



SUSTAINABILITY REPORT

2021

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COMPANY PROFILE

102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-16



CYDSA is a corporation founded in 1945 that is listed in the Mexican Stock Exchange (*Bolsa Mexicana de Valores*, BMV: CYDSASA*). Its five business areas include: Salt for Household Consumption and Industrial Applications; Chlorine, Caustic Soda, and Related Specialties; Refrigerant Gases Manufacturing and Commercialization; Electricity and Steam Cogeneration; and Hydrocarbons Processing and Underground Storage.



VISION



To be recognized as a world-class company, and a leader in the industries in which it participates, with growing and sustained economic and social profitability based on the ongoing innovation and development of products, processes, and services, providing greater value to personnel, clients, distributors, consumers, suppliers, financial institutions, communities, shareholders, and society.

MISSION



To ensure the continuous improvement of products, processes, and services, to consistently anticipate and exceed clients' and end consumers' current and future needs and requirements, thus creating conditions for the Organization's growth, the development of personnel, the harmonious coexistence with neighboring communities, and the optimization of shareholders' equity, within a framework of full compliance with social responsibility towards the environment.

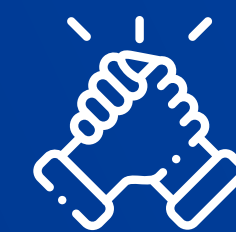
VALUES



Focus on the client and end consumer



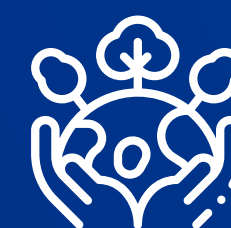
Respect for personnel and their development



Teamwork



Continuous improvement and innovation



Respect for the environment



Ethical, transparent, and transcendent performance



PRESENCE

102-4, 102-7



Based in San Pedro Garza García, Nuevo León, Mexico, Grupo CYDSA has more than 20 subsidiaries in nine cities throughout the country, exporting its products to more than 15 countries. The production facilities are geographically distributed as follows:

- (1)** Salt for Household Consumption and Industrial Applications.
- (2)** Chlorine, Caustic Soda and Related Specialties.
- (3)** Refrigerant Gases Manufacturing and Commercialization.

Geographic Distribution of Production Facilities



BUSINESSES

102-2, 102-4, 102-6, 102-7



CYDSA's operations are divided into two business groups:

1. Chemical Manufacturing and Specialties

- Salt for Household Consumption and Industrial Applications.
- Chlorine, Caustic Soda, and Related Specialties.
- Refrigerant Gases Manufacturing and Commercialization.

2. Energy Processing and Logistics

- Electricity and Steam Cogeneration.
- Hydrocarbons Processing and Underground Storage.

Business Group	Business	Company	Products	Applications	Market	Brands
Chemicals Manufacturing and Specialties	Salt for Household Consumption and Industrial Applications	Sales del Istmo, S.A. de C.V. Procesadora y Distribuidora de Sal	Salt for human consumption and industrial applications. Edible salt specialties: <ul style="list-style-type: none"> • Light Salt • Salt Substitute • Kosher and Halal Grade Salt • Salt with Chile and Lime • Coarse sea salt 	Household human consumption and commercial; food industry and industrial processes.	Domestic and export, mainly to the USA and Central America.	La Fina, Cisne, Marfil, Gallo, Palomitos, Bakara, Elefante, Klara, Carmen, Brisa de Occidente
	Chlorine, Caustic Soda, and Related Specialties	<ul style="list-style-type: none"> • Industria Química del Istmo, S.A de C.V. (IQUISA); includes the Coatzacoalcos, Tlaxcala, and Hermosillo plants. • Iquisa Santa Clara, S.A. de C.V. • Iquisa Noreste, S.A. de C.V. 	<ul style="list-style-type: none"> • Liquid chlorine • Liquid caustic soda • Solid caustic soda, membrane grade and rayon grade • Chlorine in cylinders • Sodium hypochlorite • Caustic potash • Synthetic hydrochloric acid • Muriatic acid 	Chemical and petrochemical industry, water treatment, oil, cellulose, paper, pesticides, whiteners, soaps, detergents, bottlers, mining and metallurgy, plastics, pigments and paints, and pharmaceuticals, among others.	Domestic and export, mainly to Central America.	IQUISA
	Refrigerant Gases Manufacturing and Commercialization	Quimobásicos, S.A. de C.V.	<ul style="list-style-type: none"> • Refrigerant gases, propellants, and foaming agents • Precursor gases for manufacturing fluoropolymers and anesthetic and medicinal products 	Industrial, commercial, and Household refrigeration; medicinal, automotive, and home appliances industry.	Domestic and export, mainly to Latin America and the USA.	Genetron Aquion Eco Flush
Energy Processing and Logistics	Electricity and Steam Cogeneration	Sistemas Energéticos SISA, S.A. de C.V.	<ul style="list-style-type: none"> • Electricity • Steam 	Energy supply to CYDSA's affiliated companies; electricity sales.	Domestic	
	Hydrocarbons Processing and Underground Storage	Almacenamientos Subterráneos del Sureste, S.A. de C.V.	<ul style="list-style-type: none"> • Processing of LPG • Underground storage of LPG 	Processing, injection, extraction, and transfer; underground storage.	Domestic	

CYDSA's Sustainability Achievements as of 2021



More than US\$450 million in sustainable investments since October 2010



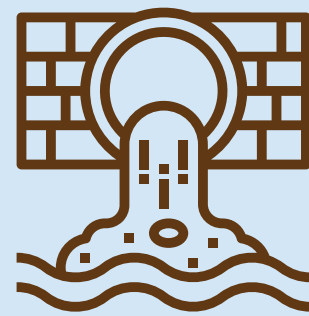
US\$183 million invested in two electricity and steam cogeneration plants in Coatzacoalcos, Veracruz, which offer a maximum of 62 megawatts of clean energy



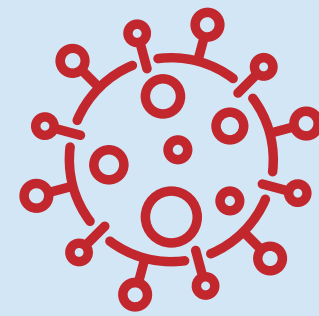
More than 6,000 trees were planted on 4.6 hectares of land owned by the company, and 9,400 plants were grown in the Veracruz forestry greenhouse



Alliance with other companies to find solutions for challenges related to water and air quality through the Monterrey Metropolitan Environmental Fund (*Fondo Ambiental Metropolitano de Monterrey, FAMM*)



Promotion of a circular economy through the reprocessing and destruction of refrigerant gases, reuse of process waters from the Salt Business, and wastewater treatment in Monterrey for industrial processes



\$750,000 pesos investment for the purchase of health material to combat the COVID-19 pandemic



1,560 COVID-19 vaccine applications



1,653 Preventive Medicine clinical and physical examinations applied to team members

CYDSA's Sustainability Achievements as of 2021



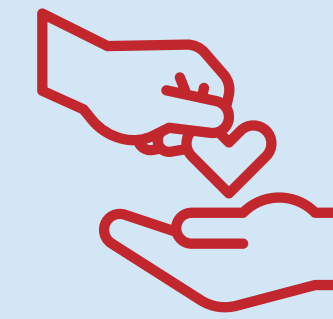
More than 3.2 million man-hours (MH) without fatalities, disabling injuries, and recordable workplace injuries in 2021



More than \$2 million pesos invested in medical programs for the community in 2021



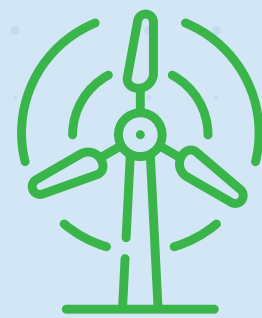
More than \$200 thousand pesos donated to local community committees with ecological activities in 2021



More than \$5 million pesos invested in community events and donations in 2021



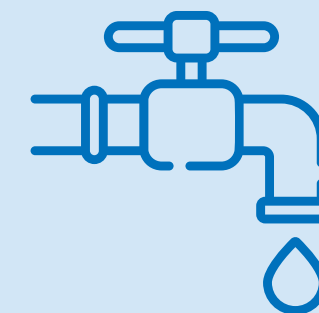
7,620 team member volunteer hours in Coatzacoalcos, Veracruz, in 2021



10.4% increase in clean energy generation during 2021 compared to the base year (2018)



18.2% reduction in direct emissions to the atmosphere during 2021 compared to the base year (2018)



30.1% reduction in water consumption during 2021 compared to the base year (2018)



Recycling of 36.1% of waste generated in 2021















DIALOGUE WITH STAKEHOLDERS



102-21, 102-40, 102-43, 102-44, 103-2, 103-3

CYDSA believes its stakeholders' expectations and needs are vital to developing its strategy. It therefore maintains ongoing communication with all its stakeholders, based on the Company's established methodologies through which it ensures transparent and lasting relationships. This allows CYDSA to learn about its key audiences' concerns, propose actions that focus on their needs, and to handle the areas of opportunity that have been identified. This way it keeps its Business Strategy and Sustainability Strategy up-to-date and aligned, generating value for CYDSA and its stakeholders.

Stakeholder Group	Stakeholder Expectations	CYDSA's Response	Communication Channel	Contact Frequency
 <p>Shareholders and bondholders</p>	<ul style="list-style-type: none"> • Growth of the business and its economic value. • Business continuity over time. • Knowledge about the results of the Group's objectives. 	<ul style="list-style-type: none"> • Drive the business strategy so that the operation is sustainable. • Clear objectives, adaptation to contextual needs and attention to areas of opportunity. • Ongoing communication regarding the Group's results. 	<ul style="list-style-type: none"> • Annual Report • Quarterly Reports • Communications through the Mexican Stock Exchange • Publication of the Sustainability Report • Events, calls and e-mail: ir@cydsa.com • Investor Relations Distribution List • Shareholders' Meeting 	<p>Periodic and ongoing</p>
 <p>Capital and risk analysts</p>	<ul style="list-style-type: none"> • Timely, transparent, and reliable information about the Group's status and its objectives • Follow-up and feedback on the reports provided to the Group. 	<ul style="list-style-type: none"> • Timely reports on CYDSA's situation, objectives, and goals. • Follow-up on the reports that the analysts provide to the Group. 	<ul style="list-style-type: none"> • Reports • Financial and strategy documents • Annual Financial Reports • Events, calls and e-mail: ir@cydsa.com • Investor Relations Distribution List • Sustainability Report 	<p>Periodic</p>
 <p>Authorities</p>	<ul style="list-style-type: none"> • Compliance with responsibilities and obligations. • Communication and trust creation 	<ul style="list-style-type: none"> • Compliance with obligations and requirements to obtain and maintain permits, certifications, or authorizations corresponding to the Group's business purpose. 	<ul style="list-style-type: none"> • Deeds • Documents • Direct contact • Lab analyses • Voluntary audits • Compliance reports 	<p>Periodic and ongoing</p>
 <p>Customers</p>	<ul style="list-style-type: none"> • Quality and supply of products and services. 	<ul style="list-style-type: none"> • Continue complying with quality standards, beginning with implementation of innovation in products and services. • Ongoing communication and attention to expectations. 	<ul style="list-style-type: none"> • Direct contact • Surveys • Sustainability Report 	<p>Periodic and ongoing</p>
 <p>Team Members</p>	<ul style="list-style-type: none"> • Optimal working environment and teamwork. • Respect for human rights and equal opportunities. • Professional and personal development. • Equality in remuneration and growth opportunities within the Group. • Occupational health and safety. 	<ul style="list-style-type: none"> • Ensure the Company's philosophy is known. • Investment in team members' health and safety. • Encouragement of a culture of equality and respect for human rights. • Recognition and motivation based on the performance and objective evaluation of every team member. • Training and development plan based on specific needs. • Permanent healthcare programs. 	<ul style="list-style-type: none"> • Work Environment Surveys • Transparency Hotline • Distribution of the Code of Conduct • Internal strategic and bilateral communication platforms • Integration and recreational activities • Workshops • Continuous training tools (E-Learning) • Recognition of good performance 	<p>Permanent</p>





Stakeholder Group	Stakeholder Expectations	CYDSA's Response	Communication Channel	Contact Frequency
 Community	<ul style="list-style-type: none"> Responsible operation, with the lowest possible environmental impact. Improve the quality of life and development in the region through constant safety and collaboration. Integrated development programs for the community. 	<ul style="list-style-type: none"> Reduction of risk in operations; investment in education. Investment in education, health, and support for a preventive culture. Investment in Dutch Line social risk studies and risk management programs (RMP) Constantly provide information about CYDSA's programs. 	<ul style="list-style-type: none"> Community Center Census Direct contact through Committees and Meetings Interface with municipal authorities 	Permanent
 Government	<ul style="list-style-type: none"> Compliance with laws and regulations. Ethical and transparent operation. Information on industry matters and the private sector in general. 	<ul style="list-style-type: none"> Management and legal compliance. Attention, participation in the development, and compliance with new regulations. Application and monitoring of CYDSA's Code of Conduct. 	<ul style="list-style-type: none"> Deeds Documents Meetings Compliance audits and reports 	Permanent
 Financial Institutions	<ul style="list-style-type: none"> Administration and compliance with responsibilities and commitments. 	<ul style="list-style-type: none"> Compliance in a timely and appropriate manner with acquired responsibilities and commitments. 	<ul style="list-style-type: none"> Periodic meetings Financial and Sustainability Reports Events, calls and e-mail: ir@cydsa.com Investor Relations Distribution List Compliance audits and reports 	Periodic and ongoing
 Means of Communication	<ul style="list-style-type: none"> Information on the Group's relevant events and aspects. 	<ul style="list-style-type: none"> Clear and reliable information on relevant aspects of the Group. 	<ul style="list-style-type: none"> Interviews Meetings Press Releases Financial and Sustainability Reports 	Periodic
 NGOs	<ul style="list-style-type: none"> Support for the causes of Non-Governmental Organizations in the region. 	<ul style="list-style-type: none"> Strategy focused on driving the projects of Non-Governmental Organizations that respond to the needs of the region. Support for ongoing dialogue. 	<ul style="list-style-type: none"> Direct contact Participation in international treaties 	Periodic and ongoing
 Suppliers/ Distributors	<ul style="list-style-type: none"> Relationships based on transparency and ethics. 	<ul style="list-style-type: none"> Share common objectives through transparent, ethical communications that are in alignment with the Code of Conduct. 	<ul style="list-style-type: none"> Communication of the Code of Conduct 	Periodic and ongoing
 Unions	<ul style="list-style-type: none"> Respect for their role in representing team members in terms of labor rights, and occupational health and safety. 	<ul style="list-style-type: none"> Respect for agreements established with unions. Clear management of Internal Labor Regulation. Mixed Training Commissions. Occupational health, safety and hygiene programs. 	<ul style="list-style-type: none"> Union meetings 	Periodic

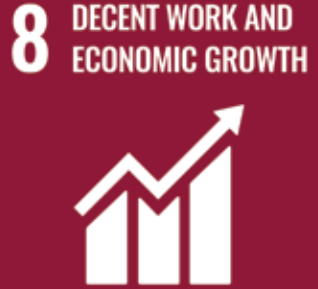



Contribution to the Sustainable Development Goals (SDGs)





102-13, 102-29

CYDSA is aligned with the Sustainable Development Goals (SDGs) established by the United Nations (UN) as part of its commitment to sustainability, and contributes to them through its Sustainability Strategy and concrete actions that create value, prioritizing the most important SDGs for the Group and its stakeholders.



SDGs	MATERIAL TOPIC	GOALS	FOCUS	2021 STRATEGIC ACTIONS
 <p>3 GOOD HEALTH AND WELL-BEING</p>	Community Relations - Pandemic - Human Capital	3.5 3.7 3.8 3.9	<ul style="list-style-type: none"> Take preventive measures to avoid chemical pollution of the surrounding communities. Offer affordable health services to our team members and communities, which include various types of donations. Implement both community and internal programs and campaigns to promote and educate about health and wellness. 	<ul style="list-style-type: none"> Encapsulation of the Operations areas in Quimobásicos and Iquisa Noreste to minimize the possibility of releasing chemical emissions into the community. More than \$2.0 million pesos invested in medical programs for the community. COVID-19 infection prevention campaigns aimed at team members and their families, which included 8 webinars, informative campaigns, sanitary filters, medical assistance, and audits, among other actions. Permanent team member programs: Preventive Medicine, Industrial Hygiene, and Epidemiological Health Surveillance. COVID-19 vaccination campaign for the communities in which we operate: 1,560 administered. Implementation of the Nutrition program for consultation and advice available for team members at risk of chronic degenerative diseases. Application of annual medical exams to team members and 1,653 medical consultations. Medical brigades for specific school communities.
 <p>4 QUALITY EDUCATION</p>	Community Relations	4.a 4.4	<ul style="list-style-type: none"> Contribute to the maintenance of spaces and sources of education for the local community. Provide our team members with the appropriate training to support their personal and professional development. 	<ul style="list-style-type: none"> Provide maintenance personnel for improvements and/or repairs that were requested for school facilities. Provide information and tools to the community on sanitary measures against COVID-19 within school facilities. In Coatzacoalcos, Veracruz, there is a Safe School program. Together with the emergency responder authorities' subcommittee of the Local Mutual Aid Committee (<i>Comité Local de Ayuda Mutua, CLAM</i>), we train beneficiary schools in emergency response and preparedness.
 <p>6 CLEAN WATER AND SANITATION</p>	Community Relations - Sustainable Corporate Image	6.3 6.4	<ul style="list-style-type: none"> Propose preventive rather than reactive water solutions to reduce and/or eliminate water use and pollution. To offer solutions for the use of and access to drinking water for our communities. 	<ul style="list-style-type: none"> Wastewater Treatment Plants (WWTPs) in the State of Mexico and Nuevo León to reuse treated water taken from our processes and, consequently, reduce the consumption of potable water from the region's groundwater. The investment in the water demineralization process used to produce sodium hypochlorite in Iquisa Hermosillo was approved. In the Hydrocarbons Processing and Underground Storage Business, a project for the elimination of sanitary water discharges from in situ infiltration was carried out.
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	Sustainable Corporate Image - Operational Quality and Efficiency	7.3	<ul style="list-style-type: none"> Allocate the necessary resources to develop initiatives for the transition and implementation of energy sources that allow the company's activities to continue without negatively impacting the environment, as well as the use and recycling of energy sources. 	<ul style="list-style-type: none"> The investment in the air-cooling system for the air entering the turbines (TIAC) of the Electricity and Steam Cogeneration plants began, which will increase the capacity from 49 MW to 62 MW per plant, producing cooling from excess steam (surplus heat), without increasing greenhouse gas emissions. Efficient cogeneration plants for electricity and steam. Recycling and destruction program for CFCs, HCFCs, HCFs and ODS. CFCs and ODSs are gases that affect the ozone layer, while HFCs generate greenhouse gases.

SDGs	MATERIAL TOPIC	GOALS	FOCUS	2021 STRATEGIC ACTIONS
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Operational Safety and Compliance - Human Capital	8.3 8.5 8.8	<ul style="list-style-type: none"> To always safeguard our team members' occupational health and safety, aligning ourselves with the industry's best practices and standards in this area. Obtain the appropriate and necessary certifications that guarantee and endorse the risk identification and safety processes in the company. 	<ul style="list-style-type: none"> Occupational Health and Safety Self-Management Program (<i>Programa de Autogestión en Seguridad y Salud en el Trabajo</i>, PASST) based on national and international standards. Updates to the Social Risk profiles (Dutch Line) at Iquisa Santa Clara and Iquisa Tlaxcala to identify potential risks and establish prevention, control, and mitigation measures. Compliance with the Ecuador Principles, which are intended to serve as a baseline and framework for financial institutions to identify, assess and manage environmental and social risks when financing projects. Safe Company Certification of the Occupational Health and Safety Self-Management Program, awarded by the Ministry of Labor and Social Welfare to Sales del Istmo, Iquisa Santa Clara, Iquisa Tlaxcala, Iquisa Hermosillo, and Quimobásicos.
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Innovation - Sustainable Corporate Image	9.4	<ul style="list-style-type: none"> Innovate to implement new technologies and alternatives that lead to a higher quality and more efficient operation. 	<ul style="list-style-type: none"> Investment in the construction of a new plant to manufacture chlorine and caustic soda with state-of-the-art technology in Coatzacoalcos, Veracruz, which allows energy savings and a lower environmental impact due to the reduction of greenhouse gases, the elimination of mercury, the use of treated water and the use of hydrogen to replace natural gas in its boilers. Fuel substitution of the Iquisa Santa Clara boiler that used natural gas for a 50-50 mix of Hydrogen-Natural Gas fuel.
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	Community Relations - Sustainable Corporate Image	11.6	<ul style="list-style-type: none"> Support local initiatives and volunteering and propose community actions to ensure the environmental well-being of areas surrounding CYDSA's operations. 	<ul style="list-style-type: none"> Cleaning, reforestation and maintenance of four public squares and walkways in the Bernardo Reyes neighborhood in the city of Monterrey, Nuevo León. Support for the Chipinque Ecological Park Board of Trustees. More than \$200.0 thousand pesos donated to local committees with ecological community activities.
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	Innovation - Sustainable Corporate Image	12.2 12.4 12.5 12.6	<ul style="list-style-type: none"> Continue to innovate in the solutions we propose to reduce our environmental footprint, and thus be able to offer products that encourage responsible consumption on the part of all our customers. 	<ul style="list-style-type: none"> Oxo-degradable bag packaging for the Sal La Fina product. Delivery of reusable bags in the García municipality. Refrigerant reuse. Process water reuse at Sales del Istmo and Electricity and Steam Cogeneration. Hydrogen fuel use.

SDGs	MATERIAL TOPIC	GOALS	FOCUS	2021 STRATEGIC ACTIONS
	Innovation - Sustainable Corporate Image - Operational Quality and Efficiency	13.1	<ul style="list-style-type: none"> To develop innovative technologies and production processes that are inherently sustainable to reduce our impact on the environment from the outset of our operations. 	<ul style="list-style-type: none"> Membrane technology in the State of Mexico, Nuevo León, and soon, Veracruz plants, which reduces electricity consumption by 30%. Dual burner boiler to reduce greenhouse gases and use hydrogen as fuel in Iquisa Noreste and Iquisa Santa Clara. Electric Power and Steam Cogeneration Plants I and II, which generate clean energy. Encapsulation of process areas, gas destruction plants and refrigerant gas reconditioning (circular economy and CO₂ Equivalent reduction). Certified by The Chlorine Institute in Safety Excellence Award for good results in safety excellence and zero chlorine emissions to the environment. Continued to promote the "Eco Flush 1233zd" refrigerant gas, a state-of-the-art HFO ecological cleaning solution that does not affect the ozone layer. Commercialization of "Genetron 134a ECO" ecological refrigerant gas. We have facilities capable of destroying Ozone Depleting Substances (ODS) using Argon Plasma Arc technology. Participation in the Emissions Trading System Pilot Test in Mexico.
		13.2	<ul style="list-style-type: none"> Obtain certifications in recycling, emission reduction, and recycling and reuse of resources within our production chain. 	
	Sustainable Corporate Image	15.1	<ul style="list-style-type: none"> Carry out reforestation campaigns and other initiatives that contribute to the preservation of the flora, fauna, and biodiversity of the places where we operate. Carry out actions and projects that protect and/or remediate existing and future impacts to life in terrestrial ecosystems. 	<ul style="list-style-type: none"> Reforestation campaigns to plant 6,000 trees on 4.6 hectares. Reforestation through Monterrey Metropolitan Environmental Fund, FAMM. Monterrey Metropolitan Environmental Fund, FAMM (Water and Air Quality Plan 2030). Support for the Chipinque Ecological Park Board of Trustees.
		15.2		
		15.a		
	Regulatory Changes - Corporate Governance - Operational Safety and Compliance	16.5	<ul style="list-style-type: none"> Comply with the appropriate certifications to endorse CYDSA's ethical and responsible business practices, as well as to be aware of any regulatory changes that may arise, to implement the necessary modifications and keep the company updated in regulatory matters. To have first level certifications with respect to quality management in all our processes and products. 	<ul style="list-style-type: none"> CYDSA is ISO-9001:2015 certified, an international standard that establishes the requirements for a Quality Management System. Similarly, because of its commitment to environmental protection, it was ISO-14001:2015 certified, an Environmental Management Systems (EMS) standard. In addition, it was certified in FSSC-22000, a comprehensive certification scheme for food safety management systems. Due to its business practices in the Muslim market and the Jewish market, CYDSA obtained Viva Halal and Kosher certifications. Compliance with Achilles and Sedex standards, accrediting CYDSA as a world-class, reliable supplier with responsible and ethical practices.
		16.6		
	Regulatory Changes - Corporate Governance	17.7	<ul style="list-style-type: none"> Form and maintain alliances and collaborations with different international groups and within the industry, to analyze environmental and social issues and propose appropriate and responsible solutions. 	<ul style="list-style-type: none"> Strategic alliances with national and international Chambers, Associations and NGOs to ensure a sustainable future for all (including IPA, CESPEDES and ANIQ environmental commissions). To preserve the environment and in compliance with the Paris Agreement and the Montreal Protocol, CYDSA sets goals to reduce Greenhouse Gas (GHG) emissions, which are responsible for climate change, as well as the destruction of ODS. Alliance with CLOROSUR and Chipinque Ecological Park.

