Cydsa

2023 Sustainability Report

2-1 2-3 Index

BMV: CYDSASA

This report encompasses CYDSA's most important sustainability outcomes for the period from January 1 to December 31, 2023. Aligned with GRI Standards, this document adheres meticulously to the content and quality principles stipulated in this framework.
This report also aligns with SASB Standards, addressing the Chemical Industry's disclosure requirements.

2-1
2-6

Company Profile

CYDSA's 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.

CYDSA, a corporate Group founded in 1945, trades its shares on the Mexican Stock Exchange (BMV: CYDSASA).

Vision

To be recognized as a world-class company and a market leader, with growing and sustained socio-economic profitability, based on innovation and the continuous development of products, processes, and services that provide greater value to its personnel, customers, distributors, consumers, and suppliers, as well as to financial institutions, communities, shareholders, and society.

Mission

To guarantee the continuous improvement of products, processes and services to consistently anticipate and exceed current and future needs and requirements of customers and end-users, creating growth the conditions, staff development, the harmonious coexistence between the company and the immediate communities and the optimization of its shareholders' equity, within a framework of full compliance with social responsibility with the environment.

Values

- Customer and Consumer Orientation
- Respect for the Person and its Development
- Teamwork
- Continuous improvement and innovation
- Respect for the environment
- Ethical, transparent, and transcendent actions

2-1
2-6

Presence

Headquartered in San Pedro Garza García, Nuevo León, Mexico, CYDSA operates through a network of over **20 subsidiaries strategically located in 9 cities across Mexico,** with a strong export presence in more than 15 countries. Presented below is the geographic distribution of CYDSA's production facilities:

(1) **Salt for Household Consumption and Industrial Applications**

(2) **Chlorine, Caustic Soda, and Related Specialties**

(3) **Refrigerant Gases Manufacturing and Commercialization**

Sonora

Iquisa Hermosillo Plant (2)

Valle de México

Salt Processing and distribution Facility (1)

Iquisa Santa Clara Plant (2)

Tlaxcala

Iquisa Tlaxcala Plant (2)

Veracruz

Sales del Istmo Coatzacoalcos Plant (1)

Iquisa Coatzacoalcos Plant (2)

Energy Cogeneration

Hydrocarbons Processing and Underground Storage

Nuevo León

Iquisa Noreste Plant (2)

Quimobasicos Monterrey Plant (3)

2-1
2-2
2-6

Businesses

CYDSA's operations are divided into two business groups:

Business Group	Business	Company	Products	Applications	Market	Brands
01 Chemical Manufacturing and Specialties	Salt for Household Consumption and Industrial Applications	• Sales del Istmo, S.A. de C.V. • Procesadora y Distribuidora de Sal	Edible salt specialties: • Light Salt • Salt Substitute • Kosher and Halal Grade Salt • Salt with Chili and Lime • Coarse Sea Salt	• Household consumption and commercial use; 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 • Fine
	Chlorine, Caustic Soda, and Related Specialties	• Industria Química del Istmo, S.A. de C.V. (IQUISA); includes plants located in Coatzacoalcos,Tlaxcala, and Hermosillo. • IQUISA Santa Clara, S.A. de C.V. • IQUISA Noreste, S.A. de C.V.	• Liquid chlorine • Liquid caustic soda • Solid caustic soda, membrane, and rayon grade • Chlorine in cylinders • Sodium hypochlorite • Caustic potash • Synthetic hydrochloric acid • Muriatic acid	• Chemical and petrochemical industries, water treatment, oil, pulp, paper, pesticides, whiteners, soaps, detergents, bottlers, mining-metallurgy, plastics, pigments and paint, pharmaceuticals, among others.	Domestic and export, mainly to Central America	• IQUISA
	Refrigerant Gases Manufacturing and Commercialization	• Quimobasicos, S.A. de C.V.	• Refrigerant gases, propellants, and foaming agents • Gas precursors to manufacture fluoropolymers and anesthetic-medicinal products	• Industrial, commercial, and household refrigeration; medical, automotive, and domestic appliances industries	Domestic and export, mainly to Latin America and the USA	• Genetron • Aquion • Eco Flush
02 Energy Processing and Logistics	Energy Cogeneration	• Sistemas Energeticos SISA SA de CV	• Electricity • Steam	• Electricity supply to CYDSA's subsidiaries • Electricity sales	Domestic	
	Hydrocarbons Processing and Underground Storage	• Almacenamientos Subterráneos del Sureste, S.A. de C.V.	• LP Gas Underground Storage and Processing	• Processing, injection, extraction, transfer, and underground storage	Domestic	

