

Innovation Policy

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Goal

This document sets the principles to trigger a culture of innovation in Rotoplas, as well as the strategies to systematically implement an innovation process within the organization. The goal of the Innovation Policy (IP) is to foster transcending innovation through the creation, capture, and exchange of value to generate competitive advantages and drive Rotoplas towards the fulfillment of its mission: **For people to have more and better water.**

Scope

Internal

It concerns all of Grupo Rotoplas and its subsidiaries; the IP permeates the activities carried out by the various departments of the organization.

External

The IP invites talents from universities, research centers, entrepreneurs, etc., so that, through open innovation practices, they will collaborate with Rotoplas to co-create sustainable solutions to safeguard water as a future resource.

Description

Rotoplas seeks to be a leader in non-centralized and sustainable water solutions, with relevant benefits to customers. The Innovation Policy (IP) seeks to continually develop capitalizable skills in the various departments and subsidiaries of Grupo Rotoplas to foster innovation with purpose by **creating, capturing, and exchanging value.**

Rotoplas understands innovation as an open and inclusive process where each department can trigger initiatives with an incremental and/or disruptive impact. Likewise, it seeks to implement innovation systematically to generate new competitive advantages for the company.

Rotoplas' current platforms, Optimization, PMO, and Labs, foster innovation to manage projects to improve the company's core products and businesses, are relevant to the organization's evolution and inorganic growth, and have available technological innovation to seek an exponential impact.

Terms and Glossary

N/A

Roles and responsibilities

Innovation Directorate: Foster and manage the innovation process within the company. Gather information to gauge the innovation indicators and report their results periodically. Lead technological surveillance and transfer activities. Create relevant synergies with internal and external players, as well as research centers, universities, entrepreneurs, etc.

Innovation Process Leader: Responsible for safekeeping the innovation processes that are in turn part of other macro processes. Also, in charge of training, implementation, and improvements made to these processes.

Vice-Presidency of Operations: Fosters innovation for the improvement of the company's productive processes, as well as the optimization and evolution of the products belonging to the platforms of the organization's core business.

Vice-Presidency of Finance and Administration: Fosters the innovation practices to establish administrative processes with a high value for the organization, and is the leader in evaluating opportunities for the company's inorganic growth.

Vice-Presidency of New Business: Guides the management of innovation to achieve a high impact from the viewpoint of corporate governance, contributes a strategic view for the projects in the innovation portfolio, including new products, services, and business models.

Innovation Committee: Comprised by members of all directorates, it establishes the mechanism to detect and gather ideas, following up on the innovation initiatives of each department.

To achieve efficiency in implementing innovation within the company, it is necessary for all members of the organization to become involved, as innovation arises from the potential and creativity of the human capital.

Principles/Guidelines

- To develop products, services, and business models that will foster an efficient management of the water resource, and that will also contribute to social, economic, and environmental development, adopting the organization's sustainability guidelines.
- To rank Grupo Rotoplas as a benchmark company of innovation in individual and integrated solutions for the sustainable management of water, using emerging technologies and disruptive practices.
- To consolidate Rotoplas as an opinion leader regarding the lifecycle of water through the positive impact of the solutions it develops.
- To trigger innovation by identifying the needs of Rotoplas' clients, proposing products and/or services centered on user experience.
- To align the product and service optimization and development practices to an innovation management model that includes procedures to ensure results in a systematic, measurable, and replicable way.
- To ensure that the product innovation and development processes eliminate and/or mitigate environmentally negative externalities, considering the carbon footprint caused by the creation and transportation of materials, as well as their capacity for being recycled or reused.
- To boost innovations that will generate value for the various stakeholders.
- To foster liaisons and collaborations with academia, research centers, entrepreneurs, and other entities that can increase Rotoplas' innovation potential through open innovation practices.

Culture of Innovation

- Foster a Culture of Innovation that will be actively practiced by all members of the organization to stimulate, generate, and assess new ideas for solutions, services, new business, and improvements for internal processes.
- To create a work environment that will foster the generation of ideas through methodologies and tools, open to collaboration, experimentation, and change.
- Foster ongoing innovation by stimulating creative thinking, integrating different technological and business trends into the creation of solutions that will bring value to our stakeholders.

Innovation Committee

- It must be comprised by members who contribute: managerial vision, operating excellence, financial perspective, technological and marketing expertise for the development of solutions and services.
- It will foster the participation of all collaborators in innovation processes, particularly to detect opportunities and generating ideas, through internal challenges and contests, as well as to assess and give feedback on the emerging initiatives.
- It will hold monthly meetings for the internal and external analysis of innovation opportunities and indicators, as well as to make decisions on how the opportunities and indicators are to be managed.

Innovation Portfolio

- The innovation portfolio covers incremental and disruptive innovation projects aimed to strengthen the company's solutions and services portfolio and to expand the potential markets where the organization can increase its value.
- The innovation portfolio includes projects from all three project management platforms (Optimiza, PMO, and Labs), together with those developed at the research centers of Grupo Rotoplas and its strategic alliances.
- All projects corresponding to Rotoplas' innovation portfolio must ensure the documentation and intellectual protection of the results of its research, innovation, and development.
- There will be a reservoir of innovation projects and initiatives to learn from past processes and focus future developments.

Communication

- The different departments must report innovation practices arising through the implementation of innovative methodologies and/or tools, in order to conglomerate Grupo Rotoplas' innovative potential.

- As the Culture of Innovation is a pillar of the Rotoplas Way, an internal communication strategy will be developed so this culture can be lived thoroughly by all members of the organization.
- The policy, process, and other forms of innovation management will be aligned to the current Rotoplas Strategy and, such being the case, to the modifications made, so its validity will be assessed each year by its creators and revisers.
- The documents regarding open innovation courses, workshops, sessions, etc. shall be available to all members of the organization through the official internal communication platform (R-Connect), and through the innovation management platform that may be used for each intervention.

Appendix I is a supplement to this policy, containing the Implementation Practices, which describe several of the activities that will be carried out to fulfill the points set out in the policy once it is enforced.

Appendices

Appendix I: Implementation Strategies

- To incorporate innovation into the organization's formative contents through courses and workshops for the development of knowledge, skills, and mindsets.
- Creation of a digital platform for the management of ideas that can trigger projects with value for the organization and its business lines.
- Implement a technological surveillance system to identify new developments, trends, and solutions regarding the core business and the new markets that the company seeks to serve.
- Develop an internal contest to unite research and development with a technological maturation process to launch products and services that contribute significant value to the water use cycle.
- Become an active member of communities that generate knowledge and technologies, discuss public policy, and supply solutions regarding water issues to increase our exposure and collaboration.
- Establish liaisons with research centers and universities so that Rotoplas can position itself in the vanguard regarding water technologies and find sources to sustain future projects.
- Participate in the innovation ecosystem, launching challenges to attract talent and projects with potential to generate new business lines.