MESSAGE FROM THE CHAIRMAN OF THE BOARD

102-14, 102-15



To our Stakeholders:

In 2021 health authorities in Mexico and the rest of the world continued applying a range of measures to prevent transmission of the COVID-19 virus, occasionally affecting economic stability and social activities. It is a pleasure to report that although these circumstances caused difficulties in some domestic and international markets, in general CYDSA's businesses continued to operate normally and advanced the Group's initiatives aimed at creating a Business Portfolio positioned for medium and long-term Sustainable Profitability.

Three achievements in 2021, notable for their potential contribution to the Group's development, follow:

- Two of these achievements took place in the Salt for Household Consumption and Industrial Applications Business. The first involved the drilling of a new well, exclusively dedicated to extracting and supplying brine, thus assuring the availability of this essential raw material for manufacturing natural evaporated salt for a period of at least five years. The second refers to the construction and startup in 2021 of a new distribution center for finished products, doubling storage capacity and providing state-of-the-art technologies to optimally manage the vast catalogue of presentations of manufactured and commercialized products. This offered customers with an optimal and cost-competitive service, in addition to reducing the use of transportation and fuel consumption.

- The third achievement, concluded at the end of 2021, permitted the Group to secure a US\$134 million bank loan with final maturity in 2029, an eight-year term with a two-year grace period. This financial instrument is eighty percent guaranteed by the Italian Export Credit Agency, known as SACE in Italian. The proceeds of this loan, received at the beginning of 2022, provide for the liquidation of a peso-denominated revolving credit, thus maintaining the Group's financial flexibility, reducing financial costs, and improving the debt maturity profile.





It should be noted that a fundamental aspect of improving CYDSA's competitive position incorporates strategies to ensure the systematic reduction of fixed costs in the Businesses and Corporate Support Areas. Nevertheless, the Group continued applying and at times redesigning sanitary protocols across the company's facilities. These exceeded the health authorities' recommendations, aimed at supporting hygiene, safety, and efficiency, and avoiding COVID-19 contagion risks. In fact, through the support of the Group's communication and promotion campaigns, by the end of the first quarter of 2021, 99.5% of team members and 79.3% of their family members were vaccinated to prevent or lessen the effects of the virus.

With regard to progress made on issues of sustainability, in 2021 CYDSA continued to strengthen its focus on Environmental, Social, and Governance (ESG) matters to ensure that the Group's operations, products, and services contribute to build a healthy and sustainable world for future generations. To this end, all eligible production plants and commercial distribution companies renewed or updated their national and international certifications, including ISO-9001:2015 for quality management systems and ISO-14001:2015 for environmental management. Likewise, the Clean Industry certificates and recognitions granted by PROFEPA (*Procuraduría Federal de Protección al Ambiente*, Federal Attorney's Office for Environmental Protection) were upheld.

The following is a summary of the specific progress made by each of CYDSA's five Strategic Businesses in 2021 in terms of sustainability:

1. Salt for Household Consumption and Industrial Applications Business

At the end of the year, CYDSA began developing a project to manufacture plastic canisters for the packaging of diverse edible salt presentations using oxo-degradable materials to reduce their environmental impact. These canisters will be added in 2022 to the current biodegradable plastic bags utilized by CYDSA in packages for household consumption salt.

The Business renewed the FSSC-22000:2018 certification to ensure food safety in the manufacturing of food products. Likewise, CYDSA updated its global customer audits on areas of Social and Environmental Responsibility, renewing the compliance certification with Sedex and Walmart-International standards, for which CYDSA remains accredited as a world-class, reliable supplier operating under responsible and ethical practices.

2. Chlorine, Caustic Soda, and Related Specialties Business

The construction of a new plant began in Coatzacoalcos, Veracruz in January 2021 to manufacture 100,000 tons of chlorine and 112,000 tons of caustic soda annually, using state-of-the-art technology. With the completion of this project, this Business' products will be manufactured using the most energy-efficient processes available and with minimal environmental impact.

The installation of a water treatment system completed in 2021 uses residual water in its manufacturing processes, thereby conserving 60,000 cubic meters of potable water for the community each year.



The Business's five production plants renewed their NSF International (National Sanitation Foundation of the USA) and Integral Responsibility certifications from the National Chemical Industry Association. They also maintained the Socially Responsible Company Certification, awarded by the Mexican Center for Philanthropy, and received several awards for Excellence in Safety in Operating Processes and Personnel Safety from the Chlorine Institute of the United States.

3. Refrigerant Gases Manufacturing and Commercialization Business

This Business advanced its environmental stewardship by developing and commercializing refrigerant, blowing, and propellant gases with no effect on the ozone layer and nearly zero impact to global warming. The subsidiary is currently assessing opportunities to extend the product line for manufacturing gases that comply with some of these attributes.

The 2021 publication of the Halocarbon Protocol for Mexico Version 1.0 of the Climate Action Reserve established the guidelines to explain, report, and verify the reduction of greenhouse gas emissions associated with the destruction of these greenhouse gases in facilities located in Mexico.

The National Chemical Industry Association renewed its Comprehensive Responsibility Certification for this Business.



4. Electricity and Steam Cogeneration Business

This business unit operates twin plants that initiated operations in 2014 and 2016, utilizing systems based on natural gas combustion turbines capable of satisfying all the Group's energy requirements, and selling excess electricity to other users. This technology to produce electricity, combined with the optimal usage of the steam created by the heat generated in the turbine operation, allowed for the certification of both of CYDSA's plants as Efficient Cogeneration Investments by the Mexican Energy Regulatory Commission.

The Company continues to implement innovative applications to surpass the productive capacity of the initial design, and thus maximize its energy cogeneration potential using processes favorable to Mexico's environment.

5. Hydrocarbons Processing and Underground Storage

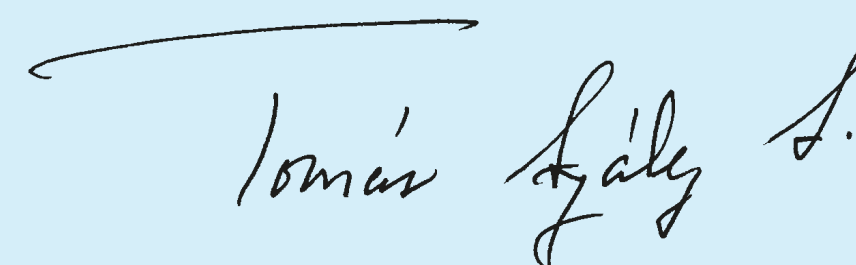
During 2021, the effective and efficient operation of the Underground Processing and Storage of Liquefied Petroleum Gas, or LP Gas, ratified the technical feasibility of increasing the strategic storage capacity of hydrocarbons in Mexico, through the development and adaptation of salt caverns.

The Business's buildings and operational facilities occupy 670 hectares of natural terrain, thus requiring the design and implementation of procedures to ensure no impact on the region's flora and faunae. In this regard, reforestation campaigns continued to be carried out throughout the year, planting more than 6,000 trees on 4.6 hectares of the company's own land. In the Business' forestry greenhouse, almost 40,000 plants native to the region were grown as of 2021.

The Business's buildings and operational facilities occupy 670 hectares of natural terrain, thus requiring the design and implementation of procedures to ensure no impact on the region's flora and faunae. In this regard, reforestation campaigns underway throughout the year included the planting of more than 6,000 trees on 4.6 hectares of the Company's own land. As of 2021, the Business' forestry greenhouse cultivated almost 40,000 plants native to the region.

The publication of this report supports CYDSA's commitment to provide updated information on the Company's progress on contributing to the creation of a sustainable world, and includes details of the activities and achievements in 2021 related to safety, quality, and environmental aspects. It is CYDSA's hope that the approach applied in each of these areas continues to improve its relationships with its stakeholders and allow the entire Organization to advance towards Sustainable Profitability.

We are grateful for the contribution and commitment of our team members. We are confident that in 2022, their support and that of all CYDSA's Stakeholders will allow us to successfully face the new challenges ahead and thereby move forward on the path towards ensuring a healthy and sustainable future for the world.



Ing. Tomás González Sada

Chairman of the Board and Chief
Executive Officer



ESG FOCUS

103-2, 103-3

CYDSA has a Sustainability Strategy that is in line with its business objectives, and that encompasses all areas of the Group. This Strategy contains a vision of long-term sustainability, with the objective of protecting and developing initiatives focused on Environmental, Social and Governance (ESG) issues.

The essence of CYDSA's Sustainability Strategy is reflected in its sustainability model, which focuses on three pillars: Natural Environment, Society, and Corporate Governance. This three-pronged approach allows it to guide all the Group's processes so it can reach its sustainable goals and objectives, while creating value for its stakeholders.

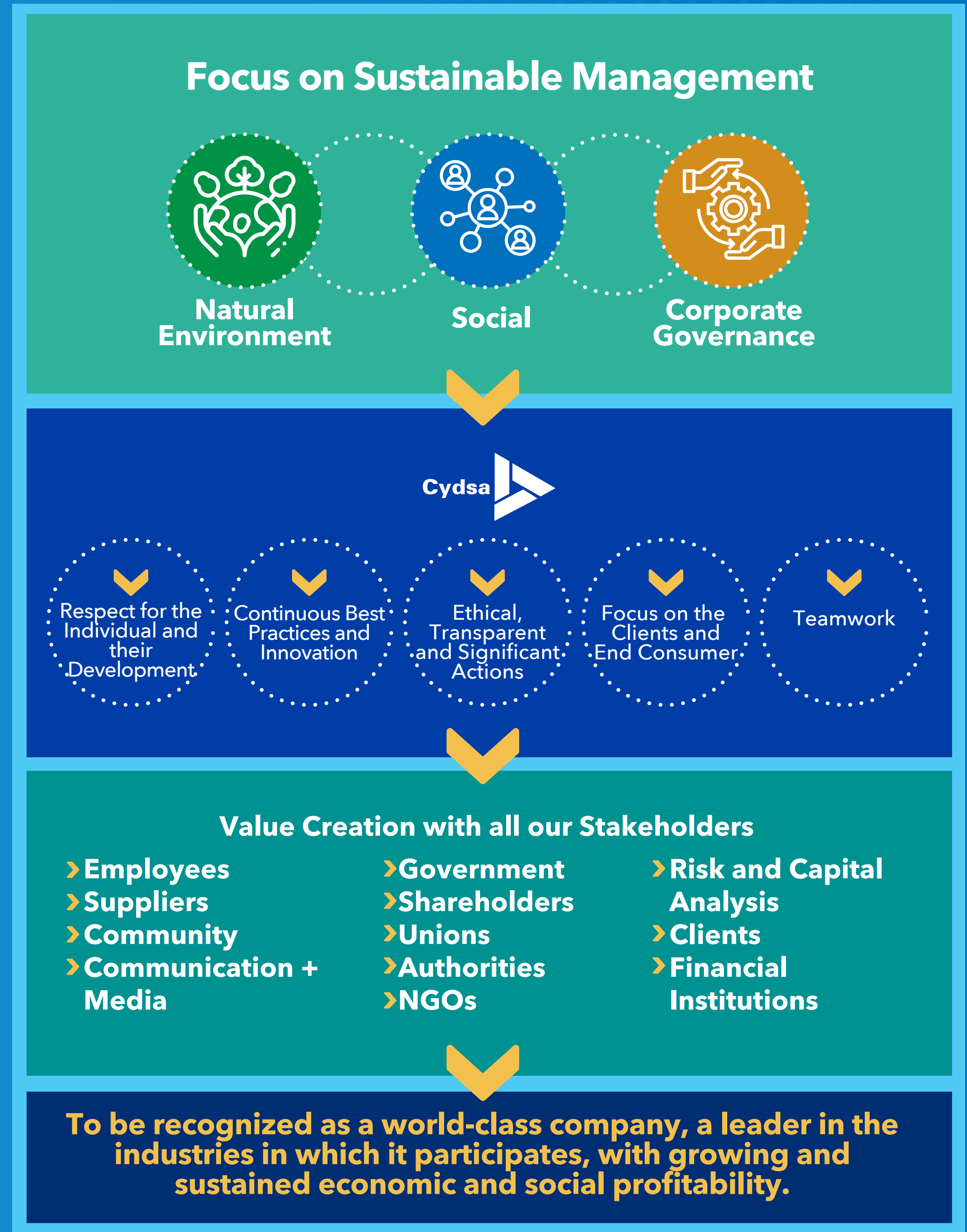
CYDSA Sustainability Model

To achieve this, we have integrated objectives, sustainable practices, as well as policies and procedures, including a strict ethics framework, auditing processes and control systems for their evaluation.

Since October 2010, CYDSA has committed more than 450 million dollars to sustainable investments. This has been the foundation of the company's Business Portfolio's growth, based on sustainable profitability and business ethics, always meeting and exceeding safety, health, and environmental standards.

To create new strategies and actions intended to drive harmonious and sustainable development, the results of several control systems, as well as the dialogue with stakeholders are considered.

With this vision, CYDSA reaffirms its culture of continuous improvement, and strengthens its sustainable image to promote constant progress through concrete objectives and monitoring metrics.

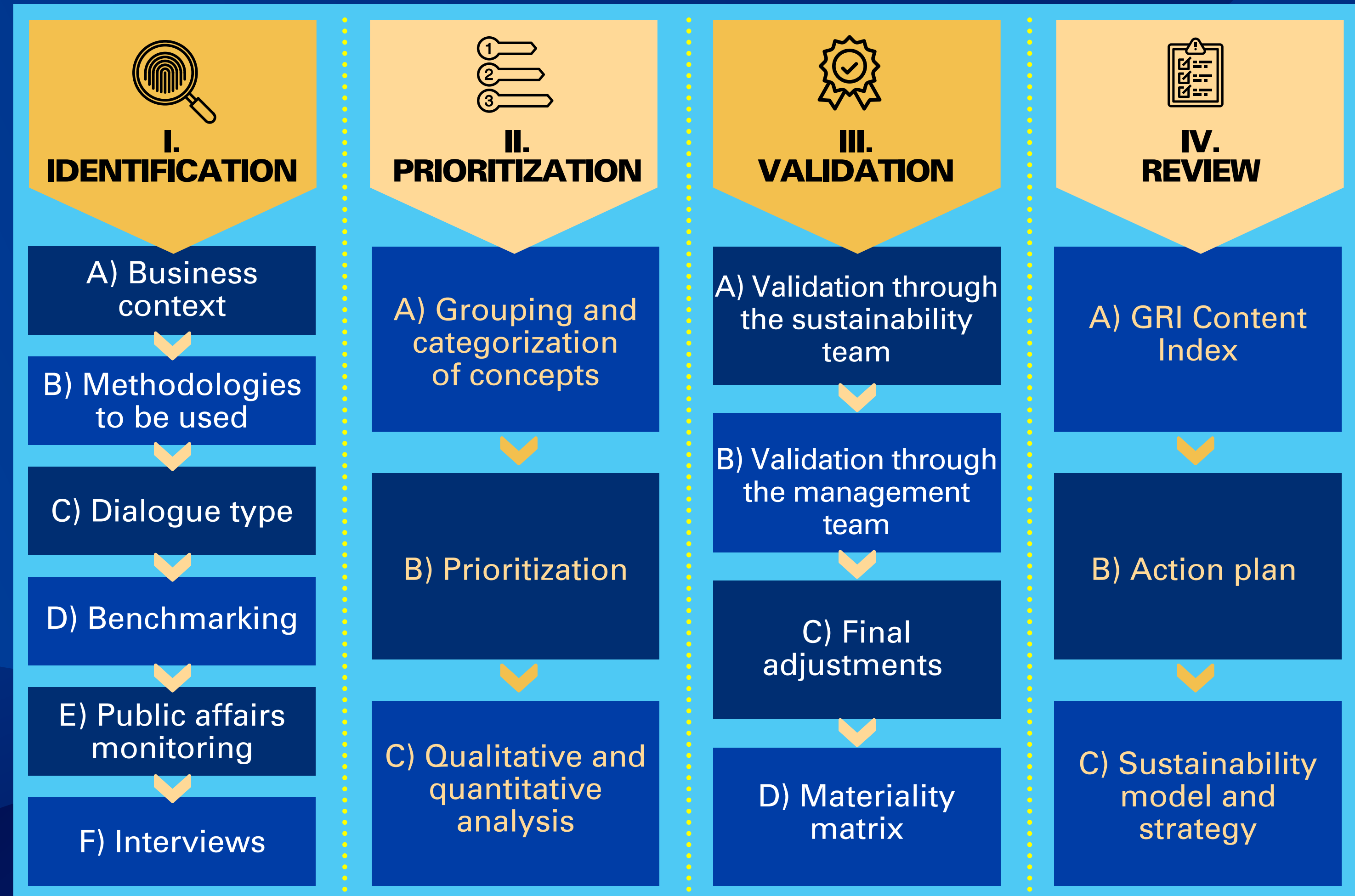


MATERIALITY

102-21, 102-29, 102-42, 102-44, 102-46

To identify the most relevant issues concerning the Group's sustainability in economic, social, environmental, and ethical matters, a materiality study was performed with the help of McBride, a sustainability consultant. Following this analysis, the sustainability model was updated to integrate it with the business strategy, and thus create more value for all CYDSA stakeholders. After this, and to report CYDSA's 2021 progress in accordance with global best practices, the team worked with Miranda ESG, another sustainability consultancy. With their help CYDSA delved deeper into the indicators to be disclosed and how to communicate the year's initiatives.

The process for performing the materiality study consisted of the following steps:



As part of the identification process, the following was done:

A) Company analysis: An analysis was performed to learn about the Company's strategy through the review of internal documents, the web page, and the 2019 and 2020 Annual Reports, and the 2018 Sustainability Report.

B) Methodologies and sustainability focus used: Several methodologies were considered to have a vision and reporting that were aligned with national and international initiatives, such as the GRI Standards, Global Compact Principles, Sustainable Development Objectives, S&P/BMV Mexico Total ESG Index, Socially Responsible Company certification, Responsible Investment Principles, and ISO 26000.

C) Indirect dialogue with stakeholders: stakeholder needs and expectations were analyzed through interviews in 16 of CYDSA's strategic areas, the review of client satisfaction survey results, complaints and suggestions received in the team member Transparency Mailbox, and interviews with the Internal Audit area, to learn about the main complaints received from team members and suppliers. Research was also performed on social networks to identify matters that were relevant for clients, team members, and the community.



D) Comparative study: A benchmarking study was performed with 13 competitors, similar companies, and leaders that represent a relevant reference point to learn about best practices, levels of compliance and areas of opportunity for the Company. The research media used included the official websites and social networks of each company, mass media, global initiative databases, such as GRI and the United Nations Global Compact, and their public sustainability reports.

E) Public media and issues analysis: More than 200 posts in more than 25 mass media communication sources were analyzed to identify the most relevant issues in social, economic, environmental, and ethical matters for the Group's sustainability. Along with this, the Business Groups' and CYDSA's accounts on different social networks were analyzed to understand which topics were mentioned most frequently, and the sentiment towards them (positive, negative, neutral).

F) Interviews: Interviews were conducted with company personnel across 16 strategic areas, including the CEOs and area managers for each of the Business Groups, as well as directors of general operating areas, such as Institutional Relations, Strategic Planning, and the Legal department, among others.

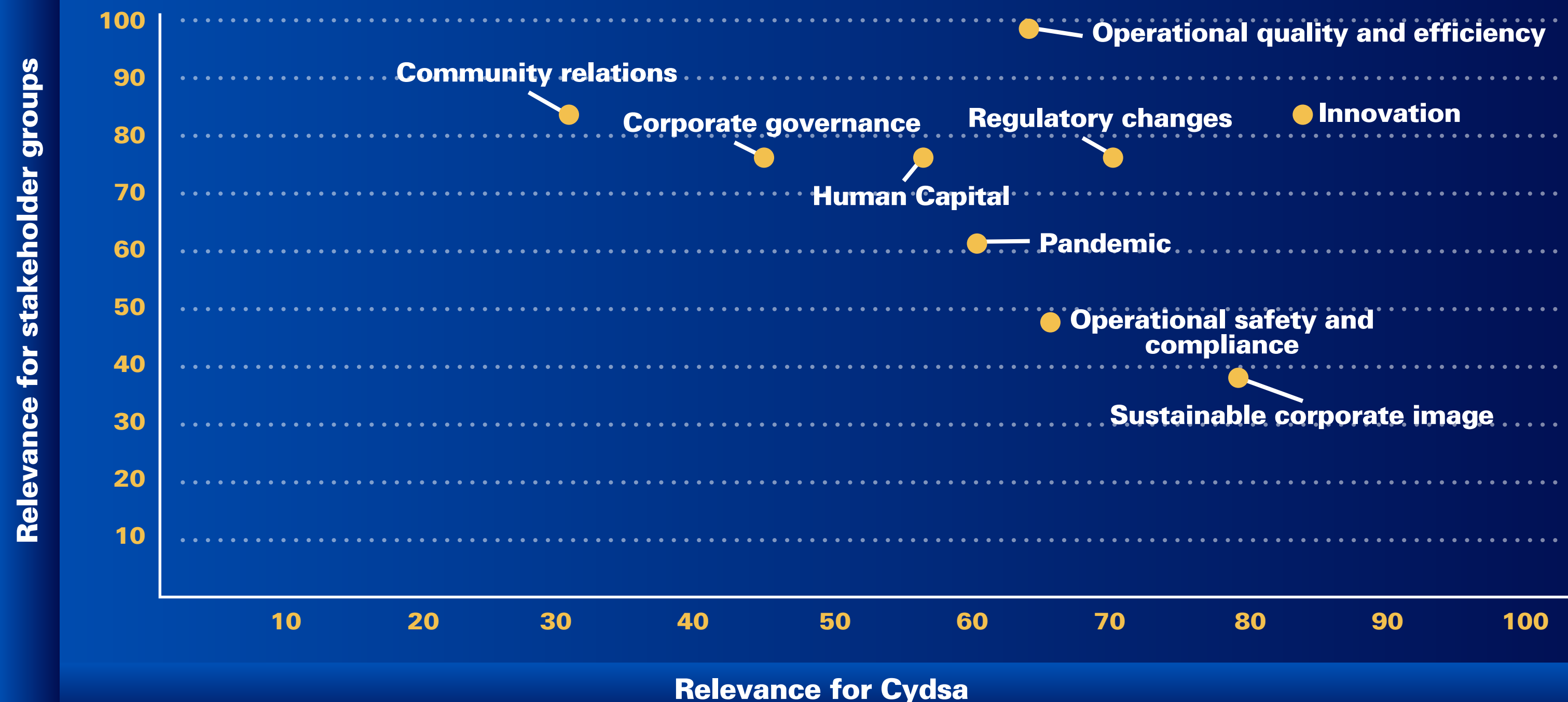




G) Prioritization, Validation, and Review: Of the total number of relevant topics analyzed, they were weighted out with the Sustainability Committee and grouped into nine material topics, which in turn are reported in this report with their corresponding GRI Standards contents.