CYDSA's 2023 Sustainability Achievements

CYDSA's Sustainability Strategy gained further strength through the update of its materiality assessment, complemented by the identification of key focus areas, the development of relevant indicators, and the establishment of strategic company objectives.

+US$590 million
in investments contributed to CYDSA's sustainable development since October 2010.

-16.7% in recordable occupational injuries compared to 2022.

Manufacturing of plastic containers for packaging salt business products in 1 kg and 750-gram formats, made from oxo-degradable materials.

-36%
in direct atmospheric emissions during 2023 compared to its baseline year (2018).

-9%
in water consumption during 2023 compared to its baseline year (2018).

44.2%
of **the water consumed** in CYDSA's operating processes was **recirculated,** marking a 58.9% increase compared to its baseline year (2018).

+20% in the total volume of tons of waste recycled during disposal compared to 2022.

CYDSA maintained IS014001 certifications and was recognized by the Chlorine Institute and the National Chemical Industry Association for best practices in **"integral responsibility"**.

2-12
2-16
2-29
3-3

Dialogue with Stakeholders

CYDSA recognizes that understanding and addressing **Stakeholders' expectations** and needs is essential to shaping its strategic direction. Accordingly, the Group upholds continuous communication across all its Businesses, guided by the Organization's established methodologies to ensure transparent and enduring relationships.

Stakeholder Groups	Stakeholder Group's Expectations	CYDSA's Response	Means of Communication
Rating agencies and investors	• Transparency and communication of information • Effective risk management • Value creation and positive returns on investments • Growth of the business and its economic value • Long-term sustainability of the business • Being informed about the Group's results	• Integrate sustainability into the business strategy • Having clear objectives, adapting to contextual needs and responding to areas of opportunity • Constant communication on the Group's results	• Annual Report • Quarterly Reports • Sustainability Report • Shareholders' Meeting • Announcements through the Mexican Stock Exchange • Events, calls, and e-mails (ir@cydsa.com). • Investor Relations Distribution List
Clients	• Product and service quality and offering • Compliance with ESG standards	• Continually meet quality standards by implementing innovative products and services • Constantly communicate and manage expectations	• Surveys • Sustainability Report • Direct contact
Personnel	• Optimal work environment and teamwork • Respect for human rights and equal opportunities • Professional and personal development • Equal compensation and growth opportunities within the Group • Occupational health and safety	• Communication of corporate philosophy • Investment in employee health and safety • Fostering a culture of equality and respect for human rights • Compensation and motivation based on performance • Training and development plan based on specific needs • Permanent health programs	• Work Environment Surveys • Transparency Hotline • Dissemination of the Code of Conduct • Internal communication platforms • Integration and recreational activities • Workshops • Tools for continuous training (E-Learning) • Recognition of good performance
Community and Media	• Responsible operation with minimal environmental impact • Improvement of quality of life and development in the region through safety and constant collaboration • Comprehensive community development programs • Information on the Group's relevant issues and events	• Reduce operating risks • Investment in education and health, and promotion of a preventive culture • Invest in "Dutch Line" social risk studies and risk management programs (RMP) • Continually distribute information on CYDSA's programs • Clear and reliable communication on relevant issues of the Group	• Community Support Center • Census • Direct contact through committees and meetings • Relations with municipal authorities • Interviews • Press Releases • Financial and Sustainability Reports • CYDSA's Website

2-12
2-16
2-29
3-3

This practice enables the identification of key concerns, the development of targeted actions to address specific needs, and the resolution of identified areas of opportunity. Through this approach, the **Business Strategy and the Sustainability Strategy** remain current and aligned, creating value for both the Group and its Stakeholders.

