

# Ethics and Compliance Culture

## ETHICS AND TRANSPARENCY

(GRI 2-23, 2-24, 2-25, 2-26, 2-29) (GRI 3-3)

Reflecting our values and principles, which govern the behavior of our employees and our interaction with stakeholders, at KUO we are committed to implementing the highest standards of ethics and transparency in all our activities. Therefore, we work constantly to keep ourselves aligned with the most demanding parameters, among which the following stand out:

### INTEGRITY POLICY AND CODE OF CONDUCT

The Integrity Policy, published on our website, establishes the general guidelines included in the Code of Conduct. This document guides our activities, defines our long-term strategy, and allows us to follow best practices in our relations with different stakeholders. Compliance with it is a commitment shared by executives, board members, employees, partners, shareholders, and the entire organization, including suppliers, customers, and communities.

### SOCIAL RESPONSIBILITY POLICY

This policy is under the responsibility of the Deputy General Management (in charge of the Legal Area) through the Sustainability and Social Responsibility Management.

The Social Responsibility approach is based on compliance with the following principles:

#### 1. KUO People

##### a) Employment Practices

- i. Equal opportunities: We support and encourage the development of our employees regardless of gender, marital status, age, religion, race, physical ability, preferences, or social class. Personnel are selected and hired through a process based on demonstrable ability, professional experience, proactive attitude, compliance with the competency profile and level of identification with our values.
- ii. Free Association: We respect the freedom of our employees to participate or support community, cultural, charitable, and political organizations of their choice; in a personal capacity, avoiding giving the impression that they are acting on behalf of or representing the organization.
- iii. Rejection of Child Labor: We reject all types of child labor in our operations and in those of our partners, customers, and suppliers.
- iv. Quality of life in the company: We provide an environment that promotes a high sense of responsibility, productivity, development, safety, and quality of life for our personnel.

##### b) Health, Safety and Hygiene

- i. We operate within the legal framework and applicable laws to which productive activities are subject, aiming to protect the integrity of employees, contractors, and visitors, as well as the neighboring community. We apply national and international safety standards and guidelines, promoting training and performance measurement.
- ii. We prohibit the consumption, distribution, transportation, sale and/or possession of any type of prohibited or enervating drug, as well as the use of alcohol and illegal drugs in our facilities and work schedules.
- iii. We monitor the health of our employees, taking care of their integral condition for the best performance of their duties, and we also comply with the current regulations regarding Social Security.
- iv. We keep our COVID-19 protocols up to date.

#### 2. Environment

We develop and operate processes that are respectful of the environment. We monitor sustainability performance and practices through indicators.

#### 3. Respect for Human Rights and the Global Compact

We respect and work for the principles of the Global Compact and the Sustainable Development Goals (SDGs) of the United Nations.

#### 4. Combating Corruption

We do not accept under any circumstances; offer, pay, solicit, or receive any kind of bribe, gratuity, gift, benefit, or similar covert payment of an illegal or unethical nature.

#### 5. Innovation

We encourage innovation with an ethical and social sense as a fundamental element in the creation of value for our stakeholders.

Policies are updated every two years to ensure that they include best practices.

## Our policies establish the guidelines to ensure equity and competitiveness

### COMPENSATION

(GRI 2-19, 2-20, 2-21) (GRI 405-2)

In addition to the policies mentioned above, we have other policies that allow us to manage all aspects, both guaranteed and variable, of compensation. These policies establish the guidelines to ensure fairness and competitiveness in accordance with the results of performance management and in line with the corporate strategy and the specific business.

The base salary is established with internal tabulators and depends on the valuation level determined for the position. As for bonuses, there is no established policy, in case of

any proposal, they are handled as exceptional cases and are authorized by the General Management. Termination payments are given in accordance with the law.

In addition, as part of our benefits, we offer a contributory retirement benefit plan, which provides benefits in addition to those required by law. In order to participate in this plan, employees must be non-unionized, employees of the plant must sign a letter of consent to join the plan, and they must have at least 10 years in the organization.

#### ANNUAL COMPENSATION RATIO

	Consumer Sector	Chemical Sector	Automotive Sector
Annual Compensation Ratio	22	8	21

#### ANNUAL COMPENSATION INCREASE RATIO

	Consumer Sector	Chemical Sector	Automotive Sector
Annual percentage increase in annual compensation for the highest compensated individual	8%	37%	17%
Percentage increase in average annual compensation for all employees	9%	13%	7%
Annual compensation increase ratio	1	3	2

#### BASE WAGE AND SALARY RATIO OF WOMEN VS. MEN

Operation	Ratio remuneration for women	Ratio remuneration for men
<b>Consumer Sector</b>		
Coordinator	81,4%	82,8%
Chief	90,6%	87,1%
Manager	78,1%	94,3%
Director	N/A	82,5%
Business Director	N/A	111,2%
<b>Chemical Sector</b>		
Coordinator	84,9%	87,8%
Chief	89,0%	86,2%
Manager	90,2%	84,2%
Director	N/A	95,0%
Business Director	N/A	91,2%
<b>Automotive Sector</b>		
Coordinator	87,1%	92,8%
Chief	90,1%	95,5%
Manager	103,5%	98,4%
Director	N/A	123,5%
Business Director	N/A	104,8%



**REGULATORY COMPLIANCE**

(GRI 2-27, 2-28 307-1, 419-1) (SASB RT-CH-530a.1)

Institutional values require that the development of our activities is aligned with the corresponding legal provisions for each sector, inside and outside the organization. Therefore, we comply 100% with the legal provisions related to stakeholders, in areas such as health, labor rights, tax regulation, safety, sustainability, etc. In addition, considering that our business serves needs that correspond to different markets and target audiences, it is essential to maintain a constant monitoring of updates in regulations that may be enacted, so that we can keep all documentation and certification current and updated.

Compliance with the regulations established for each sector determines impacts at different levels. Non-compliance could have a negative impact on the organization, as it may affect its operations, community, collaborators, shareholders and interested third parties. In addition, the organization could be subject to different sanctions, directly involving its Board of Directors and Officers. Respecting current regulations not only allows us to maintain business continuity, but also those certifications that our businesses have.

In addition, we are aware that regulatory compliance is one of the key tools in the sale of products, since the reliability of customers is based on the fact that the brand from which they expect to purchase a product or service, can offer guarantees that the process of its elaboration is correctly compliant with all legal provisions. In this sense, since our customers are part of the backbone of the organization, we seek to satisfy each and every one of their requirements.

At the corporate governance level, the Financial Information Management, which reports to the Finance Department, is in charge of the Internal Control and Regulations area, which is responsible for the preparation, dissemination and updating of all the company's internal policies. As for the evaluation mechanisms that allow us to verify compliance with regulatory provisions, we have different methods, according to each business sector:

**Evaluation mechanisms that allow us to verify the effectiveness of the management of regulatory compliance**

Sector	Evaluation
Consumer	Accountability and periodic internal audits are used.
Chemical	Management is evaluated based on the response time for the different requests.
Automotive	Compliance with the Internal and External Audits Program and Regulations, follow-up on the declared KPIs, Management reviews and verification of compliance with the matrix of legal requirements.

It is important to mention that our efforts to achieve regulatory compliance have been strengthened as the international regulations to which we adhere have become stricter.

During the year, none of our businesses experienced any events or generated any fines or non-monetary sanctions for non-compliance with the environmental, social, economic, communications and marketing, or unfair competition rules and regulations in the jurisdictions in which we operate.