Material Topics: Relevance for CYDSA and its stakeholders











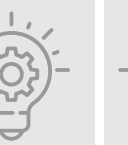








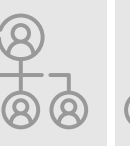







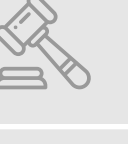

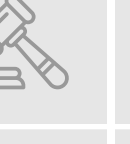
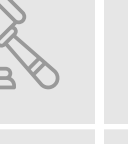
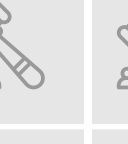
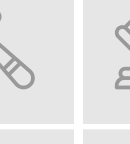




























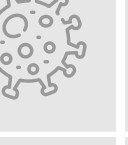















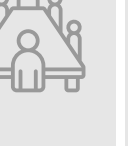


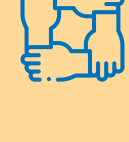




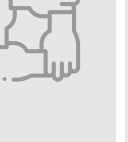

102-47

List of material topics

1. Innovation
2. Sustainable corporate image
3. Regulatory changes
4. Operational safety and compliance
5. Operational quality and efficiency
6. Pandemic
7. Human capital
8. Corporate governance
9. Community relations

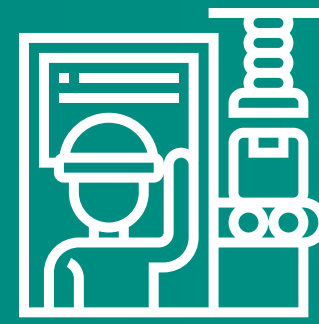
Management approach to material issues

102-29, 102-46, 103-1, 103-2

MATERIAL TOPIC	MANAGEMENT APPROACH	SHAREHOLDERS	CUSTOMERS	COMMUNITY	COMMUNICATION MEDIA	FINANCIAL INSTITUTIONS	RISK ANALYSTS	TEAM MEMBERS	AUTHORITIES	SUPPLIERS	NGOs	UNIONS
 INNOVATION	Innovation is a fundamental topic in CYDSA's strategy. Through strategies, projects, and tools, the efficiency of processes is improved while also protecting the environment.											
 SUSTAINABLE CORPORATE IMAGE	It is important to point out that corporate operational excellence and the commitment to sustainability are part of the Group's image, therefore there is a strategy both for the implementation and communication (through annual reports and other means) that inform stakeholders of the Group's actions and advances in this area.											
 REGULATORY CHANGES	CYDSA has a solid corporate governance that monitors both internal and external issues that might impact its operations.											
 OPERATIONAL SAFETY AND COMPLIANCE	Due to the profile of the Group's activities, operational safety is a fundamental matter throughout its entire strategy; thus, it abides by the highest standards in health and safety matters for team members, the community, and the environment. The measures taken by the Group in this area exceed governmental requirements. An example of this is its disabling accidents rate, which is much lower than the industry average.											
 OPERATIONAL QUALITY AND EFFICIENCY	The Group has maintained leading products in the market thanks to strict quality control, continuous improvement, and the use of state-of-the-art technology in its processes.											
 COVID-19 PANDEMIC	CYDSA's operations were classified as "essential" by the Mexican authorities during the COVID-19 pandemic in 2020. The Group therefore implemented protocols and procedures that exceeded the health authorities' recommendations to protect people's health.											
 HUMAN CAPITAL	The team members' professional and personal growth is fundamental to guarantee CYDSA's operations and development. Therefore, training programs are implemented, and the necessary tools are provided to team members.											
 CORPORATE GOVERNANCE	CYDSA has a solid and robust corporate governance that has allowed it to create successful development projects. Thanks to its experience and the adoption of new guidelines and strategies, the Group has grown based on strict ethical behavior that aligns with its values and principles.											
 COMMUNITY RELATIONS	The relationship with the communities neighboring CYDSA's Business Units' plants is cordial thanks to the procedures and strategies implemented by the Group to take care of risks. Additionally, community development is promoted through projects focused on health, education, recreation, and the environment.											

OPERATIONAL ENVIRONMENT

103-2, 103-3



CYDSA intends to operate in a sustainable manner, to manufacture the best quality products on the market, and to improve its efficiency through innovation and the development of new processes and technologies. These initiatives allow the company to identify opportunities to mitigate its environmental impact. The effective communication of this effort is key for our customers to recognize CYDSA as a sustainable company.

▶ 1. Innovation and Development

103-1, 103-2, 103-3

"Innovation is a fundamental theme in CYDSA's strategy. Through strategies, projects, and tools, the company improves process efficiency while caring for the environment."

2021 Key Actions

- ▶ Capture and use of hot gases emitted into the atmosphere to cool the turbine inlet air in the Electricity and Steam Cogeneration Business
- ▶ Investment in new chlorine and caustic soda plant in Coatzacoalcos, Veracruz with membrane technology that replaces mercury-filled cells
- ▶ The second phase (of three stages) of the renovation and optimization of computer systems was completed

Innovation is a fundamental part of CYDSA's culture that has allowed it to develop, grow, and position itself as a leading corporate group in different markets. Additionally, investment in new technologies has allowed CYDSA to improve its processes to make them more efficient and generate a lower environmental impact.

CYDSA's adaptation of digital technology helped improve its competitiveness and customer service, even considering the situation caused by the COVID-19 pandemic. Additionally, using Information Technology, CYDSA finalized the second phase (of three) of its strategy to renew its IT systems, update its infrastructure, and optimize process management.

In terms of its most relevant results in infrastructure and operational processes, CYDSA completed the construction of the Industrial Salt Handling Warehouse at the Group's Industrial Center located in Coatzacoalcos, Veracruz. Due to this great success, CYDSA's plants located in Ecatepec, State of Mexico, Coatzacoalcos, Veracruz and García, Nuevo León, have secured their salt supply to produce chlorine and caustic soda.

RT-CH-410a.1

The Iquisa Noreste plant was built in 2016 in response to regional market demand. This work center, located in García, Nuevo León, uses state-of-the-art technology to produce Chlorine, Caustic Soda, and Related Specialties, which has resulted in much more efficient and cleaner processes and production levels. In line with this, in 2021, natural gas consumption in the boilers of this plant was replaced with hydrogen, generated through an electrolysis process. This resulted in 9 million pesos worth of savings during 2021's annual production.

RT-CH-410.a1

The same process was also applied at the Santa Clara plant in the State of Mexico region. Additionally, tests are being conducted at this site to replace well water with wastewater in all processes. This translated into savings in the consumption of extracted water, and the reuse of material that was already part of our operation. These initiatives led to savings of 2 million pesos in just 6 months, from June to December 2021.

This year, CYDSA started the construction of a new plant to produce chlorine and caustic soda in Coatzacoalcos, Veracruz. The new plant will replace the mercury-containing cell technology with membrane technology, which is safer for operators and environmentally friendly. Additionally, the closure of the mercury plant will allow CYDSA to comply with the Minamata Convention on Mercury, a global treaty to protect human health and the environment from the adverse effects of mercury since 2013.

The construction of this plant contemplates the annual production of 100,000 tons of chlorine and 112,000 tons of caustic soda. This is a major step forward for CYDSA's production processes, as it is expected that, all chlorine and caustic soda production will use state-of-the-art technology in the manufacture of these products.



This is expected to lead to further energy savings and a lower environmental impact.

To reduce logistics costs and improve customer service, CYDSA continues to expand the Distribution Center for Finished Salt Products, located at the Group's Industrial Center in Coatzacoalcos, Veracruz.

At the Electricity and Steam Cogeneration Business, the inlet air to the turbines within the production processes is cooled to increase and maintain constant power generation regardless of the ambient temperature, using the hot gases emitted to the atmosphere in the turbine exhausts. This is the result of CYDSA's circularity efforts.

Among the technologies to optimize processes and reduce the environmental impact used within CYDSA's facilities are: Membrane Technology, Encapsulation Technology, Gas Destruction Plants and Refrigerant Gas Reconditioning.

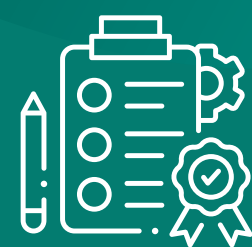


For more detail, please visit the **Natural Environment** section (page 30 of this report).

In terms of the market, new salt pellets and pool salt products were launched to meet the needs of U.S. customers specializing in water treatment. As a result, CYDSA obtained the NSF International (National Sanitation Foundation of the USA) certification.

2. Operational Quality and Efficiency

103-1, 103-2, 103-3



"The Group has always had market-leading products thanks to strict quality control, continuous improvement, and the use of state-of-the-art technology in its processes."

2021 Key Actions

- Opening of a new salt distribution center increased storage capacity to approximately 23,000 tons
- ISO 9001:2015 (Quality Management) certification of the underground storage process in the Hydrocarbons Processing and Underground Storage Business
- US\$51,200 investment in improving the quality and efficiency of Iquisa Santa Clara

To learn more about quality and efficiency projects with an environmental focus, please visit the **Environmental Performance** section (page 32), which discusses:

Sales del Istmo	<ul style="list-style-type: none"> • Change from internal combustion forklifts (gasoline consumption) to electric forklifts
Iquisa Coatzacoalcos	<ul style="list-style-type: none"> • Changeover in chlorine and caustic soda production from mercury cells to mercury-free membrane technology
Iquisa Hermosillo	<ul style="list-style-type: none"> • Demineralization of water used in sodium hypochlorite production • Drinking water pretreatment system upgrade
Iquisa Santa Clara	<ul style="list-style-type: none"> • Replacement of boiler that used natural gas with a 50-50 H2-GN fuel boiler • Sewage treatment plant to make use of surface water and reduce the use of well water • Sanitary water recovery system
Iquisa Noreste	<ul style="list-style-type: none"> • Improvements in the efficiency of capturing pollutant emissions of hydrogen chloride vapors in the loading of pipes
Quimobásicos	<ul style="list-style-type: none"> • Acquisition and installation of equipment, cylinders, and valves necessary for the recovery of refrigerant gases • Replacement of equipment with high efficiency materials and mechanical integrity, as was the case with the replacement of the vaporizer in its production process
Underground Hydrocarbon Storage	<ul style="list-style-type: none"> • Elimination of sanitary sewage discharge into federal bodies of water • Biodigester and two storage cisterns for sanitary water containment





The quality of CYDSA's products and the efficiency with which these are produced are of great importance to CYDSA. Both represent a necessary competitive advantage in the chemical industry. Customers trust the company and the way it works. The company seeks to deliver that level and quality of product through optimized internal processes.

The focus to achieve maximum operational efficiency is centered on the implementation of the best technology for each of the production lines. In them, CYDSA not only seeks to improve its production and delivery times, but also to ensure that its processes have a lower environmental impact each time. This goes hand in hand with the quality of the inputs used in the process, and, therefore, the quality of the resulting final product.



All CYDSA's plants, except for Electricity and Steam Cogeneration, are ISO-9001 Quality certified. Additionally, on June 30th, 2021, the underground gas storage process was certified with the same ISO 9001:2015, a certification it did not have before.

At Iquisa Santa Clara, the polishing filters for filling hypochlorite pipes were renewed, and a designated area for refurbishing of laboratory equipment such as gas chromatographs and ICP coolers was set up. These are necessary for product quality monitoring. The asbestos sheets in the general spare parts warehouse were also replaced with translucent FRP sheets. These comply with the recommendation of the World Health Organization (WHO) and the International Labor Organization (ILO), as asbestos is considered a carcinogenic material. A total of US\$51,200 was invested in improving the quality and efficiency of this plant.

Quimobásicos transitioned to the use of molecular mesh dryers for packaging in the plant. This was complemented with the installation of an independent R-134a pump, a refrigerant fluid, and piping for packaging, improving vacuum efficiency in the process.

Finally, Sales del Istmo installed a paper bag packaging system for products for export to the United States, which improved the efficiency of this process. A new distribution center also came into operation, increasing storage capacity to approximately 23,000 tons. This eliminated an alternate warehouse, the costs and maneuvering of manual loading and unloading, transportation, and the rental of the auxiliary building. The planning and control of product handling for this project is now coordinated with SAP software.

▶ 3. Sustainable Corporate Image

103-1, 103-2, 103-3, 417-1, 417-2, 417-3



“It is important to highlight the excellence in corporate operations and the commitment to sustainability in the Group’s image. Because of this, the company has a strategy for both implementation and communication (through annual reports and other media) that inform stakeholders of the Group’s actions and progress in this area.”

CYDSA’s corporate image is the sum of the perceptions, beliefs, and attitudes that the different stakeholders have about the Group. This is built on the signals coming from the products, services and communications issued by the company, which is why it is of great importance that CYDSA demonstrates its level of trust and credibility in everything it does. Transparency and honesty in the manufacturing and marketing processes of its products are always sought.

2021 Key Actions

- ▶ Zero cases of non-compliance with labeling and marketing practices by 2021
- ▶ Zero instances of non-compliance with marketing communications practices by 2021
- ▶ 100% of products comply with applicable product transportation and delivery regulations

Likewise, CYDSA intends to be increasingly known as the socially and environmentally responsible company that it is by communicating its ESG progress effectively and through the appropriate channels. Sustainability is an integral part of CYDSA’s decision making and a fundamental element of the company’s corporate strategies. The company’s Mission and Vision integrate sustainability as a driving factor of the corporate culture. Since 2017, the company’s annual report is also published under the subtitle “Sustainable Profitability”. Topics such as compliance, business ethics, industrial process and product safety are important strengths of CYDSA and are therefore recognized by the company’s various stakeholders. Within the social dimension, community support programs have been in place for decades and are especially well received in terms of medical treatment. In Coatzacoalcos, a delegation of the city is named after a CYDSA Group company (IQUISA), in recognition of its work in helping the community.





In addition, the Group has specific requirements for the information and labeling of the products and services it offers. There are publicly accessible portals, where product safety data sheets made in accordance with the Globally Harmonized System are available to customers or end-users. These indicate the risk characteristics for their handling and the precautions for risk communication and emergency or final disposal actions. This information is also provided to each transport unit operator for the direct communication with clients. The same applies to emergency transportation sheets that are handed out at dispatch, which provides information on the risks and safe handling of an emergency.

The procedures for contracting, units' entry, and dispatch, as well as the technical service of sales personnel, ensure that customers are aware of product information, units labeling requirements, as well as the necessary competence of the operators involved in transportation and handling.

100% of products comply with and are evaluated against regulatory requirements set by the Ministry of Communications and Transportation, the official standards of the Ministry of Labor and Social Welfare that regulate these issues in product transportation and delivery to suppliers at their facilities.



- There were no cases related to non-compliance derived from information and/or labeling on any of the products in 2021.
- There were no cases related to non-compliance derived from marketing communications in 2021.

NATURAL ENVIRONMENT

103-2, 103-3



To ensure a better future for everyone, CYDSA has incorporated sustainability into all its operations and processes. Its facilities are equipped with state-of-the-art technology, that, in addition to reducing its environmental footprint, prevents high impact incidents in the community.

2021 Key Actions

- 10.4% increase in clean energy generation compared to the base year (2018).
- 18.2% reduction in direct air emissions compared to the base year (2018).
- 30.1% reduction in water consumption compared to the base year (2018).
- Recycling of 36.1% of waste generated in 2021.

CYDSA's commitment to the natural environment is even reflected in the design of its products. Its leading salt brand, La Fina, comes in biodegradable packing. This makes CYDSA the only company in the Mexican salt market with this type of packaging, and positions CYDSA as a leader in environmental solutions.



1. Environmental Management

102-11, 103-1, 103-2, 103-3
RT-CH-410b.2



CYDSA has a robust Integrated Environmental Management System that is focused on protecting the natural environment and using natural resources responsibly. This system guarantees that all operations at its facilities have the technology necessary to reduce emissions and to mitigate its environmental impact, and to treat and dispose of waste correctly. Additionally, the Company works hand in hand with chambers, associations, and NGOs. Its environmental practices are aligned with national and international standards, allowing enhanced communication with its stakeholders and the establishment of joint goals and objectives.

Integrated Environmental Management System



Protection of the Natural Environment



Responsible Use of Natural Resources



The Group is also following important international protocols and conventions. Aware of the high impact to the environment due to greenhouse gas emissions, it joined the Paris Agreement in 2015, and the Montreal Protocol to protect the ozone layer. Furthermore, it is committed to the well-being of the communities where it operates, and thus joined the Minamata Convention to eliminate the use of mercury in the chlorine soda process and protect human health and the natural environment from mercury emissions. CYDSA applies the precautionary principle to environmental risk management; if a risk of serious or irreversible damage is generated, effective measures to mitigate its effects will not be postponed.

Within the Contingency Plans, the Plants carry out a risk analysis of the five disturbing agents described by emergency responder authorities, which include hydro-meteorological risks. These refer to natural disasters such as hurricanes, rain, river, coastal, and lake flooding, snow, hail, dust, and electrical storms, frost, drought, and warm and cold waves. From this analysis, it was concluded that the plants are not located in areas that could affect operations due to these factors.

2. Environmental Performance

103-3

During 2021, CYDSA carried out several actions to mitigate its environmental impact. It worked on the reduction of emissions and energy in its facilities, seeking to increasingly use self-generated clean energy in its production processes. As a result, there were also reductions in the Group's direct emissions. Water consumption was managed, paying particular attention to extracting water from less water-stressed sources. Efforts to capture and treat rainwater and sanitary water continued, both for its reuse and discharge into bodies of water once it already has a better quality. The reduction of the amount of waste generated was sought by improving the separation and management of hazardous and special waste. The aim was to avoid contamination of waste disposal sites. The results of the main indicators are presented below.



INTERNAL ENVIRONMENTAL CARE AND ENERGY OPTIMIZATION AWARDS

CYDSA internally recognizes its performance in this area. The award for the development of the best environmental project was given to Iquisa Noreste, and the best energy project award to Iquisa Noreste. Likewise, awards were given to the Iquisa Santa Clara plant for the improvement in transformation efficiency, and to Iquisa Noreste for energy efficiency.

INTERNAL PROGRESS:

Progress	Salt Processor and Distributor (Mexico City)	IQUISA Coatzacoalcos plant, Sales del Istmo and Cogeneration (Coatzacoalcos)	Iquisa Tlaxcala	Iquisa Hermosillo	Iquisa Santa Clara	Iquisa Noreste	Quimobásicos	Hydrocarbons Underground Storage
Environmental Management System based on ISO 14001 standards.		✓	✓	✓	✓	✓	✓	
Voluntary participation in SEMARNAT's Clean Industry program.	✓	✓	✓	✓		✓	✓	
Improved the rainwater collection system.	✓							
Implementation and use of hydrogen as an alternative fuel.					✓	✓		
Water treatment plant and responsible extraction to reduce potable water consumption.			✓		✓	✓	✓	
Hazardous and Special Waste Management Plan.	✓	✓	✓	✓	✓	✓	✓	✓
Use of electric power for the plant's electrical porting system.		✓				✓		
Participation in the Chemical Industry Responsible Care System.			✓	✓	✓	✓	✓	
Internal and Material Transportation Emergency Plans.		✓		✓		✓	✓	✓
Programs for the rescue, relocation, or rehabilitation of flora and/or fauna.		✓	✓					✓

Additionally, reforestation efforts were carried out in 2021, with the intention of offsetting part of our ecological impacts. 6,000 trees were planted on 4.6 hectares of own-land and built a forestry greenhouse, with a capacity to grow 30,000 plants per year of species native to the region.



The number of planted trees and reforested hectares in 2022 will remain at the same level as 2020 and 2021.

Plants Reproduced Inside the Greenhouse			
Year	2019	2020	2021
Production	8,000	22,000	9,400



Reforested Hectares / Underground Storage

Year	Reforested Hectares	Trees/ha	Planted trees
2016	3.5	1,320	4,580
2017	3.5	1,320	4,580
2018	3.5	1,320	4,580
2019	3.5	1,320	4,580
2020	4.6	1,320	6,072
2021	4.6	1,320	6,072
2016 to 2021	23.2		30,464



2.1 Energy

302-1, 302-4, 302-5
RT-CH-130a.1



With the objective of having sustainable internal operations, in 2021, CYDSA continued to improve its efforts to reduce energy consumption in its plants through different state-of-the-art technologies. The generation of electric power for its operations is regulated in accordance with the provisions of the Electric Power Public Service Law (*Ley de Servicio Público de Energía Eléctrica, LSPEE*) and the Energy Regulatory Commission (*Comisión Reguladora de Energía, CRE*).

The Chlorine and Caustic Soda Plants with membrane technology not only allow a 30% reduction in electricity consumption, but also eliminate mercury in the production processes and reduce greenhouse gases that cause global warming. To date, CYDSA has plants with these characteristics in García, Nuevo León; Santa Clara, State of Mexico; and soon in Coatzacoalcos, Veracruz.

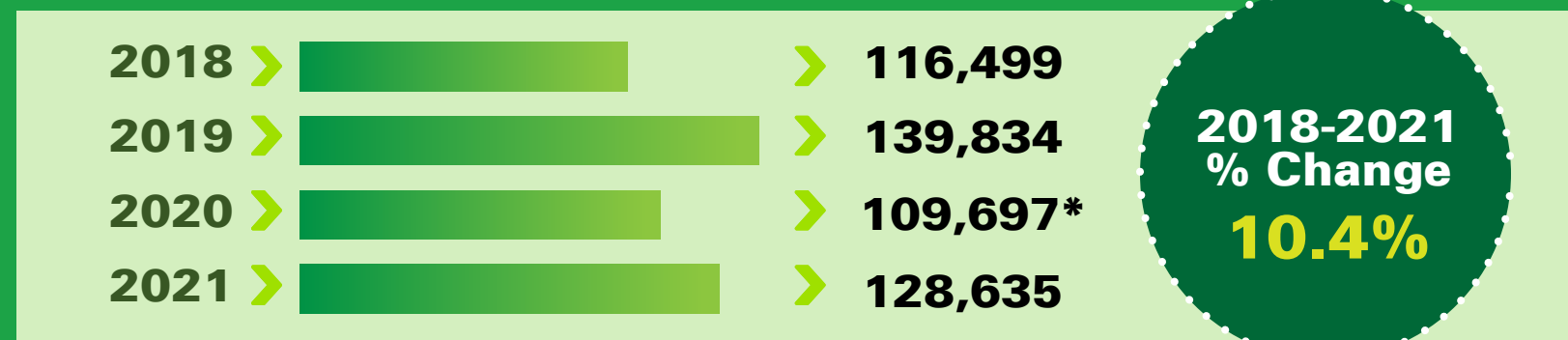
Similarly, the Dual Burner boilers in García, Nuevo León, and Ecatepec, State of Mexico, eliminated the use of natural gas in 2021 and will instead use hydrogen, thus reducing greenhouse gases. The Electricity and Steam Cogeneration plants I and II in Coatzacoalcos, Veracruz, generate electricity using natural gas (efficient cogeneration). In these plants, investments have been made in the air-cooling systems that enter the turbines to increase their capacity, producing cooling with the excess steam.

➤ **Total energy consumed in 2021:**
735,015 Megawatt-hours
Percentage of electricity coming from the grid: 7%.
Percentage of fuel-free energy: 48%.

➤ **Total self-generated energy in 2021:**
987,273 Megawatt-hours



Clean energy generation (Mwh)



* Five-month plant shutdown due to the installation of projects to clean the air entering the turbines

The **10.4% increase in CYDSA's clean energy generation** is attributable to all the above-mentioned efforts, and to the investment made in 2020 (US\$ 24 million).



2.2 Emissions

305-1, 305-2, 305-5
RT-CH-110a.1, RT-CH-110a.2, RT-CH-120a.1

The technology present in CYDSA's facilities has enabled the reduction of emissions produced during its operations. To continue optimizing its operational processes and to meet the growing market demand, CYDSA will continue to invest strategically to incorporate the best technologies in its work facilities.

Significant investments in gas destruction and refrigerant gas reconditioning plants have eliminated greenhouse gases and ozone-depleting substances through Argon Plasma Arc technology. In 2021, the equipment, cylinders, and valves necessary for the recovery of refrigerant gases were acquired and installed at the Quimobásicos Plant. The promotion of the latest-generation ecological projects also continued at this facility, with "Eco Flush 1233zd" and "Genetron 134a ECO" in this plant, which do not affect the ozone layer.

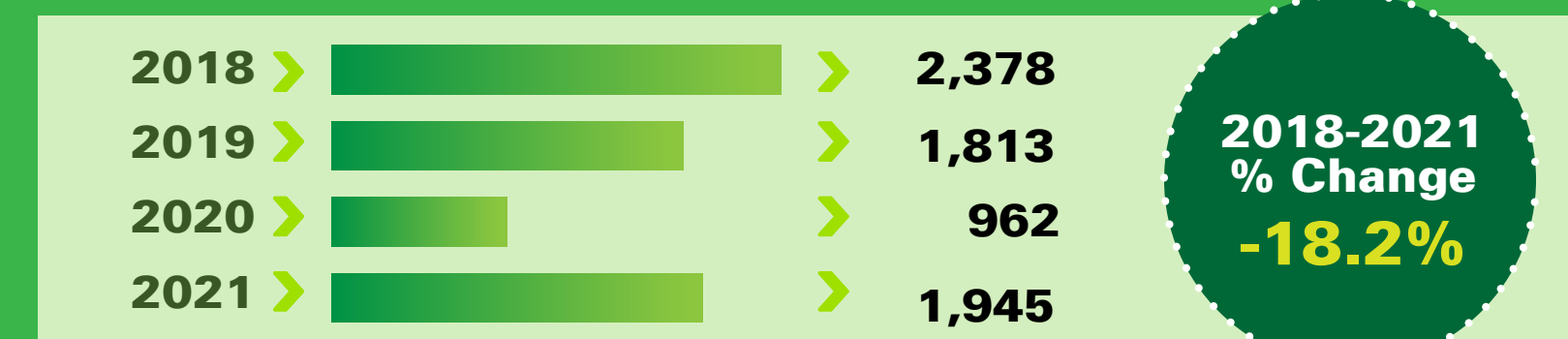
At Sales del Istmo, 10 internal combustion forklifts (requiring gasoline consumption) were replaced with electric forklifts, avoiding the emission of combustion gases into the atmosphere.

Last year, the Iquisa Santa Clara plant completed the installation of a hydrogen combustion boiler to eliminate the use of hydrocarbons in its production process. As a result, the plant's operations in 2021 had considerably lower emissions this year.

CYDSA was once again certified by The Chlorine Institute with a Safety Excellence Award for its good safety results and zero chlorine emissions to the environment.