Stakeholder Groups	Stakeholder Group's Expectations	CYDSA's Response	Means of Communication
Managers	• Sustainable growth • Adaptation to change and innovation • Value generation for investors • Effective corporate governance	• Creation of CYDSA's Sustainability Model • Identification of priority objectives aligned with the business strategy	• Quarterly meetings
Civil Society Initiatives	• Support for the causes of Non-Governmental Organizations in the region	• Strategy focused on promoting NGO projects that respond to each region's needs • Encouragement of constant dialogue	• Participation in international treaties • Direct dialogue
Industry	• Compliance with industry norms and standards • Collaboration between companies within the industry • Resilience to market changes • Participation in various private sector organisms to contribute to the improvement of regulatory frameworks	• Participation in industry chambers • Collaboration with strategic customers	• In-person and virtual meetings • Development of industry positions • Transparent lobbying actions with the government
Regulators	• Ethical and transparent operation • Cooperation of the Company during audits, investigations, etc. • Compliance with laws and regulations • Strict compliance with responsibilities and obligations	• Legal management and compliance • Attention to, participation in the development of, and compliance with new regulations • Implementation and monitoring of CYDSA's Code of Conduct • Strict compliance with obligations and requirements to obtain and maintain permits that are still in force, certifications, or authorizations corresponding to the Group's business	• Documents • Laboratory analyses • Voluntary audits • Compliance reports • Direct contact

2-28

Contribution to the Sustainable Development Goals (SDGs)

CYDSA became an official signatory of the United Nations Global Compact in 2022, integrating the Sustainable Development Goals (SDGs) set by the United Nations as part of its commitment to sustainability. The Group developed a Sustainability Strategy to implement concrete actions that generate value and contribute to these goals. In this process, the most relevant SDGs for both the Group and its Stakeholders are prioritized.

To access CYDSA's 2023 **Global Compact Communication on Progress Questionnaire, click here.**

	Good health and well-being	Quality education
MATERIAL TOPICS	• Community Relations • Health and Safety (Personnel) • Operational Safety (Communities)	• Community Relations • Talent Development and Retention
GOALS	3.5, 3.7, 3.8	4.a, 4.4
FOCUS	• Take preventive measures to avoid chemical contamination of the surrounding communities • Provide affordable healthcare services to personnel and communities, including various types of donations • Implement internal and community programs and campaigns that encourage and educate on health and well-being	• Provide maintenance for educational spaces and institutions in the local community • Provide employees with adequate training to support their personal and professional development
STRATEGIC ACTIONS	• Personnel underwent preventive medicine clinical and physical examinations to ensure their health and promote work-life balance • Safety protocols and policies maintained to promote a work environment free of accidents, illnesses, and risks to the employees' well-being • Participation in local disaster preparedness committees to promote a safe and responsive environment that benefits surrounding communities	• Support education in local communities by investing in the improvement of their facilities and participating in programs to raise awareness of ecological culture (e.g. recycling). Related incentives included the provision of classroom and sports equipment

	Gender Equality	Clean water and sanitation	Affordable and clean energy
MATERIAL TOPICS	• Diversity and Equity • Talent Development and Retention	• Community Relations • Water Management	• Quality Management • Energy Consumption and Management
GOALS	5.1, 5.5	6.3, 6.4	7.3
FOCUS	• Foster a work environment that ensures equal and fair treatment for all individuals, providing equal opportunities within the Organization • Leverage the benefits of maintaining a diverse and inclusive workforce	• Provide preventive water solutions to reduce and/or eliminate its use and pollution • Offer solutions for access to potable water in the surrounding communities	• Allocate the funds necessary to develop energy transition and implementation initiatives that will ensure the continuity of the Company's activities without negatively impacting the environment • Optimize processes to improve equipment efficiency and take advantage of residual energy • Transition to more efficient production technologies
STRATEGIC ACTIONS	• A quantitative objective was set to improve the workforce's diversity, including action plans to increase the number of women in the Group	• Objectives and action plans established to reduce the amount of potable water used in operating processes. The objective involves recirculating and treating residual and wastewater for reuse across several of the Group's plants	• Investments in increasing efficient cogeneration capacity • Implementation of membrane technology in Chlorine-Soda production achieved a 30% increase in efficiency compared to the previously used technology • Residual hydrogen energy produced during electrolysis was used to generate thermal energy

