President of the Board of Directors, who has absolute authority to select plan participants and define the number of UVRs for each participant.

The release of UVRs, that is, the possibility for participants to request the Company to purchase their UVRs at a determined price under a predefined formula, will take place from the first anniversary of their allocation, up to an annual maximum limit established in the plan, in accordance with the schedule established for this purpose.

In the event of a participant's separation, the Company will pay the participant the corresponding amount for the UVRs that have been released at the time of separation.

For cases of normal retirement, disability, or death of the participant, the Company must pay the participant or their beneficiaries, as applicable, the amount corresponding to the total number of UVRs assigned (released or unreleased) to the participant at that time.


The participant shall not have the right to alienate, sell, donate, assign, transfer or otherwise transfer to third parties the rights and/or obligations and/or UVRs acquired.

IV. CORPORATE GOVERNANCE MACROPROCESS.

The Corporate Governance of Rotoplas will be managed through processes that, grouped by categories, will form process groups, and these together will form the Corporate Governance Macroprocess. This Macroprocess is responsible for generating the necessary indicators and actions to ensure that Rotoplas' operations and businesses are conducted in accordance with the best corporate and compliance practices.

In Rotoplas, Corporate Governance will be governed through the General Law of Mercantile Societies, its social bylaws, the Code of Ethics and Conduct, as well as by the different policies, procedures, protocols, and guidelines that regulate the different processes of the Macroprocess and additional ones that ensure efficiency in management and compliance with regulations.

The Corporate Governance Macroprocess will be chaired by a Committee that will meet periodically to monitor compliance with the indicators and actions that ensure and promote Corporate Governance in Rotoplas, as well as for risk management in compliance matters.

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The Corporate Governance Macroprocess will be responsible for the following aspects:

- i. Business risk management:
 - a) Administer risk protection on assets and people.

- ii. Manage and report compliance with regulators (National Banking and Securities Commission and Mexican Stock Exchange):
 - a) Management of Board of Directors and Committees.
 - b) External Audit Management.
 - c) Internal Audit Management.
 - d) Internal Control Management.
 - e) Management of Reporting to the Mexican Stock Exchange and National Banking and Securities Commission.
 - f) Response Management to regulators.
 - g) Management of Extraordinary Audits.

- iii. Business continuity management:
 - a) Operation systems continuity (Information Technologies).
 - b) Product commercialization.
 - c) Manufacturing continuity and product control.
 - d) Supply of goods and services continuity.
 - e) Bank operation continuity.
 - f) Payment of labor obligations continuity.
 - g) Government obligations/Fiscal obligations compliance.
 - h) Regulatory reporting continuity.
 - i) Internal communication in crisis.
 - j) Accounting closure and consolidation continuity.
 - k) Inter-company continuity.
 - l) Accounts payable continuity.
 - m) Regulatory monitoring of products.

- iv. Manage investor relations; reporting/disclosure of information and compliance with obligations:
 - a) Preparation of Annual Report.
 - b) Compliance with the financial community - XBRL quarterly reporting and relevant events.
 - c) Manage payment of bond certificates (CEBURES).

- v. Manage institutional relationships:
 - a) Manage donations to Non-Governmental Organizations (NGOs).
 - b) Manage institutional relationship.

- vi. Manage relationships with Board of Directors:
 - a) Report audit findings.

- vii. Manage ethical issues:
 - a) Generate ethics and integrity culture.
 - b) Management of internal complaints and investigations.

- vi. Manage relationships with the Board of Directors:
 - a) Report findings from audits.



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- vii. Manage ethical issues:
 - a) Build a culture of ethics and integrity.
 - b) Manage internal complaints and investigations.

- viii. Manage the public relations program:
 - a) Manage community relationships.
 - b) Connect corporate communication.
 - c) Manage the Socially Responsible Company (ESR) certification.

- ix. Manage legal and corporate affairs:
 - a) Manage annual stockholder meetings.
 - b) Manage subsidiary meetings.
 - c) Manage intellectual property - trademarks.
 - d) Manage intellectual property - products.
 - e) Manage electronic domains.
 - f) Manage contract drafting.
 - g) Delegate legal representation of the Company.
 - h) Manage litigation.
 - i) Manage procedures before authorities.

- x. Manage compliance issues:
 - a) Manage information security and privacy measures focusing on personal data and information confidentiality.
 - b) Audit compliance requirements from authorities.
 - c) Manage permits and licenses for urban and environmental development of plants.
 - d) Manage compliance with safety, hygiene, and environmental regulations in plant operations.

- xi. Manage site asset security.

Sources of Information and References.

Código de Principios y Mejores Prácticas Corporativas: <https://cce.org.mx/2021/05/10/codigo-de-mejores-practicas-de-gobierno-corporativo/>

Estatutos sociales de Grupo Rotoplas, S.A.B. de C.V.

Ley Federal de Competencia Económica: https://www.diputados.gob.mx/LeyesBiblio/pdf/LFCE_200521.pdf

Ley General de Responsabilidades Administrativas: <https://www.diputados.gob.mx/LeyesBiblio/pdf/LGRA.pdf>

Ley Federal de Protección de la Propiedad Industrial:

https://www.diputados.gob.mx/LeyesBiblio/pdf/LFPI_010720.pdf

Ley Federal de Protección al Consumidor: <https://www.diputados.gob.mx/LeyesBiblio/pdf/LFPC.pdf>

Ley Federal de Protección de Datos Personales en Posesión de los Particulares:

<https://www.diputados.gob.mx/LeyesBiblio/pdf/LFPDPPP.pdf>

Ley del Mercado de Valores: https://www.diputados.gob.mx/LeyesBiblio/pdf/LMV_090119.pdf

Ley General de Sociedades Mercantiles: https://www.diputados.gob.mx/LeyesBiblio/pdf/144_140618.pdf

Disposiciones de carácter general aplicables a las Emisoras de Valores y a otros Participantes del Mercado de Valores:

<https://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20aplicables%20a%20las%20emisoras%20de%20valores.pdf>



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CHANGE HISTORY

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