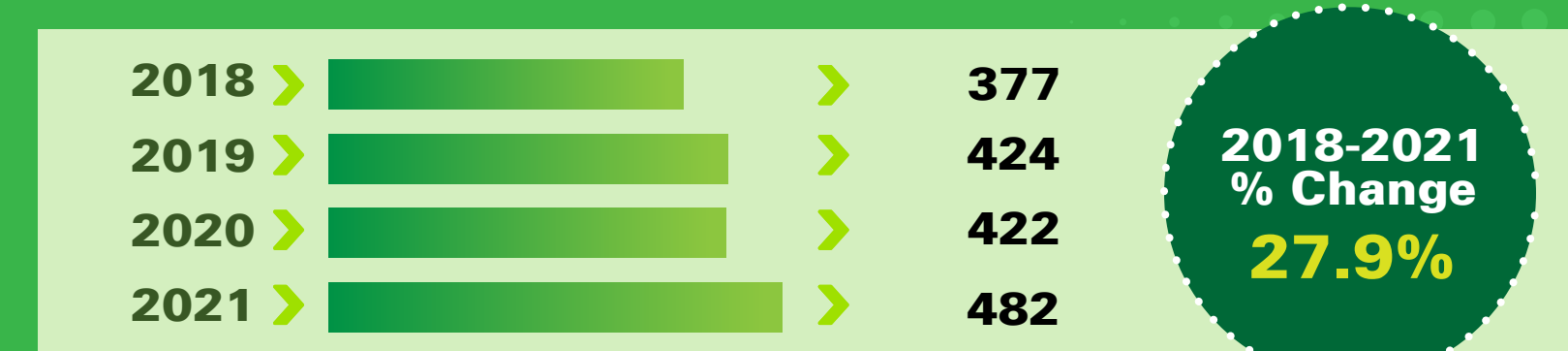
Total direct emissions

(thousands of tons of CO₂ equivalent)



Total indirect emissions

(thousands of tons of CO₂ equivalent)



TOTAL TONS
EqCO₂:
2,426,464



➤ Compared to 2020, a year of much lower production levels due to the COVID pandemic, direct emissions increased by 102%. However, direct emissions remained below pre-pandemic levels (18.2% below 2018), even as production returned to normal.



Direct emissions (Scope 1) to the atmosphere of the following pollutants in 2021

305-7

PLANT (tons)	Sales del Istmo	Salt Processor and Distributor	Iquisa Coatzacoalcos	Iquisa Tlaxcala	Iquisa Hermosillo	Iquisa Santa Clara	Iquisa Noreste	Quimobásicos	Electricity and Steam Cogeneration	Hydrocarbons Processing and Underground Storage	Cumulative
Nitrogen oxides (NOx)	12.8	0.0	4.7	0.1	0.0	11.2	5.5	1.5	0.7	1.8	28.1
Carbon monoxide (CO)	201.6	0.0	15.8	0.0	0.0	0.0	0.5	1.3	0.0	0.0	202.9
Sulfur dioxide (SO ₂)	0.7	0.0	0.2	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.7
Total suspended particles (TSP)	5.9	0.0	0.4	0.0	0.0	0.0	0.2	0.0	0.0	0.0	5.9

2.3 Water

303-1, 303-2, 303-5

RT-CH-140a.1, RT-CH-140a.3



The analysis and identification of water stressed regions began in Monterrey in 1956, the city where CYDSA had its first operations. The historical results of water crisis studies in the Monterrey metropolitan area, issued by the Autonomous University of Nuevo León (UANL), were analyzed. Given the social priority of water use for the population's needs and the communities in which we operate, CYDSA decided to suspend well water extraction and look for alternatives for its industrial plants located in areas where water stress risks were identified. It was there where the first Wastewater Treatment Plants (WWTP) were implemented in the two Business Units in Nuevo León, Quimobásicos and Iquisa Noreste.

From there, it was extended to the rest of the Business Units where water use was also compromised, such as the center of the country, in Iquisa Santa Clara. Consequently, wastewater has been used as a raw material in these geographic areas. The extraction from wells and rivers occurs only in an operating region that does not suffer from water stress (Coatzacoalcos).

CYDSA has several projects in place to reduce water consumption, as well as to ensure that the wastewater from its processes does not have a negative impact on the bodies of water it reaches. These projects allow wastewater that has been treated and converted into industrial water to be used in operational processes, thus reducing the consumption of potable water extracted from the State of Mexico and Nuevo León's water tables. The objective is to eliminate the use of potable water in production by means of a physical process for sanitizing industrial water.

Hydrocarbons Processing and Underground Storage carried out a project for the elimination of sanitary water discharges into federal water bodies. This included the installation of a biodigester and two storage tanks of 10,000 liters each to contain sanitary water. This project

eliminates sewage infiltration into the ground. At the same time, it avoids contamination of the groundwater tables, since the wastewater is now confined in the tanks and then collected and transported by a third party authorized to transport special-handling waste. The authorized third party takes the sanitary water to a plant where the water is treated for subsequent reuse as industrial water or irrigation water for green areas.

In October 2021, the investment for the demineralization process of the water used to produce sodium hypochlorite at Iquisa Hermosillo was approved. Improvements were also made to the pre-treatment system for drinking water from the municipal network, and two softening filters were installed. The system is still on hold before being fully delivered and 100% in operation.

At Iquisa Noreste, we improved the efficiency in capturing pollutant emissions (HCl vapors, hydrogen chloride) in the loading of HCl pipes. Along with this, the membranes in electrolyzers were also changed.

At Iquisa Santa Clara, a 500cc SUPERIOR boiler that used natural gas (NG) as fuel was replaced by a 450cc CLEAVER BROOKS boiler, which uses a 50-50 mix of hydrogen and natural gas fuel (H₂-NG). A WWTP plant was also built to make use of surface water, which was used instead of deep well water in the manufacture of the products. A sanitary water recovery system equipped with collection pits was installed in the plant. This stopped sending sanitary water to the municipality and eliminated the two existing septic tanks at the plant. These efforts represented an investment of US\$5.8 million.

In summary, water collection, treatment, storage, and demineralization are key elements of CYDSA's environmental management system, which seeks to mitigate the impacts related to water discharges into the sources that supply the surrounding communities with this limited resource.

Water used in operating processes
(thousands of cubic meters)

2018	2019	2020	2021	2018-2021 % Change
4,815	4,862	3,548	3,366	-30.1%



In 2021, there was a 5.1% decrease in the consumption of water used in operating processes compared to 2020.

Total water consumed and withdrawn by Plant

PLANT	1. Treated water		2. Potable water		3. Water as national asset		4. Industrial water		5. Other type of water		TOTAL WATER CONSUMED m ³	Of which recycled m ³
	m ³	Origin	m ³	Origin	m ³	Origin	m ³	Origin	m ³	Origin		
Sales del Istmo	0	-	0	-	1,787,898	Teapa Creek	0	-	0	-	1,787,898	537,750
Procesadora y Distribuidora de Sal	0	-	1,716	SACMEX (Urban Services)	0	-	0	-	62	Recovered rain water	1,778	0
Iquisa Coatzacoalcos	0	-	0	-	545,962	Teapa Creek	0	-	0	-	545,962	99,581
Iquisa Tlaxcala	0	-	0	-	78,248	Well	0	-	0	-	78,248	343
Iquisa Hermosillo	0	-	16,908	Municipal water	0	-	0	-	0	-	16,908	0
Iquisa Santa Clara	0	-	52	Bottled	490,447	Deep well	0	-	0	-	490,499	112,800
Iquisa Noreste	0	-	1,490	Pipe purchase	0	-	331,857	Industrial water, treated afterwards	0	-	333,347	6,370
Quimobásicos	85,606	Drainage, treated afterwards	16,660	Drainage, treated afterwards	0	-	0	-	0	-	102,266	0
Hydrocarbons Processing and Underground Storage	0	-	0	-	9,313	Well	0	-	0	-	9,313	0
TOTALS	85,606		36,826		2,911,868		331,857		62		3,366,219	756,844

* Water consumption of The Electricity and Steam Cogeneration business is considered within the Sales del Istmo and Iquisa Coatzacoalcos plants, which provide the water for the cogeneration production processes.

2.4 Waste

306-3, 306-4, 306-5
RT-CH-150a.1

CYDSA has a Hazardous Waste Management Plan and a Special Waste Management Plan to avoid negative impacts to society and the environment. The Group has encapsulation technology in the Iquisa Noreste and Quimobásicos plants and in the sewage treatment plant in Mexico City. The encapsulation technology is intended to minimize the possibility of chemical emissions to the community.

WASTE	Total Tons
Liquid hazardous waste	29
Solid hazardous waste	184,936
Hazardous Waste	184,965
Special handling waste	7,119
Municipal solid waste (non-hazardous)	210
Non-Hazardous Waste	7,330
TOTAL WASTE GENERATED	192,294
NOT INTENDED FOR DISPOSAL (recycling)	
% of total waste that was recycled	36%
Total tons of waste recycled	69,418
Total weight of hazardous waste	66,772
Total weight of non-hazardous waste	2,646
DESTINED FOR DISPOSAL (landfill)	
% of total waste that was disposed of	64%
Total tons of waste disposed of	122,876
Total weight of hazardous waste	118,193
Total weight of non-hazardous waste	4,684



3. Certifications and Environmental Management Recognitions

The Integrated Environmental Management System establishes guidelines, based on international environmental standards, that all work facilities and operating processes must comply with to ensure the correct operation of the Group. One of its priorities is to adhere to national and international initiatives on a voluntary basis to certify its environmentally responsible practices according to the area of each operation. It also plans to be in constant search for new solutions to mitigate environmental impact.

One of its priorities is to adhere to national and international initiatives on a voluntary basis to certify its environmentally responsible practices according to each operation's area. It also plans to be in constant search for new solutions to mitigate environmental impact.

The most important achievements in terms of environmental certification and recognition are mentioned below:

A. ISO-14001:2015 Certification, Environmental Management Systems (EMS) standard: due to its commitment to environmental protection, the Sales del Istmo, IQUISA Coatzacoalcos, Tlaxcala, Hermosillo, Santa Clara and Noreste, and Quimobásicos plants were certified.

B. The Electricity and Steam Cogeneration Business continues to be accredited as an Efficient Cogeneration System by the Energy Regulatory Commission (*Comisión Reguladora de Energía, CRE*).

C. Responsible Care System (SARI): granted by the National Chemical Industry Association (Asociación Nacional de la Industria Química, A.C., (ANIQ)), a certificate in safety and environmental management systems for the chemical industry. IQUISA Coatzacoalcos, Tlaxcala, Hermosillo, Santa Clara and Quimobásicos were certified.



D. Clean Industry: The Clean Industry Performance Level I Certification is awarded for complying with the Applicable Environmental Regulations and the plants that maintain it are Sales del Istmo, Iquisa Hermosillo, Iquisa Coatzacoalcos, and Iquisa Noreste. The Electricity and Steam Cogeneration business is in the process of obtaining it. On the other hand, the Clean Industry Performance Level II Certificate is awarded for exceeding the Applicable Environmental Regulations and the plants that maintain it are Quimobásicos and Iquisa Tlaxcala.

E. Environmental Excellence: the highest recognition granted by PROFEPA, for having demonstrated its high commitment, a maximum level of compliance in its performance and being certified with Environmental Performance Level 2 (NDA2).

F. Industrial Safety, Operational Safety and Environmental Protection Management System (SASISOPA): this is the guiding principle used by the Safety, Energy and Environment Agency (ASEA) to manage the risks of regulated activities in the hydrocarbons sector. The Electricity and Steam Cogeneration and Hydrocarbons Processing and Underground Storage businesses were recognized.

G. Socially Responsible Company (*Empresa Socialmente Responsable, ESR*): recognition granted by the Mexican Philanthropy Center (CEMEFI) to Iquisa Coatzacoalcos, Tlaxcala, Hermosillo, Santa Clara and Noreste for their good social and environmental practices with their stakeholders.

H. NSF Certificates: quality certificates, which Iquisa already has.

I. ECOVADIS (Chemours): certificate obtained by Iquisa Noreste covering a wide range of non-financial management systems including environmental impacts, labor practices and human rights, ethics, and sustainable procurement.

COMMUNITY

103-1, 103-2, 103-3



▶ 1. Human Capital

"The professional and personal growth of team members is essential to ensure CYDSA's operations and development. For this reason, training programs are implemented, and the necessary tools are provided to everyone."

2021 Key Actions

- 144,631 hours of training in the year.
- Zero fatalities due to occupational causes or accidents.
- More than 5 million pesos invested in events and donations to the community.
- 1,653 medical exams and 1,560 applications of COVID-19 vaccines in the community.



201-1

The direct economic value generated and distributed by CYDSA directly impacts the communities in which it operates and its personnel

Economic Value Generated (EVG):

2021	Salt	Chlorine and Caustic Soda	Refrigerant Gases	Energy Processing and Logistics	Consolidated
Consolidated Income Statements					
Sales for external customers	3,120	4,394	2,925	900	11,339

Economic Value Distributed (EVD):

Full year information for 2021
(figures in millions of pesos)

Dividends paid to CYDSA, S.A.B. de C.V. shareholders	(200)
Dividends paid to minority stockholders	(9)
Cost of sales	(6,950)
Selling expenses	(1,689)
Administrative expenses	(876)
Other operating income, net	149
Interest expense, net	(1,116)
Income tax	(225)



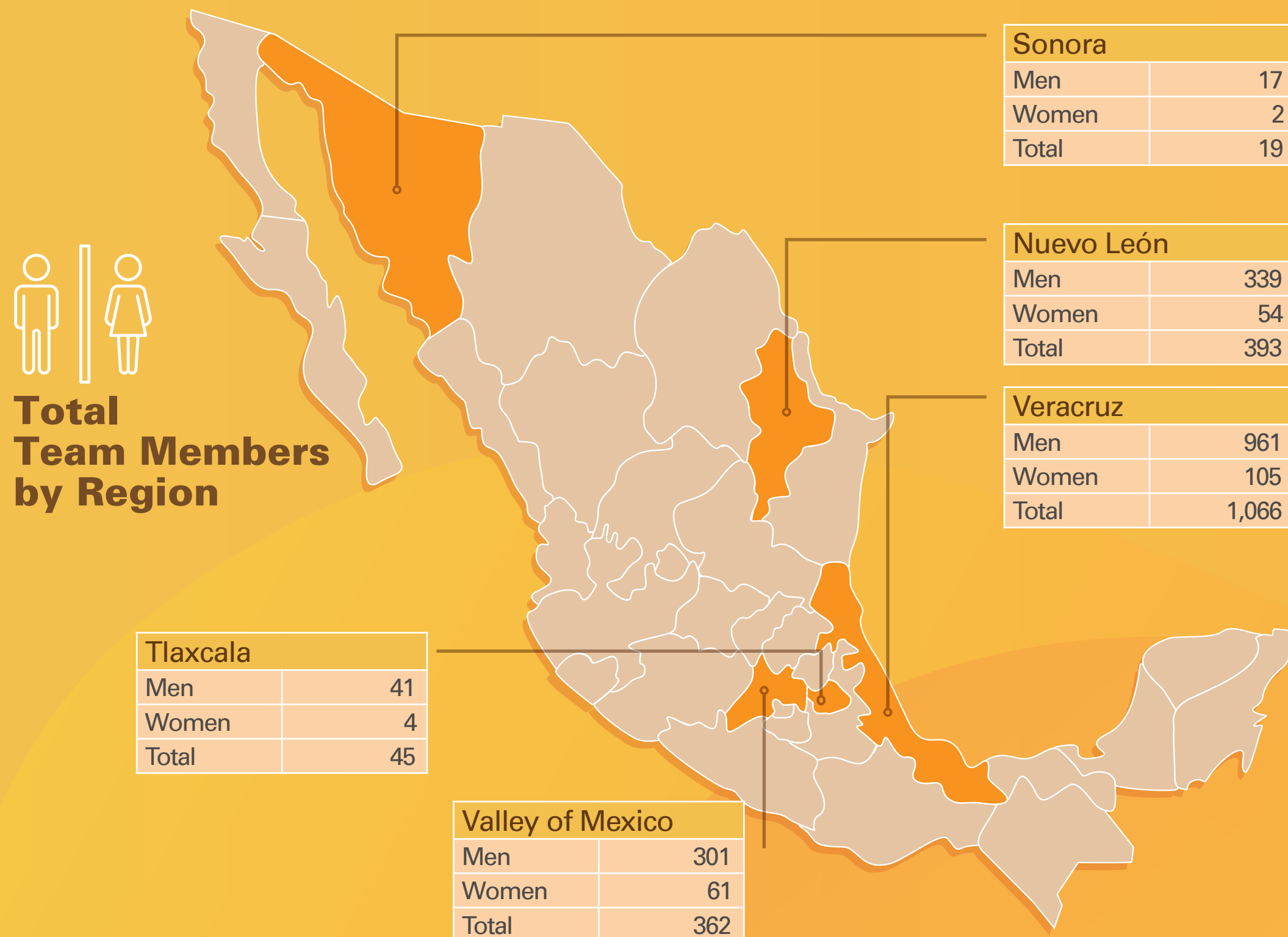
Economic Value Retained (EVR):
\$423 million pesos

Its team members' talent and commitment are key to CYDSA's strength and growth, which is why programs have been implemented focused on promoting their professional and personal growth, as well as guaranteeing their safety.

102-7, 102-8, 102-41

Throughout its history, CYDSA has fostered an optimal work environment and teamwork, as well as respect for its values, equity and equal opportunities, recognition of effort and growth within the Group.

In 2021, CYDSA had a total of **1,885** team members, of which **992** were unionized (52.6%). Within this workforce, **1,668** were men and **217** were women.



401-1

The following is a breakdown of new hires by age group, gender, and region.



Type	Unionized										Grand Total	
	Female					Male						
	Below 30 years old	Between 30 and 39 years old	Between 40 and 49 years old	More than 50 years old	Total	Below 30 years old	Between 30 and 39 years old	Between 40 and 49 years old	More than 50 years old	Total		
State of Mexico												
Hermosillo						6					6	6
Mexico						19	3				22	22
Nuevo León						18	11	2	1		32	32
Tlaxcala						3	1				4	4
Veracruz						32	3				35	35
Grand Total						78	18	2	1	99	99	99

Type	Team Members										Grand Total	
	Female					Male						
	Below 30 years old	Between 30 and 39 years old	Between 40 and 49 years old	More than 50 years old	Total	Below 30 years old	Between 30 and 39 years old	Between 40 and 49 years old	More than 50 years old	Total		
State of Mexico						1					1	1
Hermosillo						1	1				2	2
Mexico								1			1	7
Nuevo León	1	1				6	1	2			9	11
Tlaxcala												
Veracruz	6	1				4	4				8	15
Grand Total	7	2	1		10	12	11	3		26	36	36

The following is a breakdown of the total number of team members by age group, gender, and region.



Turnover rates by gender and region were as follows:



Type	Unionized										
Region	Female					Male					Grand Total
	Below 30 years old	Between 30 and 39 years old	Between 40 and 49 years old	More than 50 years old	Total	Below 30 years old	Between 30 and 39 years old	Between 40 and 49 years old	More than 50 years old	Total	
State of Mexico											
Hermosillo						4	1			5	5
Mexico	2	2	1		5	9	3	2	2	16	21
Nuevo León						12	8		5	25	25
Tlaxcala						3	1	1		5	5
Veracruz						4	6	1	4	15	15
Grand Total	2	2	1		5	32	19	4	11	66	71

Turnover rate by region and gender								
Region	2020		2021		Terminations 2021		Turnover rate 2021	
	Men	Women	Men	Women	Men	Women	Men	Women
Valley of Mexico	332	52	301	61	28	10	8.8%	17.7%
Hermosillo	18	2	17	2	7	0	40.0%	0.0%
Nuevo León	339	55	339	54	34	3	10.0%	5.5%
Tlaxcala	43	4	41	4	6	0	14.3%	0.0%
Veracruz	936	97	961	105	24	2	2.5%	2.0%
Grand Total	1,668	210	1,659	226	99	15	6.0%	6.9%

Type	Team Members										
Region	Female					Male					Grand Total
	Below 30 years old	Between 30 and 39 years old	Between 40 and 49 years old	More than 50 years old	Total	Below 30 years old	Between 30 and 39 years old	Between 40 and 49 years old	More than 50 years old	Total	
State of Mexico				1	1						1
Hermosillo						1	1			2	2
Mexico	1	1	2		4	1	3		8	12	16
Nuevo León	2	1			3	1	5	1	2	9	12
Tlaxcala						1				1	1
Veracruz	1	1			2	3	3		3	9	11
Grand Total	4	3	2	1	10	7	12	1	13	33	43

Thanks to the actions implemented, the Group has maintained a relatively low level of annual turnover:

	2020	2021	Terminations 2021	Turnover rate 2020	Turnover rate 2021	Change
Unionized plant team members	1,007	992	71	6.54%	7.10%	0.56%
Plant team members	871	893	43	6.76%	4.87%	-1.89%

1.1 Work Environment

405-1, 405-2



CYDSA has implemented actions to guarantee respect for human and labor rights, compliance with laws and ethical principles, as well as the promotion of inclusion and equal opportunities. CYDSA recognizes the importance of the psychosocial conditions of its team members, which is why it guarantees compliance with NOM 035. This standard seeks to prevent any psychosocial risk and workplace violence, in line with CYDSA's objectives. In addition, feedback mechanisms such as surveys and work climate reports are carried out.

The compensation and benefits plan focuses on meeting the needs of team members and motivating their performance. Salaries and benefits are granted to personnel according to their profile and responsibilities, without distinction by gender.

AGE	Under 30 years old		Between 30 and 39 years old		Between 40 and 49 years old		Over of 50 years old		TOTAL BY POSITION/GENDER				TOTAL BY POSITION
	Men	Women	Men	Women	Men	Women	Men	Women	Men		Women		
TEAM MEMBERS	441	53	445	50	216	35	239	22	1,341	89%	160	11%	1,501
PROFESSIONALS	16	12	79	26	57	17	74	8	226	78%	63	22%	289
OFFICIALS	2		3	1	19	1	27		51	96%	2	4%	53
MANAGERS			3		10		28	1	41	98%	1	2%	42
TOTAL BY AGE/GENDER	459	65	530	77	302	53	368	31					1,885
	88%	12%	87%	13%	85%	15%	92%	8%					
ORGANIZATIONAL LEVEL	524		607		355		399						
	28%		32%		19%		21%						



To foster an adequate work environment, it is necessary to offer equal opportunities to all CYDSA team members, regardless of their gender, age, or origin. For this reason, the Group is proud to report that it is close to closing the wage gap among its team members: on average, CYDSA's female employees earn 0.95 cents for every peso earned by their male counterparts. By recognizing this, it is understood that there is still an area of opportunity, but for the time being it is a higher ratio than the industry average.

Base Compensation Ratio Men vs. Women

Level	Men vs. Women Ratio
Team members	0.91
Professionals	0.95
Officers	0.95
Managers	0.99
TOTAL	0.95

102-41, 401-3

CYDSA provides adequate benefits to its team members, which include, at a minimum: life insurance, health care, disability and invalidity coverage, parental leave, retirement provisions and stock ownership, among others. The only benefits for full-time team members that are not provided to part-time or temporary team members are observed in Coatzacoalcos: temporary unionized team members are not provided with the Savings Fund and food vouchers.

However, parental leave is given to all team members of the organization and involves 84 days for mothers and 5 days for fathers. In 2021, 69 team members took their parental leaves, representing 3.7% of the workforce:

Team members' rights to freedom of association and collective bargaining are respected. In 2021, the percentage of unionized personnel was 52.6%.