	Decent work and economic growth	Industry, innovation and infrastructure	Responsible consumption and production
MATERIAL TOPICS	• Workplace Well-being • Diversity and Equity • Talent Development and Retention	• Quality Management	• Hazardous Materials • Waste and Recycling
GOALS	8.3, 8.5, 8.8	9.4	12.2, 12.5, 12.6
FOCUS	• Always prioritize employees' occupational health and safety, in line with industry's best practices and standards • Obtain all adequate and necessary certifications to guarantee and support the Company's risk and safety identification processes	• To have top-level quality management certifications in all the Group's processes and products	• Continue implementing solutions to offer products that encourage responsible consumption by all the Group's customers • Obtain recycling and resource reuse certifications within the production chain
STRATEGIC ACTIONS	• Safety protocols maintained, including continuous training to safeguard personnel's health in operations • Certifications and recognitions from organizations such as ANIQ and the Chlorine Institute for best practices were maintained and obtained	• First-level certifications on quality management were obtained in all the Group's processes and products	• Starting in 2023, CYDSA manufactures oxo-degradable materials to produce salt containers in two formats: 1 kg and 750 grams • Circular economy objective set, focused on water recirculation and wastewater extraction for operational processes, as well as the proper disposal of hazardous waste

	Climate action	Peace, justice and strong institutions	Partnerships for the goals
MATERIAL TOPICS	• Quality Management • Climate Change and GHG Emissions	• Corporate Ethics • ESG Risk Management (crisis management) • Organizational Structure and Management	• Responsible Supply Chain
GOALS	13.1, 13.2	16.5, 16.6	17.7
FOCUS	• Use sustainable technologies • Obtain emission reduction certifications • Promote reforestation campaigns and other initiatives that contribute to preserving flora, fauna, and biodiversity in CYDSA's operating regions • Deploy initiatives and projects that protect and/or remediate existing and future impacts to life in terrestrial ecosystems	• Comply with adequate certifications to evaluate CYDSA's ethical and responsible business practices	• Work with the Company's supply chain to ensure compliance with required ESG standards and maintaining a responsible operation • Form and maintain partnerships and collaborate with different domestic and international industry groups
STRATEGIC ACTIONS	• Objectives and action plans set to reduce the Group's greenhouse gas emissions intensity • Plasma arc technology incinerates greenhouse gases (refrigerants) generated by both the Company and third parties • Efficient boilers operated with a 50-50 fuel mix, utilizing 50% hydrogen in place of 100% natural gas • Supported biodiversity by launching a reforestation campaign with native plants in Chipinque and continuing campaigns to protect the Kemp's Ridley Sea Turtle in Veracruz	• Policies related to human rights and business ethics developed for all the Group's operations	• Participation in several corporate organisms related to sustainability issues and best operational practices

2-22
2-23
2-24

Message from the Chairman of the Board

Since its foundation, **CYDSA Group maintains the highest standards of quality, safety, social responsibility, and environmental care in its operations**. Over time, the Group's efforts to improve Sustainability focus on optimizing its production processes and services provided to customers, on reducing environmental impact, and on contributing to the development of the neighboring communities, ensuring a cleaner, healthier, and more equitable future.

In the aim of assuring environmental preservation, organizational management for improved decision-making, and the generation of positive social impacts, CYDSA decided to strengthen its Sustainability Strategy in 2023. A new materiality analysis determined the priority environmental and social issues for the Group's Businesses. With this approach, the updating of CYDSA's Sustainability Model defined priorities and action lines linked to quantitative objectives and goals towards 2030.