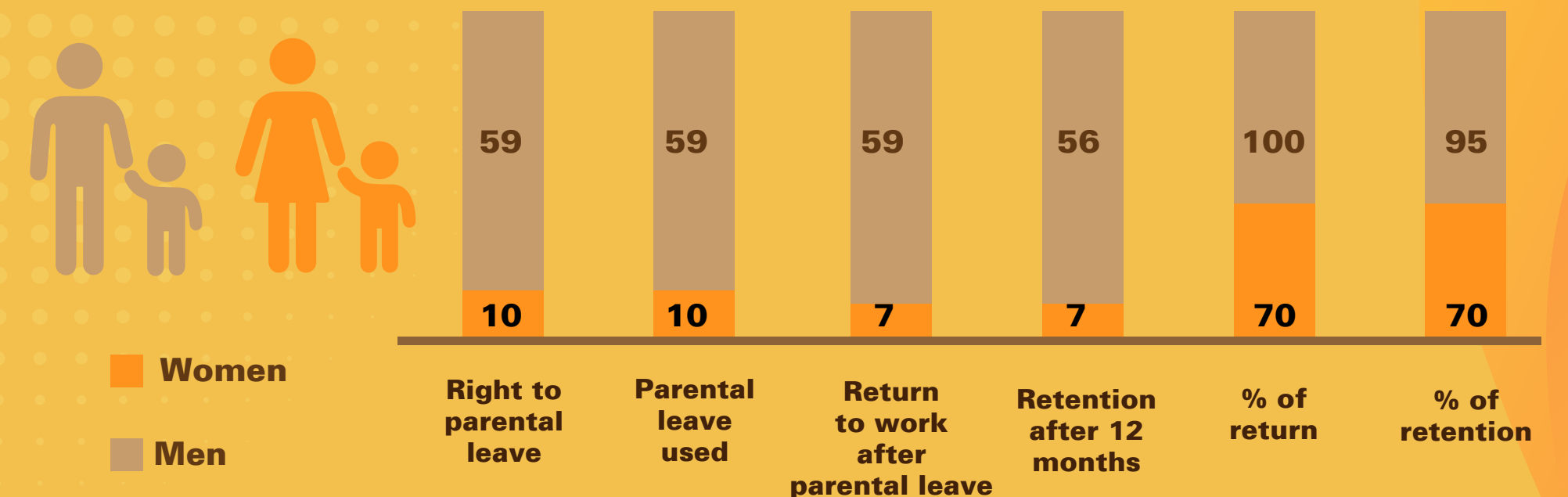
Employment benefits:

- Savings and asset building plan
- Life insurance
- Food vouchers
- Recognition for seniority
- Disability subsidy
- Bonuses
- Vacation pay
- Protection and retirement plan



Parental Leave

401-3



* Retention refers to team members who remained with CYDSA for more than 12 months after returning to work following the use of their parental leave

102-17, 403-4

The Group maintains open communication with its team members through various channels, both physical and digital, and with strategies adapted to the specific needs of our different internal groups. "Transparency mailboxes" have been set up in floors and offices in accessible areas. In addition, the Suggestions System has a telephone line and an email for staff to raise complaints and suggestions.

Complaints made by team members through the aforementioned channels are reviewed by the Human Resources Director, the Labor area Director, and the Corporate Internal Audit Manager, if necessary. In this way, actions are proposed to resolve any concerns that may have arisen.

1.2 Training and Development

404-1, 404-2, 404-3



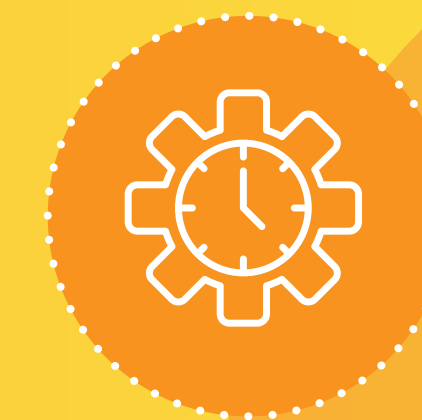
For CYDSA, promoting team members' skill development and aptitudes through training programs is of vital importance to ensure their professional and personal growth. Skill development not only impacts the growth of team members, but has also been key in building the highly qualified workforce that has propelled CYDSA to position itself as an industry leader. Training is offered to master the competencies required in each position and to ensure physical integrity. Additionally, for those cases identified as Replacement Letters, they are supported with the necessary training to prepare them for their Career Plan.

In 2021, the performance evaluation and professional development processes continued to be applied, using state-of-the-art tools, such as the SAP Success Factors software. This program enables each team member's administrative tasks to be completed based on the Group's strategy and guidelines, thus managing team member goals, and documenting their development.

Training was provided mainly on health and safety, environmental control, leadership development, gender equity, protection of family finances, emergency response training, and first aid.

Iquisa Noreste has a Career Plan for its executives in the production and commercial areas of the plant.

Example: Iquisa Plant, Sales del Istmo, and Electricity and Steam Cogeneration in Coatzacoalcos



GENERAL TRAINING		
Course Name	Duration (Hours)	# Attendees
English	480	1
Master's Degree at IPADE	446	1
Policy Dissemination 2021	1	487
COA Elaboration	24	1
Leadership Workshop	24	18
Strategic Management Diploma	84	1
Nutritional Defense	8	20
Advanced Supplies Purchases (procurements)	8	13
Food Fraud	8	20
How to mitigate corrosion	24	1
Master's Degree in Labor Law	80	3
TOTAL	1,187	566

Month Training Hours	Team Members	Unionized
January	266	3,348
February	190	3,138
March	282	3,427
April	570	3,156
May	378	3,671
June	578	3,111
July	250	3,624
August	222	3,624
September	62	3,417
October	54	3,334
November	228	3,403
December	174	3,788
TOTAL	3,251	41,037



144,631 total man-hours of training at CYDSA

The average man-hours of training in 2021 was:

Team members: 47.1 MH / person

Unionized: 103.4 MH / person

*Training is offered without any gender distinction.



Scholarships were also awarded to 28 members of Sales del Istmo's unionized personnel, with benefits capped at \$33,000 pesos.

➤ **Iquisa Hermosillo**
Investment in First Aid and CPR training by the firefighters' board to all the personnel of the IQUISA Hermosillo plant.

➤ **Iquisa Tlaxcala**

- Awards ceremony for the workers' children with the best grade point averages (with grades above 90).
- The collective labor contract includes scholarships for workers (17,000 pesos).

▶ 2. COVID-19 Pandemic

103-1, 103-2, 103-3, 403-7
RT-CH-320a.2

"The continuation of the COVID-19 pandemic during 2021 brought new challenges for CYDSA. Faced with this situation, the Group continued to implement protocols and procedures that exceeded the recommendations of health authorities to protect people's health."



In 2020, the world experienced an extraordinarily negative environment because of the COVID-19 pandemic. During 2021, the pandemic's impact continued even though hospitalization levels were much lower and economic activities fully resumed. CYDSA continued to monitor health conditions in the work areas and ensured the team members' and their families' well-being.

Impact Assessment

Since 2020, and as part of the evaluation of the pandemic's impacts on corporate health and safety, all CYDSA's business units requested their contractors to register themselves as Essential Companies with the Mexican Social Security Institute (*Instituto Mexicano del Seguro Social*, IMSS). Likewise, governmental certifications were obtained to endorse the understanding and training of CYDSA's team members on the appropriate pandemic management measures, such as:

- Sanitary Safety Distinction
- "Application of COVID-19 vulnerability criteria" Certificate
- Approved Self-Assessment of the Health Safety Protocol
- "Healthy Return to Work Counselor Training" Certificate
- "Recommendations for a safe return to work after COVID-19" Certificate
- Weekly audit of the COVID-19 Corporate Protocol

Weekly audit protocols on the proper implementation of preventive COVID-19 measures were carried out in all plants, assigning a compliance score to each one. These measures included monitoring the proper use of the designated entrances for each plant visitor, with a daily control of the number of personnel entering the areas. All entrances had medical personnel available, as well as sanitary filters.

CONTRACTOR ACCESS MONITORING EXAMPLE

	SALES DEL ISTMO PROJECT (ENTRANCE 4)	COGENERATION PROJECT (ENTRANCE 4)	IQUISA (ENTRANCE 5)	TOTAL ENTRIES
Sales del Istmo	140			140
IQUISA	140			832
ASERTEC	23		692	23
Electricity and Steam Cogeneration	60	101		161
Total	363	101	692	1,156

COVID-19 2021 Initiatives



In April 2020, a corporate work team was formed with personnel from the safety, corporate medical services, human resources, institutional relations and communication, operations, and IT systems areas, to evaluate, analyze and implement protocols to ensure the health of our personnel. These local health and safety committees met weekly during 2021 as well. The Preventive COVID-19 Corporate Plan was developed, which continues to be a comprehensive strategy to prevent contagions during the health contingency, including key activities such as:

1. Informative campaigns on preventive measures sent to all personnel and their families.
2. Courses on preventive COVID-19 measures on CYDSA's new *e-learning* platform.
3. Sanitary filters used upon personnel's entry (olfactory detection, oxygen saturation, temperature, and disinfection).
4. Personal protection kits to prevent contagion, as well as multivitamin supplements.
5. Medical assistance, follow-up of suspected and confirmed cases.
6. PCR and antigen test applications for early contagion detection.
7. Weekly audits on observation of preventive measures.
8. Promotion of the vaccine application for personnel and leaves of absence to be able to attend vaccinations sessions.
9. Sanitizing tunnel installations.



COVID Questionnaires were implemented, using electronic forms that team members could access from their cell phones to check their symptoms before coming to work. This avoided crowds of team members at the entrances to the work areas and reduced the possibility of contagion. Along with this, hygiene and capacity control measures were implemented in the mobility of internal personnel transportation in the plants.



In addition, during 2021 a new e-learning platform was developed with the purpose of making both the communication and training of team members and their families more efficient. In this portal, a section was enabled where all personnel registered the people they lived with who already had the first or second vaccination doses, as well as the booster shot. Several webinars were offered, including a forum discussion on vaccines with a corporate medical consultant and a COVID-19 preventive measures booster course. Through this channel, the families of CYDSA team members also had access to a channel with their respective plant physician where they could ask any health question.



The plant physicians received training through different Mexican Social Security Institute (*Instituto Mexicano del Seguro Social, IMSS*) and the Pan American Health Organization (PAHO). trainings:

IMSS

- Elderly care during COVID-19.
- Recommendations for a safe return to work in the face of COVID-19.
- Coronavirus disease 2019 (COVID-19).
- Home action plan for COVID-19.
- Mental Health Care in Emergency Situations.
- All about COVID-19 prevention.

PAHO

- ePROTECT Respiratory infections: Occupational health and safety.
- Prevention and control of infections (PCI) caused by the new coronavirus (COVID-19).
- Emerging respiratory viruses, including COVID-19: methods for detection, prevention, response, and control.

During the isolation periods of the most vulnerable personnel, CYDSA held a model of individual, group and family talks on mental health, stress, nutrition, prevention of respiratory infections, and care and control of chronic degenerative diseases. Currently, there is a monthly nutritional support model for vulnerable workers.



750 families participated in recreational events against COVID-19

8 Webinars and/or trainings related to the management and understanding of COVID-19

Investment of \$750,000 pesos for the purchase of sanitary materials

▶ 3. Operational Safety and Compliance

103-1, 103-2, 103-3, 403-1, 403-2, 403-4, 403-7
RT-CH-320a.2



"Due to the profile of the Group's activities, operational safety is a key part of its strategy. Therefore, CYDSA has the highest health and safety standards for team members, the community, and the environment. The Group's measures in this area go beyond those required by governmental agencies".

CYDSA has established a strict management system focused on ensuring the safety of its team members in all its operations. This system complies with applicable legislations and allows CYDSA to identify, reduce, and control health and safety risks in accordance with the Safety, Occupational Health, and Environmental Protocol. This protocol is very similar to the CFR Risk Management Program (*Code of Federal Regulations*), and OSHA's (*USA's Occupational Safety and Health Administration*) Risk Management Program (RMP). The strict Safety, Occupational Health and Environmental Systems implemented by the Group have not only ensured the safety of team members, but also of the community, the environment, and the Group's image and operations.



There is an Occupational Health and Safety Policy that establishes the commitment to preserving the physical integrity and health of the personnel, preserving the integrity of the facilities, avoiding affecting the neighboring community and the environment, and establisher follow-up on the safety, health, and environmental management systems and compliance with current legislation with the participation of each one of the company's members.

Additionally, the Group has certifications in safety and environmental management systems with international recognition, such as the Responsible Care System (*Sistema de Administración de Responsabilidad Integral, SARI*), and the Occupational Safety and Health Self-Management Program (*Programa de Autogestión de Seguridad y Salud en el Trabajo, PASST*) of the Ministry of Labor and Social Security (*Secretaría del Trabajo y Previsión Social*).

It should be noted that the emergency responder authorities rely on CYDSA's experience in the handling of chlorine, as well as the Industrial Safety practices, through innovative tools for hazardous material leak simulations in real time, such as the Safer software used.





INTERNAL OCCUPATIONAL SAFETY AWARDS

CYDSA recognizes its safety performance internally. This year, the winning plant for excellence in industrial safety was Iquisa Santa Clara, which achieved **17 consecutive years without incapacitating occupational accidents**, the equivalent of 6,321 days. Other awards included:

Best performance in years without lost-time accidents:

- 15 years without lost-time accidents: Iquisa Tlaxcala
- 10 years without lost-time accidents: Quimobásicos
- 5 years without lost-time accidents: Iquisa Noreste
- 2 years without lost-time accidents: Iquisa Coahuila
- 1 year without lost-time accidents: Electricity and Steam Cogeneration



Awards for improvement:

- Greatest improvement in accident rate: Electricity and Steam Cogeneration
- Greatest improvement in safety audits: Quimobásicos and Iquisa Tlaxcala
- Greatest improvement in vulnerability index: Quimobásicos and Iquisa Tlaxcala



In 2021, 22 different initiatives or trainings regarding occupational health and safety were conducted.

CYDSA conducts voluntary participation in emergency drills within the framework of the National Chemical Emergency Preparedness and Response Day, including simulations on leak management. This is carried out using the Safer software.

5-minute talks were given Monday through Friday by each area manager, where current topics on the COVID-19 Contingency were shared, to raise awareness and create a sense of responsibility to comply with the hygiene and distancing measures indicated by Corporativo CYDSA.

Iquisa Noreste

Total hours of health and safety training in 2021: 9,126 hrs.

Training budget exercised in 2021: \$260,000

The following health and safety training was provided at Coatzacoalcos's Iquisa, Sales del Istmo, and Cogeneration plants:

10 DIFFERENT HEALTH AND SAFETY TOPICS TAUGHT

161 HOURS OF HEALTH AND SAFETY TRAINING

1,232 TRAINING PARTICIPANTS

Quimobásicos

At Quimobásicos, courses were given on the use and application of personal protective equipment (PPE), adjustment and testing of breathing apparatus, occupational health risks, protection systems, handling of hazardous chemicals, firefighting, fire prevention, and hazardous activities in the workplace management. The average number of training hours per year per team member at Quimobásicos was as follows:

	Team members	Unionized	TOTAL
Average Man-Hours	53	64	117
Annual Compliance	85%	88%	87% (average)
Registered Sheets	740	3,522	4,262
Registered Personnel	14	55	69



Also, the Corporate Office offered health webinars to personnel, such as:

1. Prevention and Detection of Breast Cancer - 95 attendees
2. Nutrition and Hypertension: Myths and Facts about Salt and other products - 102 attendees.
3. A Sweet Nourishment: Dietary Care for Prediabetic and Diabetic People - 88 attendees
4. Losing Weight: What should my diet be like? - 183 attendees
5. How to Avoid Emotional Exhaustion - 91 attendees
6. Psychological Safety: How do we create collaborative spaces in hybrid environments? - 87 attendees
7. Knowing myself to learn how to take care of myself - 84 attendees
8. Being a mom in these times of COVID-19 - 80 attendees
9. Introduction to Healthy Eating - 165 attendees

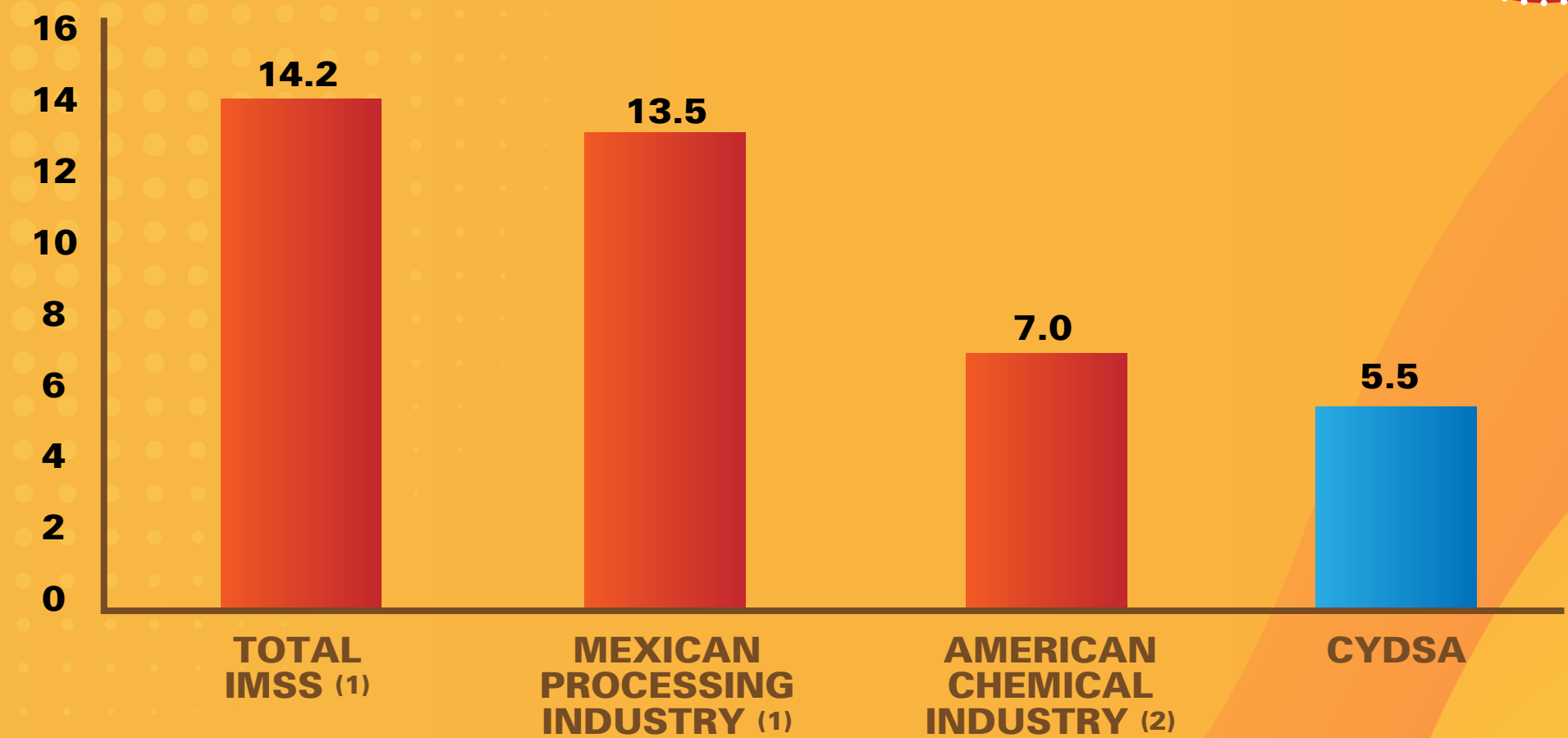
403-9
RT-CH-320a.1

In 2021, 5.5 lost-time injuries per thousand workers were recorded, a much lower rate compared to comparable statistics in Mexico (14.2 for IMSS and 13.5 for Mexican Transformation Industry) and the United States, (7.0, American Chemical Industry). CYDSA's low level is the result of strict compliance with safety and training protocols.

The corporate goal is to have no more than one accident per thousand workers. This goal is supported by Safety Programs managed by each Plant where, as part of the updates to the SSOMA Protocol, a specific Element for the Systematic Control of Human Error was added according to the Process Safety Management standards of the Process Improvement Institute.



LOST TIME ACCIDENTS PER 1,000 TEAM MEMBERS



(1) Occupational Hazards Report STPS - IMSS 2021
(2) OSHA Bureau of Labor Statistics 2020, data not yet available for 2021

Plant	Fatalities		Lost-time Injuries*		Recordable occupational injuries		Total hours worked
	Number	Rate	Number	Rate	Number	Rate	
Sales del Itsmo	0	0.0	3	0.5	6	1.0	1,250,400
Salt Processor and Distributor	0	0.0	8	3.2	8	3.2	499,200
Iquisa Coatzacoalcos	0	0.0	0	0.0	6	1.9	640,200
Iquisa Tlaxcala	0	0.0	0	0.0	1	1.7	114,639
Iquisa Hermosillo	0	0.0	0	0.0	0	0.0	56,400
Iquisa Santa Clara	0	0.0	0	0.0	1	0.8	236,400
Iquisa Noreste	0	0.0	0	0.0	0	0.0	349,800
Quimobásicos	0	0.0	0	0.0	1	0.6	313,026
Electricity and Steam Cogeneration	0	0.0	0	0.0	0	0.0	124,504
Hydrocarbons Underground Storage	0	0.0	0	0.0	0	0.0	88,696
TOTAL	0	0.0	11	0.6	23	1.3	3,673,265

* Lost-time Injuries is defined as those injuries that have serious consequences except for fatalities, or that represent lost time due to the absence of the affected team member(s).
 - Note: Rates calculated as # of incidents x 200,000 / # of hours worked



The main types of recordable occupational injuries were:

- Hydrocarbons Processing and Underground Storage: Slight burn due to short circuit.
- Quimobásicos: Slight cut on head due to impact.
- Salt Processor and Distributor: Hits (4), contusion (1), lower extremity sprain (2), and a crushing cut wound (1).

Specific programs have been implemented in each area of the organization to achieve the best safety indicators, including Internal Emergency Plans and Material Handling Plans. **100% of the products and plants have undergone a risk assessment.** Likewise, there are product safety data sheets, in accordance with the Globally Harmonized System, which indicate the risk characteristics for handling and the required transportation precautions. This information is given to each of the unit operators that transport the products and to plant personnel.

In terms of risk management, risk studies are carried out in the operations' productive processes to strengthen compliance with international occupational health and safety standards, including the strictest "Dutch Line" methodology, which identifies potential risks and establishes prevention, control, and mitigation measures.

To demonstrate that the Health and Safety impacts of the business lines have been evaluated, each of the Plants is requested to provide:

- 1) The most recent "Dutch Line" charts.
- 2) All updated Safety and Environmental Certificates (e.g., Clean Industry, SARI, NSF, Chlorine Institute Recognitions).

Health and Safety certifications and awards for each of the Plants are detailed in the Certifications section, and include but are not limited to:

EXTERNAL

- ISO 9001:2015: Quality Management
- ISO 14001:2015: Environmental Management
- NOM-010-STPS-2014: For chemical pollutants present in work areas.
- NOM-017-STPS-2008: For Personal Protective Equipment for workers, which includes an analysis per workstation following established guidelines.
- NOM-030-STPS-2009: For each of the physical agents such as noise, lighting, vibration, an evaluation is performed in accordance with the industrial hygiene standards in place in Mexico.
- PASST: Self-management Program for Safety and Health at Work, certification granted by STPS.
- SARI: Safety and Environmental certification granted by the National Chemical Industry Association.
- SASISOPA: Industrial Safety, Operational Safety, and Environmental Protection Management System, certification granted by ASEA (*Agencia de Seguridad, Energía y Ambiente*, Safety, Energy and Environment Agency).
- "Dutch Line" Technique
- HAZOP Technique: "Hazard and Operability", by Imperial Chemical Industries (ICI).

Additionally, CYDSA's plants have their own risk management procedures and systems in place such as

INTERNAL

- AST: Job Safety Analysis (*Análisis de Seguridad de Trabajo*), a monthly evaluation to find and prioritize the risks associated with the tasks performed and the corresponding preventive measures.
- SSOMA: Corporate Occupational Health and Safety and Environmental Protocol.

403-4

Team members have the possibility to report hazards or occupational risk situations using a specific form developed internally within the maintenance management system (SAP). In this way, the root causes of the event can be analyzed, and thus the actions to be taken in response. In general, no retaliatory action is taken, but the team member(s) involved are given feedback on the risks involved. The data collected on the events with the highest incidence are reported and disseminated monthly in the internal safety bulletin to keep personnel informed, alert, and trained.

All our plants have a Risk and Process Analysis Committee and a Safety and Hygiene Committee. This committee is made up of unionized personnel and representatives from the management, health, safety, and administration business areas. The committee meets at least monthly and is responsible for conducting monthly verification and inspection visits.

A Corporate Audit is carried out annually by personnel with competence in occupational health and safety to verify the degree of compliance with CYDSA's Safety, Occupational Health, and Environmental Management System policies.



Current status and main actions in operational safety

All Business Units have a social risk profile using the Dutch Line methodology, which must be renewed every five years or when there is a change in the production process.

Iquisa Hermosillo and Noreste, Quimobásicos, Electricity and Steam Cogeneration, Sales del Istmo

There have been no changes in Iquisa Hermosillo and Noreste, as well as at Quimobásicos, Cogeneration, and Sales del Istmo's processes, so the risks associated with the operation remain the same, and their Dutch Line results are still in effect.

Hydrocarbon Underground Storage

The plant has an Industrial Safety, Operational Safety, and Environmental Protection Management System (SASISOPA), which is reported to the corresponding authority (ASEA) and is part of the Voluntary Environmental Audit program.

Iquisa Coatzacoalcos

In 2021, IQUISA Coatzacoalcos updated its accident prevention program, derived from the project for the technological change from mercury cells to membrane cells.

Iquisa Santa Clara

The Dutch Line risk profile was updated in 2021, demonstrating satisfactory results. There have been no changes in the processes, so the risks associated with the operation of the plant remain the same.

Iquisa Tlaxcala

The Dutch Line assessment will be updated in 2022 once the second sodium hypochlorite production line project is completed.