Strengthening the Sustainability Strategy

In its constant pursuit of continuous improvement, CYDSA renewed its Sustainability Strategy incorporating a long-term vision, and considering the expectations of its customers, suppliers, community, authorities, and personnel. This effort involved internal and environmental analyses, including interviewing all its stakeholders. The result of these analyses derived in seventeen material issues for the Organization. A selection of the most critical issues implying significant impacts in the short and medium term composes the mentioned model, defining six priorities grouped into three action lines: **Environment, People, and Community**.

The first of the six priorities focuses on reducing net greenhouse gas emissions. The second priority involves the concept of circular economy, minimizing waste and using resources efficiently. In this regard, CYDSA commits to reducing potable water usage and improving discharged water quality through recirculation and using wastewater or treated water in production processes. These first two priorities compose the Environment action line.

The third priority centers on a Culture of Employee Health and Safety, ensuring the well-being of employees through robust policies and procedures. The fourth priority emphasizes diversity, equity, and personnel opportunities, supported by a human rights policy and training programs aligned with career plans. The People action line includes both mentioned critical aspects.

The last two priorities encompass CYDSA's commitment to the community: providing a safe environment as well as creating value for its neighboring communities. The Community action line encompasses the Group's initiatives positively impacting on health, education, and community well-being.

Strengthening the Sustainability Strategy involves a continuous review of objectives and indicators according to follow-up plans and improvement actions. Therefore, in the coming years, the objectives and goals of the Sustainability Model will evolve in line with the relevant expectations of the industry, stakeholders, and the community.

Relevant Actions in the Environment Action Line

CYDSA maintains its commitment to the natural environment, reflected on several certifications and awards for the Group's chemical production plants. For example, due to outstanding results in the absence of chlorine emissions, the Chlorine and Caustic Soda Business reprises in 2023 the Safety Excellence Award from the Chlorine Institute of the United States. Moreover, the IQUISA Santa Clara, Tlaxcala, Hermosillo, and Noreste plants received the Diamond Level distinction this year, while IQUISA Coatzacoalcos obtained the Platinum Level.

Regarding the priority objective of reducing net emissions, Quimobasicos operations continue its incorporation of plasma arc technology to reduce CO_2 emissions. Additionally, the new chlorine and caustic soda plant in Coatzacoalcos, Veracruz, applies membrane technology that reduces electricity consumption by 30% as compared to mercury technology. Consequently, all Group plants manufacturing these products employ the most energy-efficient and environmentally friendly technology available.

In terms of the circular economy objective, CYDSA continues to take actions to reduce potable water consumption in its production processes, including investments in the Santa Clara IQUISA Wastewater Treatment Plant. Additionally, starting in 2023, Sales del Istmo produces 100% oxo-degradable plastic containers for packaging natural salt in 1 kg and 750-gram presentations.

Relevant Actions in the People Action Line

In 2023, CYDSA continues to strengthen its safety and health prevention protocols, supported by certifications and recognitions from organizations for best practices in integral responsibility. Furthermore, several plants received awards for operational safety, highlighting IQUISA Santa Clara's 19 years without incapacitating accidents.

CYDSA adopts measures to ensure respect for human and labor rights, compliance with laws and ethical principles, and the promotion of inclusion and equal opportunities. Anonymous reporting policies and mechanisms ensure adherence to the principles of the code of ethics in all the Organization's activities. Regarding diversity, the Group aims to increase the number of women in strategic areas at the different Businesses.

Relevant Actions in the Community Action Line

CYDSA collaborates with communities to achieve a positive relationship, operating safely and meeting the needs and expectations of its stakeholders, besides participating in local development projects. Regarding operational safety, the Company stands out for its high standards, allowing a harmonious coexistence between industry and the community. Brigadiers of the plants offer courses in safety, emergencies and first aid to surrounding communities. In Veracruz, CYDSA participates in a regional companies' program to react in emergency situations.

CYDSA promotes projects directed to improve communities through reforestation programs, maintenance of public areas, as well as supporting social events, health activities, and school equipment. For example, more than 30,000 native plants are grown annually in a greenhouse near one of the Group's plants. Similarly, CYDSA provides equipment to a Kemp's Ridley Sea-turtle conservation camp.