Salt Processor and Distributor (Mexico City)

The work environment conditions in the following production areas were evaluated:

- a) Meshing: Lighting conditions, noise levels, dust concentration (respirable fraction).
- b) Packaging: Lighting conditions, noise levels, dust concentration (respirable fraction).
- c) Plant and drying: Lighting conditions, noise levels.
- d) The auxiliary equipment project for handling manual loads (50kg bags) was implemented to reduce the ergonomic risk to workers (including a retractable conveyor belt and three lifting tables).

If any parameter or deviation is found with respect to the maximum permitted levels, an action plan is implemented to mitigate or eliminate the conditions that represent a risk to the safety or health of team members.



4. Health and Well-being

403-3, 403-6, 403-10
RT-CH-320a.2



CYDSA's Businesses continued promoting the overall well-being of personnel through three permanent programs focused on the following occupational health aspects: Preventive Medicine, Industrial Hygiene, and Epidemiological Health Monitoring. Best practices were implemented to preserve the team members' health and the facilities, continuously analyzing the risks of operations, and communicating these risks. Likewise, processes are audited to ensure legal compliance and continuous improvement.

To continuously improve its occupational health and safety management, the Group met the goals it had set for 2021 in this area, which include a new Corporate Protocol, occupational health software and a Vaccination Strategy Master Plan.



During 2021, once again, there were ZERO fatalities and ZERO occupational illnesses or diseases in all Business Units. Therefore, the main types of ailments and illnesses presented by team members were not directly related to the jobs they perform at CYDSA, but include:

- Respiratory illnesses
- Gastrointestinal diseases
- Chronic degenerative diseases

As with occupational safety conditions, the detection and observation of health conditions in the work areas is constant. Each year the Occupational Health and Safety Diagnosis is carried out, which allows us to identify:

- The hazardous or unsafe physical conditions that may represent a risk in the facilities, processes, machinery, equipment, tools, means of transport, materials, and energy.
- The physical, chemical, and biological agents capable of modifying the environmental conditions of the work center that, due to their properties, concentration, level, and time of exposure or action, can impact workers' health, as well as the sources that generate them.
- The hazards surrounding the work center that may affect it, when possible, and the regulatory requirements on occupational safety and health that may be applicable.

Occupational diseases and illnesses 2021

403-10

There were zero illnesses, fatalities and diseases among both team members and non-team members in all plants.



* Refers to team members who are not CYDSA team members, but whose jobs or workplaces are controlled by the organization.



Preventive Medicine

The importance of promoting, protecting, and preserving the team members' health through actions that help prevent the onset or spread of diseases is well recognized, which is why CYDSA has a Preventive Medicine Program that includes a thorough health evaluation. Through this program, in 2021, Stress Tests were applied with the Bruce Protocol, which provides an early diagnosis of cardiovascular risks.

The Medical Check-Up performed included clinical examinations (complete blood count, blood chemistry, liver function test, Widal test, VDRL, HIV, coproparasitoscopic simple test, urine panel, and anti-doping), chest x-ray, resting EKG, hearing test, pulmonary function test and stress test using the Bruce Protocol.



Industrial Hygiene

Through this program, team members are guaranteed an optimal quality of life within the facilities. CYDSA complies with legal health requirements. In 2021, the Group was 100% in compliance with the Federal Labor Law, including the modifications made in 2015 to articles 42 and 43 related to ergonomics and psychosocial risks, as well as the provisions of the Mexican Official Standard NOM-010-STPS-2014, which refers to potential chemical pollutants in the work environment. Regarding the latter, CYDSA carries out a process of recognition, evaluation, and control.



Absenteeism Program

The Absenteeism Control Program strengthened the labor relationship between the Mexican Social Security Institute (*Instituto Mexicano del Seguro Social, IMSS*) and CYDSA. Through this program, prompt attention to team members was provided, which reduced recovery times.



Ongoing Medical Training Program

CYDSA is constantly training its team members in occupational health and safety. Furthermore, in 2021, CYDSA participated once again in several courses and workshops within the framework of the Occupational Medicine Diploma of the UANL's School of Medicine (*Universidad Autónoma de Nuevo León*).



Occupational Health Results

- A)** Staff training in Cardiopulmonary Resuscitation (CPR).
- B)** Zero occupational illnesses reported.
- C)** Application of spirometry and audiometry tests in all work facilities.
- D)** Influenza vaccination campaign extended to team members' families.
- E)** First aid training and talks.
- F)** Implementation of the nutrition program for consultation and advice to people at risk of chronic degenerative diseases and obesity.





Annual Medical Examinations

How many medical examinations were applied during 2021?

PLANT	Team Members			Unionized			Honorary			TAPSA			TOTAL		
	NO. OF MEDICAL EXAMS	NO. OF STAFF	% APPLIED	NO. OF MEDICAL EXAMS	NO. OF STAFF	% APPLIED	NO. OF MEDICAL EXAMS	NO. OF STAFF	% APPLIED	NO. OF MEDICAL EXAMS	NO. OF STAFF	% APPLIED	NO. OF MEDICAL EXAMS	NO. OF STAFF	% APPLIED
Sales del Istmo	66	68	97%	469	472	99%							535	540	99%
Salt Processor and Distributor (Mexico City)	61	62	98%	124	134	93%	0	1	0%				185	197	94%
Iquisa Coatzacoalcos	54	54	100%	199	199	100%							253	253	100%
Iquisa Tlaxcala	14	14	100%	30	30	100%	2	2	100%				46	46	100%
Iquisa Hermosillo	6	6	100%	15	15	100%	1	1	100%				22	22	100%
Iquisa Santa Clara	42	42	100%	56	56	100%	1	1	100%				99	99	100%
Iquisa Noreste	48	48	100%	81	81	100%	1	1	100%	20	20	100%	150	150	100%
Quimobásicos	49	55	89%	58	71	82%	5	5	100%	25	35	71%	137	166	83%
Electricity and Steam Cogeneration ASERTEC	10	11	91%	38	38	100%							48	49	98%
	45	45	100%							133	133	100%	178	178	100%
TOTAL	395	405	98%	1,070	1,096	98%	10	11	91%	178	188	95%	1,653	1,700	97%



Vaccination Program

How many vaccinations were administered during 2021? (team members and their family members):

PLANT	Team Members			Unionized			Honorary			TAPSA			Contractors			TOTAL		
	NO. OF VACCINES	NO. OF STAFF	% APPLIED	NO. OF VACCINES	NO. OF STAFF	% APPLIED	NO. OF VACCINES	NO. OF STAFF	% APPLIED	NO. OF VACCINES	NO. OF STAFF	% APPLIED	NO. OF VACCINES	NO. OF STAFF	% APPLIED	NO. OF VACCINES	NO. OF STAFF	% APPLIED
Sales del Istmo	116	117	99%	385	385	100%							149	150	99%	650	652	99%
Salt Processor and Distributor (Mexico City)	48	62	77%	87	134	65%	0	1	0%				4	4	100%	139	139	100%
Iquisa Coatzacoalcos	74	74	100%	209	209	100%	1	1	100%				50	50	100%	334	334	100%
Iquis Tlaxcala	14	14	100%	29	30	97%	2	2	100%				10	10	100%	54	55	99%
Iquisa Hermosillo	6	6	100%	4	15	27%	1	1	100%				2	2	100%	13	24	55%
Iquisa Santa Clara	40	42	95%	56	56	100%	1	1	100%							97	97	100%
Iquisa Noreste	37	46	80%	73	78	94%	1	1	100%	16	18	89%	55	55	100%	182	196	92%
Quimobásicos	42	55	76%	55	71	77%	4	5	80%				35	40	88%	136	171	80%
Electricity and Steam Cogeneration ASERTEC	18	18	100%	34	34	100%							4	4	100%	56	56	100%
	207	210	99%										60	60	100%	267	270	98%
TOTAL	602	644	93%	932	1,012	92%	10	12	83%	16	18	89%	369	375	98%	1,560	1,686	93%

▶ 5. Community Relations

103-1, 103-2, 103-3, 203-1, 203-2, 413-1, 413-2
RT-CH-210a.1

"The relationship with the communities surrounding CYDSA's Businesses' plants is cordial thanks to procedures and strategies implemented by the Group to take care of relevant risks. In addition, community development is promoted through projects focused on promoting health, education, recreation, wellness, and community development."

The development and well-being of the communities surrounding the Group's facilities is fundamental to the fulfillment of its vision in all its operations. For this reason, CYDSA carries out community outreach and development actions focused mainly on four areas: **Improving Health, Education, Recreation and Wellness, and Community Development.**

Although many of the sports, social and family integration events had to be canceled due to the sanitary contingency's preventive measures, collaboration strategies with neighbors, authorities, and organizations that allowed the implementation of social infrastructure projects, environmental protection, hospital support, promoting health, education, and an ecological culture were implemented.



Relevant figures and achievements in Community Interrelation

- Close to **2 million** pesos invested in the provision of community medical services.
- More than **200,000** pesos donated to local committees with ecological community activities.
- More than **5 million** pesos invested in community events and donations.
- **7,620** team member volunteer hours in Coatzacoalcos

For CYDSA it is important to understand not only the positive impacts it has on the community, but also the potential negative effects derived from its operations. This table breaks down those identified from all the company's activities:

413-2

Operations with significant negative impacts - actual and potential - on local communities	Temporality Short term = 1 Medium term = 2 Long term = 3 Permanent = 4	Reversibility Reversible = 1 Irreversible = 2	Spatiality Local = 1 National = 2 International = 3	Quality Positive = 1 Negative = 2	Social significance Low = 1 Moderate = 2 High = 3 Very high = 4
Impact from the generation of noise, waste, and emissions during the development of the Project.	1	1	1	2	1
Nearby roads' deterioration, due to the circulation of trucks and heavy vehicles related to the development of the Project.	1	1	1	2	1
Decrease in the economic benefit of the Project due to the closure of its operations, as contractors, suppliers, and other basic services that can be provided from the localities are no longer needed.	1	1	1	2	1





Donations and Community Events



PLANT	EVENT	ATTENDEES	INVESTMENT
Salt Processor and Distributor (Mexico City)	Family Day	300	\$ 55,000
	Staff Afternoon Gatherings	150	\$ 81,000
	Toy drive for workers' families	420	\$ 216,319
	New Year's Eve toast	75	\$ 83,000
	Soccer tournament	30	\$ 20,000
	32nd Safety, Environment, and Occupational Health Week	130	\$ 446,061
IQUISA, Sales del Istmo, Electricity and Steam Cogeneration (Coatzacoalcos)	Mother's Day	NA	\$ 120,000
	Children's Day	NA	\$ 81,000
	Toy drive for workers' families	NA	\$ 112,000
Iquisá Santa Clara	Delivery of sports uniforms	56	\$ 50,160
	32nd Safety, Environment, and Occupational Health Week	100	\$ 72,690
	Raffle of gifts for 0 Accidents, corresponding to the 32nd Safety, Environment, and Occupational Health Week.	90	\$ 17,000
	Awards ceremony for years of seniority.	40	\$ 15,306
	Toy drive for workers' families.	50	\$ 23,500
	Delivery of New Year's Eve / Christmas gifts.	98	\$ 58,500
	Delivery of denim jackets	110	\$ 64,440
Iquisá Noreste	New Year's Eve toast	150	\$ 107,000
	Toy drive for team members' families	80	\$ 112,000
Iquisá Tlaxcala	Toy drive for team members' families	43	\$ 21,000
	Toy drive for workers' families	50	\$ 12,500
	Mother's Day	26	\$ 19,500
	Delivery of Christmas turkeys	26	\$ 13,000
	Delivery of winter jackets	16	\$ 5,500
Quimobásicos	Community Health Topics	NA	\$ 2,072,600
	Donations from the Health Sector	NA	\$ 26,500
	Covid community vaccination campaigns	NA	\$ 46,500
Hydrocarbons Processing and Underground Storage	Promotion of sports and outdoor recreation	NA	\$ 589,537
	Support to Ixhuatlán Health Center with equipment for COVID-19	NA	\$ 133,631
	Support to sports units and military families	NA	\$ 44,874
	Cement packages to military families	NA	\$ 1,950
	Urban Improvement-Repair of potholes on the Ixhuatlán Portada A1 Highway	NA	\$ 276,824
	Support to Nanchital Transit	NA	\$ 7,500
TOTAL		2,040	\$ 5,006,392



5.1 Improving Health

One of the most important initiatives for CYDSA is protecting the health care of neighboring communities. Therefore, during 2021, health and general safety programs continued to be carried out and support initiatives were added in response to the COVID-19 health crisis.

At the Quimobásicos Plant, close to \$2.0 million pesos were invested in offering community medical services. Medicines were given and 60 consultations were provided by a high-quality allergist. In line with this, allergen vaccines were donated to the community and clinical laboratory tests were provided to community members.

During 2021, hundreds of household appliances and household items were also provided to the medical and nursing staff of the Ministry of Health to commemorate Doctors' Day and Nurses' Day, and CYDSA actively participated in their Christmas parties. Additionally, 200 lunches and refreshments were provided in support of the Anti-COVID-19 Vaccination Campaigns.



As it has been done for more than 20 years, CYDSA supported neighboring low-income communities, members of ecological community committees, and other patients with medical consultations. Before the pandemic, between 800 to 1,000 consultations were provided annually; in 2021, only 196 consultations could be provided.

The neighboring companies to CYDSA's operations are also part of the community, which is why an affiliation to a free ambulance service for emergencies in the local industrial park was established at Iquisá Hermosillo. This ambulance was dedicated 24 hours a day to tend to emergencies of the companies affiliated to the CLAM (Local Mutual Aid Committee). There was also participation in the PREVENIMSS campaign, inviting neighboring companies for general medical check-ups and influenza vaccinations. External communication was maintained regarding complaints or disagreements with respect to the plant's operations, obtaining zero complaints from the community.

Sales del Istmo donated 5.5 tons of edible salt to the Olmeca Region Food Bank to be included in the food pantries delivered at a symbolic cost to 1,490 low-income families in Coatzacoalcos.

5.2 Education



Supporting education is one of the Group's most important projects. In the Salt Processor and Distributor business in Mexico City, we supported the Augusto César Sandino school with maintenance personnel for improvements and/or repairs requested at the facilities. At the Quimobásicos plant, training in CPR, First Aid and evacuation drills are given to schools in the community.

CYDSA not only promotes safety awareness within its operations, but also provides information and tools to the community. In 2021, the Salt business located in Coatzacoalcos, Veracruz, provided the local school with labels and signs. The labels were part of a "traffic light" system to identify children with and without COVID-19 symptoms, to assess the feasibility of entering classes, whether they sat with double the social distancing, or had to eat their lunch apart from other students, and the use of masks at all times. Signs also promoted proper hand washing, the use of antibacterial gel, and other sanitary measures within school facilities. Training was also provided on proper protocols for the safe return to school in person, given the pandemic situation.

Coatzacoalcos has a Safe School program that is part of the emergency responder authorities subcommittee's activities for the Local Mutual Aid Committee (CLAM). This consists of reaching out to the community to disseminate the activities that CLAM and its member companies carry out, in addition to training the beneficiary school in emergency response. Each CLAM partner company adopts a school in the nearby community and works with the school to draw up a work program for training, signaling, fire extinguisher maintenance, and advice on drawing up the school's emergency response program.

5.3 Recreational and Wellness Activities



Monterrey's facilities include the Salón Polivalente, a space that offers the community of the Bernardo Reyes neighborhood different activities for personal and family development. Plans were in place to use the hall to provide the activities that were offered in 2020 to promote health, such as aerobics classes (Latin rhythms, yoga, pilates, and zumba). Due to the pandemic, these had to be suspended. CYDSA plans to continue offering them in the future.

RT-CH-210a.1



Monterrey Community Care Center

Within the Ruiz Cortines Industrial Center facilities located in Monterrey, Nuevo León, there is a Community Attention Center and a Multipurpose Hall, which have functioned for almost 32 years for the implementation of development and community outreach programs.

The Group maintains constant communication with the community through these spaces, which has allowed it to consolidate a cordial relationship between the company and the surrounding communities. In 2019, 2020 and 2021, no community complaints were recorded.

Social risk perception surveys have also been conducted among neighbors to study the impact of the different community support programs implemented by CYDSA.

5.4 Community Development



In collaboration with authorities and neighbors, CYDSA promotes projects that improve the communities' environments through reforestation, maintenance, and training programs, such as:

- In Iquiza Santa Clara, and through UIDEM, the donation of sodium hypochlorite to the local municipality was carried out to contribute to the attention of floods in Ecatepec in 2021. Donations of this product were also made to the Topos, an immediate response rescue group for disaster response, who use it in their activities as rescuers.
- The plants located in Coatzacoalcos supported the community of Zapotitlán, Tatahuicapan by donating 30 empty super sacks that served as a retaining wall by filling them with sand to prevent damage to their homes located near the beach and at risk of erosion.
- During 2021, Iquiza Noreste actively participated in the Comité Local de Ayuda Mutua Camezpo (Local Committee for Mutual Aid of Companies in the Western Zone).
- In Monterrey, the Quimobásicos plant has a neighboring community that has a committee in favor of ecology to which economic and in-kind donations were provided to support their community ecological activities. More than \$200 thousand pesos were invested in this segment.
- The service of public squares and walkways' conditioning and maintenance in the community is also provided, in coordination with Servicios Primarios del Municipio de Monterrey (Primary Services of the Municipality of Monterrey).
- In the Valley of Mexico area, we supported the community with paint cans to paint the streets surrounding the plant.

202-2

Proportion of senior management hired from the local community: During 2021, no senior executives were hired. However, today, 94% of senior executives are natives of the communities where they operate.



5.4.1 Community Safety

In terms of community safety, since 1992, CYDSA initiated studies to define its social risk profile, which allows for a harmonious coexistence between the industry and the community. From that time to date, the Group has distinguished itself for having the most demanding safety mechanisms in the industry.

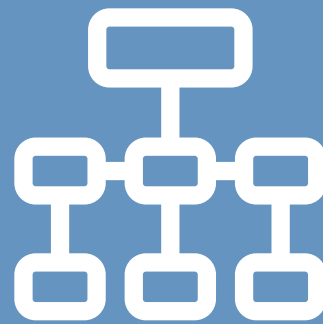
In addition to fully complying with the standards and studies required by the authorities in terms of environmental risk and accident prevention plans, CYDSA continues to implement a risk management model that includes social risks to the community. For this purpose, the international "Dutch Line" methodology, one of the most stringent methodologies, is used.



CORPORATE GOVERNANCE

103-1, 103-2, 103-3

"CYDSA has a solid and robust corporate governance that has allowed it to create successful development projects. Thanks to the experience and adoption of new guidelines and strategies, the Group has grown based on strict ethical behavior and adherence to its values and principles".



CYDSA's Corporate Governance is a regulatory framework that allows it to have structures and processes in place to manage the Company. The experienced Board of Directors ensures accountability, fairness, and transparency in its management with all its Stakeholders. Likewise, CYDSA considers corporate governance as one of its material topics, since having an integral, prepared, and ethical Management is fundamental to ensure that the decisions made in the company are the best and benefit all stakeholders.

102-18, 102-19, 102-22, 102-26

Corporate Governance is mainly aligned with the Securities Market Law, the Corporations Law, the General Provisions Applicable to Securities Issuers and other Securities Market Participants, the General Provisions Applicable to Entities and Issuers Supervised by the National Banking and Securities Commission that Contract External Auditing Services for Basic Financial Statements, the Internal Regulations of the Mexican Stock Exchange and the Code of Best Corporate Practices, the degree of adherence to which is



reported annually to the Mexican Stock Exchange, and the investing public.

CYDSA's highest governing body is the Board of Directors, which focuses on and directs the selection of objectives, values, and strategy with which the Group operates.

The main functions of the Board of Directors are:

- A)** Define strategic direction.
- B)** Guarantee the honest and responsible management of the Company.
- C)** Ensure the creation of economic and social value for shareholders.
- D)** Evaluate and approve the performance of the chief executive officer and the Company's senior management.
- E)** Promote the responsible disclosure of information.
- F)** Ensure the establishment of mechanisms to identify, analyze, manage, and control strategic risks.
- G)** Encourage the Company to be socially responsible, protecting the natural environment and driving the personnel's development.
- H)** Promote ethical and transparent management.

102-23, 102-24

The members of the Board of Directors were appointed by the Annual General Ordinary Stockholders' Meeting and have extensive experience in strategic planning, business, finance, marketing, and commercialization. Mr. Tomás Gonzalez Sada serves as both Chairman of the Board of Directors and Chief Executive Officer of CYDSA.

405-1

- **15 members of the Board in 2021**
- **5 members are independent or 33.3%**
- **3 female members or 20.0%**
- **4 members are part of the Management team**
73.3% non-executive members



The Board of Directors is comprised of 15 proprietary members:



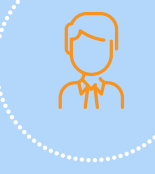


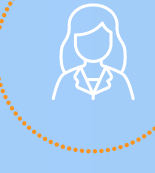



- Ing. Tomás González Sada, Presidente (R)
- Dr. Herminio Blanco Mendoza (I)
- Lic. Álvaro Fernández Garza (I)
- Lic. Eugenio Garza Herrera (I)
- Lic. Francisco Javier Garza Zambrano (I)
- Lic. Gabriela González Casas (R)
- Lic. Laura González Casas (R)
- Lic. Verónica González Casas (R)
- Lic. Tomás González Casas (R)
- C.P. Mario Laborín Gómez (I)
- C.P. Humberto F. Lozano Vargas (R)
- Lic. Abelardo Morales Purón (R)
- Ing. Roberto B. Rubio Barnes (R)
- Lic. Adrián G. Sada González (R)
- Ing. Alejandro von Rossum Garza (R)

(I) Independent Member
(R) Related Member

The independence of the Directors identified as Independent was approved by the General Shareholders' Meeting and was not objected by the regulator "National Banking and Securities Commission" (*Comisión Nacional Bancaria y de Valores*).



	NAME	PROFILE	EXPERIENCE	PARTICIPATION IN OTHER BOARDS
	Ing. Tomás González Sada, Presidente	Age: 78 years old Tenure: 27 years Male Not independent	Business and Finance Strategic Planning	Vitro, Regional de Banco de Mexico Council, Consejo Mexicano de Negocios (CMN), Grupo de Empresarios de Nuevo León. Treasurer and Member of the Board of Fundación Martínez Sada, an organization that grants academic scholarships and Member of the Board of Directors of Cáritas de Monterrey, A.C. Vice President of the Mexican Institute for Competitiveness (IMCO), Honorary Consul of Japan in Monterrey, Mexico.
	Dr. Herminio Blanco Mendoza	Age: 71 years old Tenure: 7 years Male Independent	International Relations Public Administration	Banco Latinoamericano de Comercio Exterior (Bladex) and Fibra Uno. Former Secretary of Commerce and Industrial Development of Mexico, Undersecretary of Foreign Trade and Chief Negotiator of the North American Free Trade Agreement. Chairman of IQOM Inteligencia Comercial, Chairman of the Board of ArcelorMittal Mexico. Member of the Trilateral Commission.
	Lic. Álvaro Fernández Garza	Age: 53 years old Tenure: 10 years Male Independent	Business and Finance Strategic Planning	Chief Executive Officer of ALFA. Member of the Boards of Directors of ALFA, Vitro, Grupo Financiero CitiBanamex and Grupo Aeroportuario del Pacífico. Chairman of the Board of Universidad de Monterrey (UEM). Member of the Latin American Board of Directors of Georgetown University.
	Lic. Eugenio Garza Herrera	Age: 65 years old Tenure: 5 years Male Independent	Business and Finance Strategic Planning Arts and Culture	Chairman of the Board of Directors of Xignux, Pak2Go, Maixico, Chairman of the North Advisory Board of CitiBanamex. Member of the Boards of Corporación EG, Nemark, Endeavor, Mexico Evalúa, ArcelorMittal Mexico, Banco Nacional de Mexico, S.A. (CitiBanamex), Instituto Tecnológico y de Estudios Superiores de Monterrey, and of the Regional Board of Banco de Mexico. Member of the Advisory Board of the Roberto Garza Sada Center for Art, Architecture and Design of the University of Monterrey. Member of the Development Committee of MIT Corporation. Chairman of the Committee for Effective Government, Regulatory Improvement and Transparency of Nuevo León.
	Lic. Francisco Javier Garza Zambrano	Age: 66 years old Tenure: 9 years Male Independent	Business and Finance Strategic Planning Arts and Culture	Autlán, Escala, Fomento Empresarial Inmobiliario, Grupo Aeroportuario del Sureste, Internacional de Inversiones, Grupo Velatia and Grupo Xignux. Member of the Board of Banco de Mexico; Nacional Financiera (NAFIN); Centro de Estudios Sociales del Noreste (CESNE); Christus Muguerza; and Consejo Ciudadano de Nuevo León. Member of the Executive Board of the University of Monterrey; Roberto Garza Sada Center for Art, Architecture and Design of the University of Monterrey; and the Technical Committee of FIDECULTURAL
	Lic. Gabriela González Casas	Age: 48 years old Tenure: 8 years Female Not independent	Business Administration Education Civil Organizations	Member of the Board of Directors of Colegio Liceo Anglo Francés, Arena Monterrey and Grupo Honda Tec. Founder and President of the Board of Ya Puedo Escucharte, A.C.
	Lic. Laura González Casas	Age: 52 years old Tenure: 9 years Female Not independent	Business Administration Education	Board Delegate and Co-Director of Colegio Liceo Anglo Francés. Member of the Board of Directors of: Colegio Liceo Anglo Francés, Universidad de Monterrey (UEM) and Grupo Honda Tec.

	NAME	PROFILE	EXPERIENCE	PARTICIPATION IN OTHER BOARDS
	Lic. Verónica González Casas	Age: 51 years old Tenure: 7 years Female Not independent	Business Administration Strategic Planning Arts and Culture	President of the Council for Culture and the Arts of Nuevo León (CONARTE). Member of the Board of Directors of Colegio Liceo Anglo Francés and Grupo Honda Tec. Member of the Board of Trustees of the Three Museums: Museo de Historia Mexicana, Museo del Noreste (MUNE) and Museo del Palacio in Monterrey. Member of the Board of Trustees of the Museo de Arte Contemporáneo (MARCO) in Monterrey, and Patronato de los Museos de San Pedro Garza García. Representative of the Patronato de Arte Contemporáneo (PAC) in Monterrey. Member of the Board of Trustees of the Santa Lucia International Festival and of the Board of Trustees of the Monterrey International Film Festival. President of the Monterrey Arts Council. Former Deputy Director of the Zona Maco International Fair in Mexico City.
	Lic. Tomás González Casas	Age: 51 years old Tenure: 17 years Male Not independent	Business Administration	Chief Operating Officer of Honda Tec Group. Member of the Board of Directors of: Grupo Honda Tec, CIBanco Noreste and Parque Ecológico Chipinque.
	C.P. Mario Laborín Gómez	Age: 69 years old Tenure: 17 years Male Independent	Business and Finance Healthcare	Xignux, Megacable, Vitro, AXA, Fly Across, Avanzia and Banco de Mexico. Chairman of ABC Holding and ABC Capital. Former Chief Executive Officer of Nacional Financiera and Banco Nacional de Comercio Exterior.
	C.P. Humberto F. Lozano Vargas	Age: 64 years old Tenure: 4 years Male Not independent	Finance	Chief Financial and Administrative Officer of CYDSA. Member of the Office of the President of CYDSA. Former Director of Corporate Financing and Banking Relations at CEMEX.
	Lic. Abelardo Morales Purón	Age: 66 years old Tenure: 15 years Male Not independent	Business and Finance Strategic Planning Real Estate Arts and Culture	Regional Board Member of NAFINSA and Bancomext. Chairman of the Regional Board of Directors of CIBanco. Former Chief Executive Officer of Grupo Financiero Serfin, Banca Serfin and Operadora de Bolsa. Former Chairman of the Board of PROSA. President and Founder of CONFICOR, S.C. (Consultoría Financiera Corporativa). President of Mayazul, S.A. and M&M Real State, S.A. Developer of Real Estate and Tourism Developments in the Riviera Maya. Member of the Advisory Board of the Roberto Garza Sada Center for Art, Architecture and Design of the University of Monterrey.
	Ing. Roberto B. Rubio Barnes	Age: 66 years old Tenure: 8 years Male Not independent	Business and Finance Sustainable Development International Affairs	General Manager of Corporate Development and Real Estate Business of CYDSA. Member of the Office of the President of CYDSA. Member of the Board of Directors of CRILAMEX, S.A. de C.V. Member of the Sustainable Development Commission of the Nuevo León Council. Member of the Boards of COPARMEX Nuevo León and COPARMEX Nacional, American Chamber of Commerce of Nuevo León and Digital Hub of Monterrey.
	Lic. Adrián G. Sada González	Age: 77 years old Tenure: 36 years Male Not independent	Business and Finance Strategic Planning	Chairman of the Board of Directors of Vitro. Member of the Mexican Business Council (CMN) and the Nuevo León Businessmen Group.
	Ing. Alejandro von Rossum Garza	Age: 74 years old Tenure: 16 years Male Not independent	Business Strategic Planning Chemicals and Manufacture	Chief Executive Officer of the Chemical Division of CYDSA Group. Member of the Office of the President of CYDSA. Chairman of the Board of Quimobásicos, S.A. de C.V. Member of the Board of Shingo Prize for Excellence in Manufacturing of North America.

1. Committees of the Board of Directors

102-18, 102-19, 102-22, 103-2, 103-3



The Board of Directors has three committees for the fulfillment of its functions, which meet periodically:



Corporate Governance Practices and Audit Committee

C.P. Mario Laborín Gómez, Presidente
Dr. Herminio Blanco Mendoza
Lic. Álvaro Fernández Garza
Lic. Eugenio Garza Herrera
Lic. Francisco Garza Zambrano



Compensation Policies Committee

Lic. Adrián G. Sada González, Presidente
Dr. Herminio Blanco Mendoza
C.P. Mario Laborín Gómez
Ing. Roberto B. Rubio Barnes



Planning and Finance Committee

Lic. Abelardo Morales Purón, Presidente
Ing. Tomás González Sada
Lic. Gabriela González Casas
Lic. Laura González Casas
Lic. Verónica González Casas
Lic. Tomás González Casas
C.P. Humberto F. Lozano Vargas
Ing. Roberto B. Rubio Barnes
Lic. Adrián G. Sada González
Ing. Alejandro von Rossum Garza

The Board of Directors is hierarchically superior to the Board Committees, which assist the Board of Directors in its functions, as well as the Directors and Executives. Through regular meetings, the Board of Directors and the Group's strategic management analyze and manage ESG issues and regulatory changes relevant to CYDSA's operations. Along with this, the Board is made aware of the needs and expectations of its stakeholders to follow up and resolve such issues. Another means used by minority shareholders to communicate with the Board of Directors is through the Investor Relations area.

Committees' Responsibilities

- **i. Corporate Governance Practices and Audit Committee:** This committee monitors the transparent and ethical function of the committees, executives, and managers at all times.
- **ii. Compensation Policies Committee (Advisory Committee of the Board):** This committee considers the performance of executives and directors with respect to established goals that they must meet throughout the accounting year. These goals are productive, economic and, if applicable, may be linked to environmental and social performance as well.
- **iii. Planning and Finance Committee (Advisory Committee of the Board):** One of the main objectives of this committee is to manage the company's resources to ensure that they are used in the most efficient way and in the areas where they are most needed.

Board and Committees' Performance Evaluation

102-27, 102-28



Processes to evaluate the performance of the highest governance body with respect to the management of environmental, social, and corporate governance issues are carried out between the first and second quarter of each year. This evaluation of the President's Office's achievements and results is carried out by a Council made up of external advisors.

There is also a Strategic Plan for Competitiveness and Growth. This plan is used to define the measures that will be taken in response to the performance evaluation of the highest governance body. This may include, at a minimum, changes in the composition of the Board or in the organization's practices.

The collective knowledge of the highest governance body on economic, environmental, and social issues is also sought to be enhanced in order to improve its performance in these areas. During 2021, some of the webinars and trainings to which the board members were invited touched on different topics: diversity and inclusion, innovation, response to cyber-attacks, business adaptation to hybrid schemes after the pandemic, big data, and more.



2. Ethics and Compliance

102-16, 102-17, 102-33, 102-34, 103-1, 103-2, 103-3



CYDSA has a Code of Conduct (available in Spanish only) with the purpose of ensuring the full application of its Value Creation Philosophy for the benefit of its customers, personnel, shareholders, suppliers, and the communities with which it is present.

This document outlines the desired behaviors of CYDSA's personnel (including board members, directors, executives, team members, and contractors) in situations that may arise in the performance of their duties, and which are based on the observance and full compliance with the applicable Laws in the different municipalities, states, and countries where CYDSA operates, as well as on the principles of its Corporate Policies.

Each Business or Corporate Unit Director is responsible for distributing the content of the Code of Conduct, directly or through their Human Resources department.





102-33, 102-34

Personnel have three mechanisms for reporting any potential situation of non-compliance with the principles of the Code of Conduct or with the Organization's Policies, Procedures, Standard Practices and Regulations:

- **Transparency Mailbox:** Installed in strategic points of each Organizational Unit, where you can deposit your comments or feedback to the Company.
- **E-mail:** transparencia@cydsa.com
- **Telephone mailbox:** 01800-00-CYDSA or 01800-00-29372

**NUMBER OF CRITICAL CONCERNS
REPORTED IN 2021:**

3 reported complaints

**NATURE OF CRITICAL CONCERNS
REPORTED IN 2021:**

Harassment in the workplace

ACTIONS TAKEN TO ADDRESS CONCERNS:

Disincorporation from CYDSA

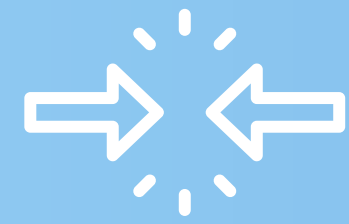


There is a Monitoring Committee that is responsible for evaluating, resolving, and executing the appropriate actions in cases that arise. It also provides the Corporate Practices and Audit Committee of the Board of Directors, a summary of the different cases presented with their corresponding resolution.

In terms of transparency with consumers, the Group complies with the strictest standards of the chemical and food industry, including the FSSC 22000 Scheme, Food Safety certification, NSF International public health standards, as well as the correct labeling of all its products.

3. Conflict of Interest

102-25



Honest practices and transparent operations are promoted in all CYDSA's activities. The Group has a Conflicts of Interest Policy aimed at reducing the risks of fraud and corruption. In addition, an annual program of visits to the Businesses is carried out to monitor and evaluate the compliance and dissemination of both the Code of Conduct and the Conflicts of Interest Policy.

Any situation that represents, or could represent, a conflict between the Personnel's individual interests of the and the interests of the Organization must be avoided. In CYDSA, a Conflict of Interest is considered to exist when the personal situation of any member of the Organization, be it a Board Member, Director, Team member or Contractor, due to circumstances of their position, time, resources or information, places them in a position where a decision made on behalf of the Company could benefit their personal interests, those of their relatives, or those of a related third party, to the detriment of the Organization's interests.

In cases that violate the bylaws and the legal regulation of the securities market, the procedure is to obtain the approval of various bodies of the Company, such as the Corporate Governance and Practices Committee, the Audit Committee, and the Board of Directors to manage the resolution of the conflict. Securities market regulations also establish the conditions under which transactions between related parties must follow the approval process of one or more of the Company's governing bodies. For example, the Company's related parties are required to send a communication to the Company when they have conflicts of interest in any transaction.

4. Compensation Policies

102-35, 102-36



Compensation policies for the highest governance body and senior executives are in line with industry best practices and local regulations on executive compensation. These standards come from local legislation, information provided by specialized firms such as Mercer, and Compensation Groups in which we participate (such as ATECO and G18).

The process to determine compensation is done through CYDSA's Job Evaluation Methodology. This methodology considers different factors such as level of responsibility, scope, and impact on the business and relationships, among others. There are tabulators by region and by position in all business units.

There is a Compensation Policies Committee, made up of external directors, to whom the Salary Market information is presented, and which determines the general percentage increase and the Bonus amounts of the President's Office members based on their performance. For further details, see the Annual Report.

The compensation scheme for Senior Executive positions is as follows:



- **Annual Base Salary** = 64% of their Annual Compensation
- **Cash benefits above the law** = 14%
- **Short-term incentives** = 22%
- Additionally, benefits such as life insurance and retirement plans are offered.

Severance payments for any executive at CYDSA are in accordance with the law: 3 months plus 20 days for each year worked, plus a seniority premium. Retirement benefits imply a one-time payment for normal retirement at age 65 of 3 months plus 20 days for each year worked of integrated salary.

Corporate Citizenship Chambers, Associations, and NGOs

102-13

CYDSA actively participates in different national and international chambers, associations, and NGOs through which it seeks to achieve a greater development of the sector to benefit its different stakeholders.

- A)** National Chemical Industry Association (ANIQ).
- B)** American Chamber of Commerce of Mexico (AMCHAM).
- C)** Mexican-German Chamber of Commerce (CAMEXA).
- D)** Commission of Private Sector Studies for Sustainable Development (CESPEDES).
- E)** Mexican Employers' Confederation (COPARMEX).
- F)** Corporate Coordinating Council (CCE).
- G)** Mexican Business Council for Foreign Trade, Investment and Technology, A.C. (COMCE).
- H)** National Advisory Council for the Integral Management of Chemical Substances, Persistent Organic Compounds and Hazardous Wastes Subject to International Environmental Agreements.
- I)** Mexican Business Council (CMN).
- J)** CAINTRA Nuevo León.
- K)** Air Quality Citizen Observatory of the Monterrey Metropolitan Area (OCCAMM).
- L)** Local Mutual Aid Committee (CLAM): Sales del Istmo, IQUISA Tlaxcala plant, IQUISA Coatzacoalcos plant, IQUISA Hermosillo plant, IQUISA Northeast and Quimobásicos.
- M)** Industrial Mutual Assistance Plan (PAMI): IQUISA Santa Clara.
- N)** Municipal Alliance for an Emergency Response Culture.
- O)** Monterrey Metropolitan Environmental Fund (FAMM).
- P)** Institute for Environmental Protection of Nuevo León (IPA).
- Q)** Monterrey Water and Drainage Services
- R)** United Nations Environment Program (UNEP).
- S)** Global Environment Facility (GEF).
- T)** Chipinque Ecological Park.
- U)** United Nations Framework on Climate Change.
- V)** United Nations Industrial Development Organization (UNIDO).
- W)** Confederation of National Chambers of Commerce, Services and Tourism (CONCANACO).



▶ 5. Regulatory Changes

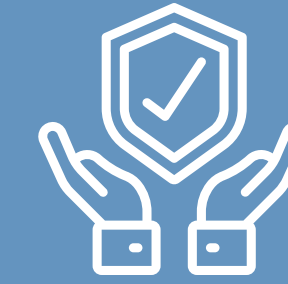
103-1, 103-2, 103-3



"CYDSA has a strong corporate governance system that monitors both internal and external issues that could impact the Company's operations".

The Mexican government may implement significant changes in laws, public policies, and/or regulations that could affect the political and economic situation in Mexico, which could adversely affect CYDSA's business as well. Along with this, the timing and extent of such changes are unpredictable. Actions by the Mexican government related to the economy and the regulation of certain industries, including the specialty chemicals and energy sector, could have a significant effect on the Company and on market conditions in Mexico. CYDSA seeks to be prepared to adapt the operations of the Business Units to possible changes in the future.

As an example, during 2021, the new Electric Industry Law was issued, which changed the rules of the Self-Supply Permits in Mexico and various regulations that make electricity porting more costly and limit the change of permits for entry to partners. As a result, the electricity generated by the company was threatened and limited.



Within the Safety Management System administered with the 22 Elements of the Safety, Occupational Health and Environment Protocol, Element 2 of Legal Requirements has implemented that the Business Units are monitoring and evaluating the impact of regulatory changes that apply to and impact CYDSA's operations by overseeing a legal requirements matrix on safety and environmental matters.

In addition, CYDSA participates in the Environmental and Safety Commissions of the National Chemical Industry Association with monthly sessions, where regulatory changes in the industry are reviewed.



National and International Alliances

102-12

CYDSA recognizes the importance of having high and innovative standards and has formed alliances with various international organizations that allow it to implement best practices in different areas:

- A)** Montreal Protocol (UN Montreal Protocol on substances that Deplete Ozone Layer).
- B)** COP UNCCC (United Nations Framework Convention for Climate Change).
- C)** COP II (Convention of Environmental Biological Biodiversity).
- D)** GRULAC Latin American and Caribbean Group for COP 1 Minamata.
- E)** Salt Institute USA.
- F)** The Chlorine Institute USA.
- G)** Clorosur (Latin American Association of the Chlorine, Alkali and Derivatives Industry).
- H)** Climate Action Reserve (California).
- I)** COP Minamata Accord Meetings.
- J)** IETA (International Emissions Trading Association).
- K)** Council for Citizen Participation of the Ministry of Sustainable Development of the State of Nuevo León.
- L)** CAINTRA, a business organization that represents the industrial players of Nuevo León.



Participation in forums

CYDSA also participates in different business forums where, through its leadership, it promotes actions of economic, social, and environmental influence:








- A)** AMCHAM Forum
- B)** Monthly meetings of the COPARMEX and CCE Commissions.
- C)** CAMEXA Assembly and commission meetings.
- D)** ANIQ National Forum. ANIQ Environmental Commission.
- E)** COMCE National Forum.
- F)** MASH Forum (Environment, Safety and Hygiene).
- G)** National Day for Emergency Preparedness and Response PROFEPA.
- H)** Energy and Climate Change Forum of Nuevo León.
- I)** Chipinque Ecological Park.
- J)** System's Advisory Council.
- K)** Environmental Protection Institute of Nuevo León.
- L)** Emissions Trading System of Mexico.
- M)** Global Pact Network Mexico.
- N)** Conference of the Minamata COP Parties.
















































































CERTIFICATIONS AND AWARDS

102-12

As a result of the strategy and process compliance, CYDSA has been distinguished by the following certifications and recognitions.

-  Quality Certificate
-  Environmental Certificate
-  Food Certificate
-  Safety Certificate
-  Clean Energy Certificate
-  Social Responsibility Certificate
-  In process of certification/recognition

Recognitions, Certifications and Awards by Plant												
Certificate	Granted by:	ASSE Storage of LPG	SISA		SAÑUDO	IQUISA					SES	Quimobásicos
			Plants	Wells		Coatzacoalcos	Tlaxcala	Hermosillo	Santa Clara	Noreste		
ISO-9001	Authorized certifying entity											
ISO-14001	Authorized certifying entity											
FSSC 22000	Authorized certifying entity											
Viva Halal	CCIM (Islamic Cultural Center of Mexico)											
Kosher	Authorized certifying entity											
NSF	National Sanitation Foundation (USA)											
SARI	National Association of the Chemical Industry				 	 	 	 		 		
Industria Limpia	PROFEPA		 (Level I)			 (Level II)					 (Level II)	
Excelencia Ambiental	PROFEPA											
PASST	STPS		 Level I	 Level I		 (Level III)	 (Level I)	 (Level I)			 (Level I)	
SASISOPA	ASEA (Agency for Safety, Energy, and the Environment)	 								 		
Acknowledgement of participation in the national day for risk prevention, preparedness, and response to chemical emergencies	PROFEPA											
Safety Excellence Award	The Chlorine Institute USA											
Efficient Co-Generation	Energy Regulatory Commission											
ESR (Socially Responsible Company)	Mexican Center for Philanthropy											
EcoVadis	Chemours											

About this Report

102-32, 102-50, 102-51, 102-52, 102-53, 102-54



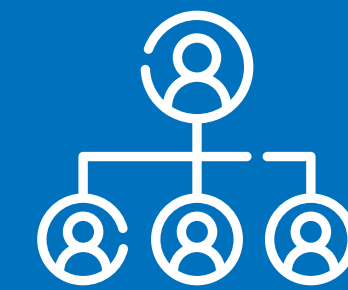
This report discloses CYDSA's key sustainability performance for the period between January 1st and December 31st, 2021. This report has been prepared in accordance with the Core option of the GRI Standards and in compliance with the reporting principles regarding the content and quality of the report. Also, for the first time, its contents were reported under the SASB standards, responding to the Chemical industry contents.

The information presented in this report includes the most relevant topics for stakeholders, as a result of the materiality study carried out, which is detailed in the "Materiality" section on page 20. CYDSA's highest governance body is indirectly involved in the preparation of this report as it has overseen the approval, management and execution of the activities reported in this document.

This annual report was verified by an independent third party, Redes Sociales. Additionally, all the information presented was prepared based on ethical and transparent procedures. The preparation of this report was supervised by the areas responsible for the different contents.

The information presented in this document follows the last reported report, corresponding to 2020.

For more information on CYDSA's 2021 Sustainability Report, please refer to the following contacts at the indicated email address:



Mario Luis González Cruz
Corporate Planning Director

Hans Edgar Fritz Cea
Corporate Planning Manager

Alberto Balderas Calderón
Administrative Information and Financial
Planning Manager

e-mail: sustentabilidad@cydsa.com

GRI Content Index

102-55

GRI Standard	Content	Answer in table	Page(s)
GRI 101: FOUNDATION 2016			
GENERAL CONTENTS			
GRI 102: GENERAL DISCLOSURES 2016			
1) Organizational Profile			
102-1	Name of the organization	CYDSA	1
102-2	Activities, brands, products, and services		1,4
102-3	Location of headquarters	Avenida Ricardo Margáin Zozaya No. 335, Torre 2 Piso 6, Col. Valle del Campestre, en San Pedro Garza García, Nuevo León, Mexico	1
102-4	Location of operations		1, 3-4
102-5	Ownership and legal form	CYDSA S.A.B. de C.V.	1
102-6	Markets served		1, 4-5
102-7	Scale of the organization	<p>See annual report: https://www.cydsa.com/annual-information/?lang=en</p> <p>Total number of employees: 893 employees, 992 Unionized, total 1,885 Total operations: Number of production facilities in operation: Valley of Mexico (3), Sonora (2), Nuevo León (5), Veracruz (6) and Tlaxcala (2).</p> <p>Market capitalization at year-end 2021: 14.93 pesos per share x 600,000,000 shares = 8,958,000,000 pesos.</p>	3-5, 41
102-8	Information on employees and other workers	Number of employees with labor contracts: 1,668 men and 217 women.	41
102-9	Supply chain	See annual report: https://www.cydsa.com/annual-information/?lang=en	Answer in table
102-10	Significant changes to the organization and its supply chain	During the year 2021, the new Electricity Industry Law was issued, which changed the rules of the Self-Supply Permits, limiting the participation of new partners and consequently the supply of electricity.	Answer in table
102-11	Precautionary Principle or approach	CYDSA applies the precautionary principle for environmental risk management. If a risk of serious or irreversible damage is generated, the adoption of effective measures to mitigate its effects will not be postponed on a cost-effective basis and prevent environmental degradation.	31
102-12	External initiatives	See annual report: https://www.cydsa.com/annual-information/?lang=en	74-75
102-13	Membership of associations	See annual report: https://www.cydsa.com/annual-information/?lang=en	11,72

GRI Standard	Content	Answer in table	Page(s)
2) Strategy			
102-14	Statement from senior decision-maker		15-18
102-15	Key impacts, risks and opportunities		15-18
3) Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior		2, 69
102-17	Mechanisms for advice and concerns about ethics		44,69
4) Governance			
102-18	Governance structure	We are currently working on establishing a Sustainability Committee.	64-68
102-19	Delegation of authority		64-68
102-20	Executive-level responsibility for economic, environmental, and social topics	CYDSA does not currently have a specific working group and/or Sustainability Committee responsible for the economic, environmental, and social issues of the company. However, the Board of Directors and its committees, as they manage the company's risks, opportunities, and strategies, are inevitably responsible for these issues.	Answer in table
102-21	Consultation of interest groups on economic, environmental, and social topics		8, 20-22
102-22	Composition of the highest governance body and its committees		64-68
102-23	Chair of the highest governance body	Mr. Tomás González Sada Chairman of the Board and Chief Executive Officer	65
102-24	Nominating and selecting the highest governance body		65
102-25	Conflicts of interest		71
102-26	Role of the highest governance body in setting purpose, values, and strategy		64
102-27	Collective knowledge of the highest governance body		66, 69
102-28	Evaluating the highest governance body's performance		69
102-29	Identifying and managing of economic, environmental, and social impacts		11-14,20-22,23
102-30	Effectiveness of risk management processes	The Board of Directors and its committees, being the ones who manage the company's risks, opportunities, and strategies, must also analyze whether the company is managing the economic, environmental and social risks of the company adequately, together with all the risks it usually manages, such as operational or financial risks.	Answer in table
102-31	Review of economic, environmental, and social topics	Evaluation procedures to assess the highest governance body's performance with respect to the management of environmental, social and corporate governance issues are carried out between the first and second quarters of each year. This evaluation of the achievements and results of the Presidential Office is carried out by a Council made up of external advisors.	Answer in table
102-32	Highest governance body's role in sustainability reporting		76
102-33	Communicating critical concerns		69-70
102-34	Nature and total number of critical concerns		69-70
102-35	Remuneration policies		71
102-36	Processes for determining remuneration		71