Presentation of the CYDSA 2023 Sustainability Report

It is a privilege to present the 2023 Sustainability Report. The objectives and indicators incorporated in this Report reflect the Group's efforts in strengthening its Sustainability Strategy. These actions endeavor CYDSA's progress towards a sustainable world for future generations' better prospects.

Certainly, the dedication of collaborators and the support of customers, suppliers, shareholders, investors, financial institutions, neighboring communities, and other stakeholders represent a fundamental base in continuing to strengthen CYDSA's Sustainability strategy and achieving the medium and long-term objectives.

Tomás González Sada

Chairman of the Board and
Chief Executive Officer

3-3

ESG
FOCUS

Since its creation, the CYDSA Group has maintained **the highest standards of quality, safety, social responsibility, and environmental care** in its operations. In 2023, the Company decided to strengthen its sustainability strategy as part of its commitment to the natural and social environment, seeking to have a robust organizational management. Through this strategy, informed decisions ensure alignment with Stakeholder expectations while strengthening the business's continued resilience.

The update of **CYDSA's Sustainability Strategy** involved identifying the **most relevant environmental, social, and economic topics for the Company and its Stakeholders** through a materiality analysis. Upon identifying these priorities, rigorous objectives were established, detailed action plans were formulated for their realization, and comprehensive mechanisms were instituted to monitor their progress:

Regarding topics related to the Environment, the Company decided to focus its efforts on both the reduction of net greenhouse gas emissions and the efficient use of resources (circular economy).

With respect to People, CYDSA prioritizes the well-being and advancement of its workforce and value chain. Accordingly, the Company remains committed to fostering a safe work environment while enhancing diversity across its teams.

The relationship with the communities surrounding the Group's operations centers on generating a positive impact, prioritizing the creation of a safe environment that fosters and contributes to societal development.