GRI Standard	Content	Answer in table	Page(s)
102-37	Stakeholders involvement in remuneration	Currently, collaborators and other stakeholders are not involved in this type of remuneration decisions.	Answer in table
102-38	Annual total compensation ratio	Confidentiality Issues	Answer in table
102-39	Percentage increase in annual total compensation ratio	Confidentiality Issues	Answer in table
5) Stakeholder engagement			
102-40	List of stakeholder groups		8-10
102-41	Collective bargaining agreements	The percentage of unionized personnel was 52.6%	41, 44
102-42	Identifying and selecting of stakeholders		20-22
102-43	Approach to stakeholder participation		8-10
102-44	Key topics and concerns raised		8-10, 20-22
6) Reporting practice			
102-45	Entities included in the consolidated financial statements	Sales del Istmo, S.A. de C.V.; Industria Química del Istmo, S.A. de C.V.; Iquisa Santa Clara, S.A. de C.V.; Iquisa Noreste, S.A. de C.V.; Sistemas Energéticos SISA, S.A. de C.V.; Almacенamientos Subterráneos de Mexico, S.A. de C.V.; Tenedora Almacенamiento LP 206, S.A. de C.V.; Almacенamientos Subterráneos del Sureste, S.A. de C.V.; Quimobásicos, S.A. de C.V.	Answer in table
102-46	Defining the report content and topic Boundaries		20-23
102-47	List of material topics		22
102-48	Restatements of information	No restatement of information was made in this report with respect to the 2020 report.	Answer in table
102-49	Changes in reporting	For the first time the report was prepared under SASB standards, responding to the contents for the Chemical industry.	Answer in table
102-50	Reporting period	January 1 to December 31, 2021	76
102-51	Date of most recent report	2020	76
102-52	Reporting cycle	Annual	76
102-53	Contact point for questions regarding the report	Mario Luis González Cruz, Hans Edgar Fritz Cea, Alberto Balderas Calderón	76
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards Core option.	76
102-55	GRI content index		77-85
102-56	External assurance	The external verification process was carried out with a third party, Redes Sociales.	90

GRI Standard	Content	Answer in table	Page(s)
MATERIAL TOPICS			
Innovation			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary		24-25
103-2	The management approach and its components		24-25
103-3	Evaluation of the management approach		24-25
Sustainable corporate image			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary		28-29
103-2	The management approach and its components		28-29
103-3	Evaluation of the management approach		28-29
GRI 417: MARKETING AND LABELING 2016			
417-1	Requirements for product and service information and labeling		28-29
417-2	Incidents of non-compliance concerning product and service information and labeling	There were no cases related to non-compliance derived from information and/or labeling on any of the products in 2021.	28-29
417-3	Incidents of non-compliance concerning marketing communications	There were no cases related to non-compliance derived from marketing communications in 2021.	28-29
Regulatory changes			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary		73
103-2	The management approach and its components		73
103-3	Evaluation of the management approach		73
Operational safety and compliance			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary		49-55
103-2	The management approach and its components		49-55
103-3	Evaluation of the management approach		49-55
GRI 307: ENVIRONMENTAL COMPLIANCE 2016			
307-1	Non-compliance with environmental laws and regulations	Iquisa Noreste did not comply with the Total Nitrogen Parameter in Discharge 1 of Wastewater, established in NOM-001-SEMARNAT-1996 with respect to the quality of water discharged. The total monetary value to be paid in response for 2021 was \$856,023 pesos. This payment does not represent a fine or administrative sanction by the authority, nor are there any open administrative proceedings before the CNA. It is important to clarify that these payments are derived from non-compliance with a quality parameter of wastewater discharged into a federal body, which is not generated by the plant's process, but by the supplier of the resource, which already supplies water with the parameter outside the maximum permissible limits.	Answer in table

GRI Standard	Content	Answer in table	Page(s)
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018			
403-1	Occupational health and safety management system		49-55
403-2	Hazard identification, risk assessment, and incident investigation		49-55
403-3	Occupational health services		56-58
403-4	Worker participation, consultation, and communication on occupational health and safety		44,49,54
403-5	Worker training on occupational health and safety		51
403-6	Promotion of worker health		56-58
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		46-49,53-54
403-8	Workers covered by an occupational health and safety management system	100% of workers are covered by CYDSA's health and safety system. No workers have been excluded from this Content.	Answer in table
403-9	Work-related injuries		52-53
403-10	Work-related ill health		56
GRI 416: CUSTOMER HEALTH AND SAFETY 2016			
416-1	Assessment of the health and safety impacts of product and service categories	Refer also to SASB content RT-CH-410b.1 for more information on products containing hazardous substances.	53
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There were no instances of non-compliance related to the health and safety impacts of CYDSA's product and service categories during 2021.	Answer in table
GRI 419: SOCIOECONOMIC COMPLIANCE 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	As of 2021, all CYDSA's business units have complied with all applicable social and economic laws and have no Open Administrative Proceedings before any official agency.	Answer in table
Operational quality and efficiency			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary		26-27
103-2	The management approach and its components		26-27
103-3	Evaluation of the management approach		26-27
Pandemic			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary		46-48
103-2	The management approach and its components		46-48
103-3	Evaluation of the management approach		46-48
Human Capital			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary		40-45
103-2	The management approach and its components		40-45
103-3	Evaluation of the management approach		40-45

GRI Standard	Content	Answer in table	Page(s)
GRI 201: ECONOMIC PERFORMANCE 2016			
201-1	Direct economic value generated and distributed		40
201-3	Defined benefit plan obligations and other retirement plans	The retirement plan is non-contributory.	Answer in table
GRI 202: MARKET PRESENCE 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	At CYDSA, all workers earn competitive salaries above the Minimum Wage dictated by law in the regions where CYDSA operates. There are entry level categories in the salary scales by region, and it does not depend on the gender of the team member.	Answer in table
GRI 401: EMPLOYMENT 2016			
401-1	New employee hires and employee turnover		41-42
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	In Coatzacoalcos, temporary unionized workers are not granted the benefits of the Savings Fund and food vouchers.	Answer in table
401-3	Parental leave		44
GRI 402: LABOR MANAGEMENT RELATIONS 2016			
402-1	Minimum notice periods regarding operational change	Depending on the Work Center, the minimum number of weeks to notify employees is between 1 and 4 weeks.	Answer in table
GRI 404: TRAINING AND EDUCATION 2016			
404-1	Average hours of training per year per employee		45
404-2	Programs for upgrading employee skills and transition assistance programs		45
404-3	Percentage of employees receiving regular performance and career development reviews		45
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016			
405-1	Diversity of governance bodies and employees		43,65
405-2	Ratio of basic salary and remuneration of women to men		43
GRI 406: NON-DISCRIMINATION 2016			
406-1	Incidents of discrimination and corrective actions taken	There were no cases of discrimination within CYDSA's Business Unit operations during 2021.	Answer in table
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Currently, no operation or supplier of CYDSA's Business Units faces any risk of non-compliance or deprivation of freedom of association and collective bargaining rights by the Organization.	Answer in table
Corporate governance			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary		64-74
103-2	The management approach and its components		64-74
103-3	Evaluation of the management approach		64-74

GRI Standard	Content	Answer in table	Page(s)
Community Relations			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary		59-63
103-2	The management approach and its components		59-63
103-3	Evaluation of the management approach		59-63
GRI 202: MARKET PRESENCE 2016			
202-2	Proportion of senior management hired from the local community	During the year 2021, no new executives were hired. As of today, 94% of senior executives are natives of the communities where they operate.	63
GRI 203: INDIRECT ECONOMIC IMPACTS 2016			
203-1	Infrastructure investments and services supported		59-63
203-2	Significant indirect economic impacts		59-63
GRI 413: LOCAL COMMUNITIES 2016			
413-1	Operations with local community engagement, impact assessments, and development programs		59-63
413-2	Operations with significant actual and potential negative impacts on local communities		59

OTHER TOPICS ANSWERED WITHIN THE REPORT

Environmental Management and Performance

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its Boundary		31-39
103-2	The management approach and its components		31-39
103-3	Evaluation of the management approach		31-39

Energy

GRI 302: ENERGY 2016

302-1	Energy consumption within the organization	2018 was considered as the base year for measurement since Cydsa started to measure and publish this metric in its Sustainability Reports since that year.	33-34
302-4	Reduction of energy consumption	2018 was considered as the base year for measurement since Cydsa started to measure and publish this metric in its Sustainability Reports since that year.	33-34
302-5	Reductions in energy requirements of products and services		33-34

Water

GRI 303: WATER AND EFFLUENTS 2018

303-1	Interactions with water as a shared resource		36
303-2	Management of water discharge-related impacts		36
303-5	Water consumption	2018 was considered as the base year for measurement since Cydsa started to measure and publish this metric in its Sustainability Reports since that year. The monitoring and accounting of this metric is a formal and fundamental part of the Group's sustainable management system.	37

Emissions

GRI 305: EMISSIONS 2016

305-1	Direct (Scope 1) GHG emissions	2018 was considered as the base year for measurement since Cydsa started to measure and publish this metric in its Sustainability Reports since that year. Articles 7 and 8 of the General Law on Climate Change regulations regarding the national emissions registry, issued by SEMARNAT, are used as the calculation methodology.	34
305-2	Energy indirect (Scope 2) GHG emissions	2018 was considered as the base year for measurement since Cydsa started to measure and publish this metric in its Sustainability Reports since that year. Articles 7 and 8 of the General Law on Climate Change regulations regarding the national emissions registry, issued by SEMARNAT, are used as the calculation methodology.	34

305-5	Reduction of GHG emissions	2018 was considered as the base year for measurement since Cydsa started to measure and publish this metric in its Sustainability Reports since that year. The monitoring and accounting of this metric is a formal and fundamental part of the Group's sustainable management system.	34
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	2018 was considered as the base year for measurement since Cydsa started to measure and publish this metric in its Sustainability Reports since that year. The monitoring and accounting of this metric is a formal and fundamental part of the Group's sustainable management system.	35

Waste

GRI 306: WASTE 2020

306-3	Waste generated		38
306-3	Waste diverted from disposal		38
306-5	Waste directed to disposal		38

SASB Content Index: Chemical Industry

CODE	ACCOUNTING METRIC	UNIT OF MEASURE	Answer in table	Page(s)
(GHG) Greenhouse Gas Emissions				
RT-CH-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Metric tons (t) CO ₂ -e, Percentage (%)	<p style="text-align: right;">CUMULATIVE</p> Ton Eq CO ₂ Direct emissions 1,944,848.112 Ton Eq CO ₂ Indirect emissions 481,615.810 Ton Eq CO ₂ Total 2,426,463.922	34
RT-CH-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	N/A	CYDSA has not yet set formal targets for Scope 1 emission reductions. Therefore, when discussing emissions results for 2021, there is no discussion on whether or not a specific amount has been achieved. That said, CYDSA continues its efforts to increase the use of renewable energies, cleaner substances and processes in all its operations. Details on emissions can be found in the "Environmental Performance" section.	34-35
Air Quality				
RT-CH-120a.1	Air emissions of the following pollutants: (1) NOX (excluding N ₂ O), (2) SOX, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	Metric tons (t)	<p style="text-align: right;">CUMULATIVE</p> Tons of nitrogen oxides (NO _x): 28.119 Tons Carbon monoxide (CO): 202.876 Tons Sulfur dioxide (SO ₂): 0.693 Tons Total suspended particles (TSP): 5.851	35
Energy Management				
RT-CH-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy ²	Gigajoules (GJ), Percentage (%)	<ul style="list-style-type: none"> • Total energy consumed: 2,646,054 Gigajoules • Percentage of electricity from the grid: 7%. • Percentage of renewables 48%: is fuel-free energy considered renewable • Total self-generated energy: 3,554,183 Gigajoules • Clean energy generation: 463,086 Gigajoules 	33-34
Water Management				
RT-CH-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Thousand cubic meters (m ³), Percentage (%)	During 2021, 2,911,868 m ³ of water considered a national asset were withdrawn, and 36,826 m ³ of potable water were used. In total, 3,366,219 m ³ of water was consumed for CYDSA's operations during the year. Currently, CYDSA does not know the percentage of its operations that are in regions with either high or extremely high baseline water stress in detail. The City of Monterrey is the geographic area of the Group's operations where the main water stress risk has been identified.	36-37
RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Number	Iquisa Noreste did not comply with the Total Nitrogen Parameter in Wastewater Discharge 1, established in NOM-001-SEMARNAT-1996 with respect to the quality of the water discharged. The total monetary value to be paid in response for 2021 was \$856,023 pesos. This payment does not represent a fine or administrative sanction by the authority, nor are there any open administrative proceedings before the CNA. It is important to clarify that these payments are derived from non-compliance with a quality parameter of wastewater discharged into a federal body, which is not generated by the plant's process, but by the supplier of the resource, which already supplies water with the parameter outside the maximum permissible limits.	

CODE	ACCOUNTING METRIC	UNIT OF MEASURE	Answer in table	Page(s)																		
RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	N/A	The City of Monterrey is the geographic area of the Group's operations where the main risk of water shortage has been identified, as opposed to the operations in the southeast. Details on water management can be found in the "Water" section.	36-37																		
Hazardous/Non-hazardous Waste Management																						
RT-CH-150a.1	Amount of hazardous waste generated, percentage recycled ³	Metric tons (t), Percentage (%)	<table border="0"> <tr> <td>Total Tons</td> <td>CUMULATIVE</td> </tr> <tr> <td>Hazardous liquid waste</td> <td>29.04</td> </tr> <tr> <td>Solid hazardous waste</td> <td>184,935.81</td> </tr> <tr> <td>Hazardous waste</td> <td>184,964.84</td> </tr> <tr> <td>Special Handling Waste</td> <td>7,119.11</td> </tr> <tr> <td>Municipal solid waste (non-hazardous))</td> <td>210.43</td> </tr> <tr> <td>WASTE GENERATED</td> <td>192,294.38</td> </tr> <tr> <td>% of waste recycled</td> <td>36.1%</td> </tr> <tr> <td>Total tons of waste recycled</td> <td>69,418.27</td> </tr> </table>	Total Tons	CUMULATIVE	Hazardous liquid waste	29.04	Solid hazardous waste	184,935.81	Hazardous waste	184,964.84	Special Handling Waste	7,119.11	Municipal solid waste (non-hazardous))	210.43	WASTE GENERATED	192,294.38	% of waste recycled	36.1%	Total tons of waste recycled	69,418.27	38
Total Tons	CUMULATIVE																					
Hazardous liquid waste	29.04																					
Solid hazardous waste	184,935.81																					
Hazardous waste	184,964.84																					
Special Handling Waste	7,119.11																					
Municipal solid waste (non-hazardous))	210.43																					
WASTE GENERATED	192,294.38																					
% of waste recycled	36.1%																					
Total tons of waste recycled	69,418.27																					
Community Relations																						
RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	N/A	<p>Grupo CYDSA has a Community Attention Center (CAC) where any kind of complaint, non-conformity, claim, demand or need that the community may have regarding the manufacturing operations of our companies is attended to to their satisfaction. To achieve the above, we have a telephone open to the community through the surveillance booths, which can receive the neighbor's call 24 hours a day and then channel it to the CAC.</p> <p>We conduct surveys where neighbors have the opportunity to freely and secretly express their particular needs or collective needs that, if met, would improve their quality of life.</p> <p>The main community complaints we have historically received are:</p> <ul style="list-style-type: none"> • Insecurity • Bad roads • Poor primary services (garbage collection). <p>The CAC works as a solution manager between the community and the public agency that applies.</p>	Answer in table																		
Workforce Health and Safety																						
RT-CH-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Rate	There were a total of 11 recordable incidents (TRIR) in all CYDSA's business units, with a rate of 0.6 considering all hours worked and all incidents in the different plants. This is equivalent to 5.5 Lost Time Injuries per thousand workers. There were no fatal accidents in any of CYDSA's business units during 2021.	52-53																		
RT-CH-320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	N/A	Read sections on "Operational Safety and Compliance", "Health and Welfare" and " COVID-19 Pandemic", which are material topics for CYDSA.	46-58																		

CODE	ACCOUNTING METRIC	UNIT OF MEASURE	Answer in table	Page(s)
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Product Design for Use-Phase Efficiency

RT-CH-410a.1	Revenue from products designed for usephase resource efficiency	Reporting currency	Savings from the Iquisa Santa Clara and Iquisa Noreste boiler projects were recorded 1) Economic savings. - IQUISA Noreste of 9 MM pesos by 2021 / IQUISA Santa Clara 2 MM pesos from June to December 2021.	24-25
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Safety and Environmental Management of Chemical Products

RT-CH-410b.1	(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	Percentage (%) by revenue, Percentage (%)		PLANT	PRODUCT	% CATEGORY 1 (PRODUCT PORTFOLIO PER PLANT)	% CATEGORY 2 (PRODUCT PORTFOLIO PER PLANT)	% CATEGORY 3 (PRODUCT PORTFOLIO PER PLANT)	53
				IQUISA COATZACOALCOS	Hydrochloric Acid 100%		20%		
					Chlorine 100%			20%	
					Hydrogen 100%				
					Sodium hypochlorite 100%	60%			
					Sodium hydroxide 100%				
				IQUISA HERMOSILLO	Chlorine			20%	
					Sodium hypochlorite	67%			
					Sodium hydroxide				
				IQUISA NORESTE	Hydrochloric Acid		20%		
					Chlorine			20%	
					Hydrogen				
					Sodium hypochlorite	60%			
				IQUISA SANTA CLARA	Sodium hydroxide				
					Hydrochloric Acid		20%		
Chlorine			20%						
Hydrogen									
IQUISA TLAXCALA	Sodium hypochlorite	60%							
	Sodium hydroxide								
	Chlorine			20%					
QUIMOBÁSICOS	Genetronâ 22, Genetronâ AZ 20, Genetronâ 404A, Genetronâ AZ 50, Genetronâ1341a, Genetronâ MP39, Genetronâ 422D, Genetronâ Performax LT, Genetronâ 408A, Genetronâ HP 80, Genetronâ HP 81, Genetronâ MP 66, Genetronâ 409A, Genetronâ MP 66, Genetronâ 409A, Genetronâ 407C, Genetronâ 23, Genetronâ 508B, SOLSTICEâ 1234yf, SOLSTICEâ 1233zd, Genetronâ 124, Genetronâ 141b, Evanoteâ (R-254fa), Genetronâ 123, SOLSTICEâ 1234ze, ECOFLUSH 1233zd, AQUION 507, AQUION 600a	100%							

CODE	ACCOUNTING METRIC	UNIT OF MEASURE	Answer in table	Page(s)			
RT-CH-410b.2	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	N/A	<ul style="list-style-type: none"> The strategy to eliminate sanitary water discharges into federal bodies, as well as the treatment of water for reuse in production processes is detailed in the "Water" section. The reduction of emissions of harmful chemicals into the atmosphere is detailed in the "Emissions" section Plants with ISO 14001 and SSOMA certifications, which oversee environmental management systems, are detailed in the table in the "Certifications" section. 	31-39			
Genetically Modified Organisms							
RT-CH-410c.1	Percentage of products by revenue that contain genetically modified organisms (GMOs)	Percentage (%) by revenue	No CYDSA products contain GMOs as CYDSA produces and markets only inorganic products.	Answer in table			
Legal and Regulatory Environment Management							
RT-CH-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	N/A	CYDSA's corporate governance has always established, as mandatory and non-negotiable, regulatory compliance in all areas: economic, legal, social and environmental. When particular issues hinder compliance, CYDSA seeks to mediate with governmental agencies or with the support of business chambers to mitigate the negative impacts of such non-compliance, as well as the appropriate sanction in response to such non-compliance.	Answer in table			
Operational Security, Emergency Preparedness and Response							
RT-CH-540a.1	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR) ⁴	Number, Rate	See content responses in RT-CH-320a.1 for recordable incidents reported during 2021. No accidents were related to process safety, and all recordable accidents were level 1 severity ratings.	Answer in table			
RT-CH-540a.2	Number of transport incidents	Number	There were no transportation incidents in any of CYDSA's business units during 2021.	Answer in table			
ACTIVITY METRICS							
RT-CH-000.A	Production by reportable segment ⁶	Cubic meters (m ³) and/or Metric tons (t)	Business unit	Product	Units	Amount	Answer in table
			SISA	Salt	Ton	669,750	
			Chlorine-Soda	Chlorine, soda and by-products	Ton	792,086	
			Iquisa	Chlorine, soda and by-products	Ton	284 183	
			Santa Clara	Chlorine, soda and by-products	Ton	297,018	
			Noreste	Chlorine, soda and by-products	Ton	210,885	
Quimobásicos	Genetrón 22	Ton	6,524				

- NOTES TO:**
- RT-CH-130a.1 - The entity shall comment on its efforts to reduce energy consumption and/or improve energy efficiency in all production processes.
 - RT-CH-150a.1 - An entity shall disclose the legal or regulatory framework(s) used to define hazardous waste and recycled hazardous waste and the quantities of waste defined in accordance with each applicable framework.
 - RT-CH-540a.1 - The entity shall describe incidents with a severity rating of 1 or 2, including their root cause, outcomes and corrective actions implemented in response.
 - RT-CH-540a.2 - The entity shall describe significant transportation incidents, including their root cause, outcomes and corrective actions implemented in response.
 - RT-CH-000.A - Production shall be disclosed for each of the entity's reportable segments, where product and service segments are determined in accordance with FASB ASC 280-10 and production is reported as weight for solid products and volume for liquid and gaseous products.

Verification Letter of the 2021 Sustainability Report

To the Board of Directors of CYDSA S.A.B. of C.V.:

We inform you that Redes Sociales en Línea Timberlan carried out a limited and independent verification of a sample of GRI Standards disclosures and Sustainability Reporting Standards Board (SASB) topics, contained in the 2021 Sustainability Report of CYDSA S.A.B. of C.V. ("CYDSA")

Responsibilities, criteria and scope :

The scope of our verification covered the results of the business group that integrate CYDSA S.A.B. de C.V., corresponding to the period from January 1st to December 31st, 2021, contained in the Sustainability Report 2021.

Our purpose is to issue impartial and objective opinions about the certainty, traceability and reliability of the sample data contained in the 2021 Sustainability Report. Our work considered as criteria: GRI Standards, in accordance with the Essential option, the SASB standards " Chemicals", and the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". Additionally, we carry out a validation of the GRI Standards methodological compliance.

"CYDSA" is responsible for the preparation of the information contained in the 2021 Sustainability Report, and that presented during the verification process, which implies, but is not limited to: the process of identifying and reporting material topics and GRI disclosures, as well as the selection of sufficient documentary and/or visual evidence to verify the contents.

Declaration of independence and competence of Redes Sociales en Línea Timberlan

Redes Sociales en Línea Timberlan's employees has the level of competence necessary to verify compliance with the standards used in the preparation of Sustainability Reports, so they can issue a professional opinion on the reports of non-financial information, complying with the principles of independence, integrity , objectivity, competence and professional diligence, confidentiality and professional behavior. In no case can our verification statement be understood as an audit report, so no responsibility is assumed for the management and internal control systems and processes from which the information is obtained. This Verification Letter is issued on July 18th, 2022 and is valid as long as no subsequent and substantial modifications are made to the 2021 Sustainability Report.

Among the activities carried out during the verification process are listed:

- ✓ Interviews with process managers to learn about the internal management of information as well as the tools used.
- ✓ Verification of qualitative and quantitative data through visual, documentary and public evidence.
- ✓ Analysis of quantitative data.
- ✓ Comparison of information presented in previous reports.
- ✓ Validation of methodological compliance

Which leads us to conclude that we did not find any aspect that would lead us to deduce that the sample data presented in the 2021 Sustainability Report contains significant errors and the *Reporting Principles for defining report quality* were not correctly applied.

An internal report of recommendations, exclusive to "CYDSA", is delivered separately, containing the areas of opportunity detected.



Alma Paulina Garduño Arellano
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July 18th, 2022

GRI Standards Disclosures		SASB - CHEMICALS
Governance		
201-1	Direct economic value generated and distributed	
307-1	Non-compliance with environmental laws and regulations	
417-2	Incidents of non-compliance concerning product and service information and labeling	
417-3	Incidents of non-compliance concerning marketing communications	
419-1	Non-compliance with laws and regulations in the social and economic area	
405-1	Diversity of governance bodies and employees	
406-1	Incidents of discrimination and corrective actions taken	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
Social		
401-1	New employee hires and employee turnover	
403-4	Worker participation, consultation, and communication on occupational health and safety	
403-5	Worker training on occupational health and safety	
403-6	Promotion of worker health	
403-8	Workers covered by an occupational health and safety management system	
403-9	Work-related injuries	
403-10	Work-related ill health	
404-3	Percentage of employees receiving regular performance and career development reviews	
413-1	Operations with local community engagement, impact assessments, and development programs	RT-CH-210a.1: Discussion of engagement processes to manage risks and opportunities associated with community interests
Environmental		
203-1	Infrastructure investments and services supported	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	
		RT-CH-110a.1. Greenhouse Gas Emissions: a) Gross global Scope 1 emissions. b) Long-term and short-term strategy or plan to manage Scope 1 emissions.
		RT-CH-120a.1 : Air quality a) Atmospheric emissions of pollutants
		RT-CH-130a.1. Energy management: a) Energy consumption.
		RT-CH-140a.1: Water management: a) Total water consumed b) Total water withdrawn
		RT-CH-150a.1. Hazardous Waste Management: Amount of hazardous waste generated, percentage recycled.



**SUSTAINABILITY
REPORT**

2021