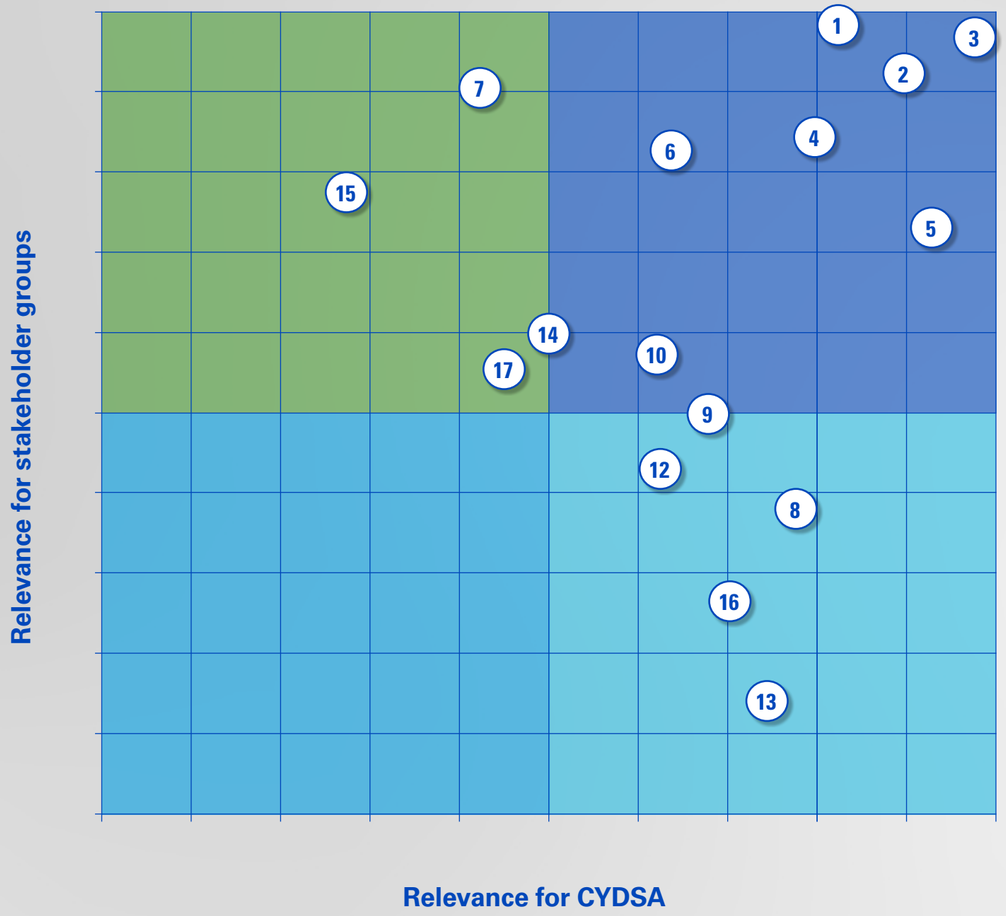
2-29
3-1
3-2

Materiality

As part of its ongoing commitment to ESG best practices, CYDSA undertook a comprehensive **update of its materiality in 2023,** reviewing and evaluating the evolving needs and interests of its stakeholders. This initiative provided a deep understanding of the shifting expectations and priorities for each business unit. Consequently, CYDSA now possesses an enhanced capacity to strategically align both current and future requirements, ensuring that resources and time are directed towards the most critical activities.

The materiality analysis employed a digital platform, facilitating the assessment of strategic, regulatory, and reputational ESG risks impacting CYDSA and its value chain. This rigorous process derived in the identification of **17 material topics** of importance to both the Organization and its stakeholders.

This analysis incorporated both internal and external data, applying a dual materiality perspective. The assessment encompassed all business units to capture their distinct needs. An integrated matrix was subsequently developed to encapsulate CYDSA's global materiality.



Following the analysis of the materiality matrices from each of the Business Units, the following list of material topics for CYDSA as an Organization was consolidated:

List of CYDSA's Materials Topics

Critical topics
1. Energy consumption and management
2. Climate change and GHG emissions
3. Water management
4. Corporate ethics
5. Employee health and safety

Priority topics
6. Waste and recycling
7. Operational safety (community safety)
8. Community relations
9. Diversity and equity
10. Organizational structure and management
11. Talent development and retention

Topics under surveillance
12. Responsible supply chain
13. Innovation
14. ESG risk management (crisis management)
15. Quality management
16. Workplace well-being
17. Hazardous materials

3-3 Sustainability Model

Figure 01:
Process of Updating material topics towards action lines

CYDSA's updated Sustainability Model was developed based on the results of the materiality analysis. From the seventeen identified topics, eleven critical and priority topics with significant impacts on the company were selected. These were organized into six key priorities and three action lines, as shown in Figure 01.

Total material topics

1. Energy consumption and management
2. Climate change and GHG emissions
3. Water management
4. Corporate ethics
5. Employee health and safety
6. Waste and recycling
7. Operational safety (community safety)
8. Community relations
9. Diversity and equity
10. Organizational structure and management
11. Talent development and retention
12. Responsible supply chain
13. Innovation
14. ESG risk management
15. Quality management
16. Workplace well-being
17. Hazardous materials

Critical and priority topics

1. Energy consumption and management
2. Climate change and GHG emissions
3. Water management
4. Waste and recycling
5. Operational safety (community safety)
6. Diversity and equity
7. Talent development and retention
8. Operational safety
9. Community relations
10. Corporate ethics
11. Organizational structure and management

Priorities

1. Net emissions reduction
2. Circular economy
3. Health and safety culture
4. Diversity, equity and opportunities
5. Safe environment
6. Community value

Action lines

ENVIRONMENT

PEOPLE

COMMUNITY

Figure 02:
Sustainability model

CYDSA's updated Sustainability Model includes the following (as explained in Figure 01 on the previous page):

- At the core of the model (Figure 02), reside the principles and values that govern CYDSA's activities.
- The second layer shows the three action lines (Environment, People and Community) identified with the participation of stakeholders.
- The outer circle shows the six priorities (Net Emissions Reduction, Circular Economy, Health and Safety Culture, Diversity, Equity and Opportunities, Safe Environment and Community Value).
- In addition, the elements of innovation and communication contribute to the management of the strategy.

3-1
3-3

Quantitative Objectives

CYDSA defined the following initial objectives to be achieved by **2030**. They are linked to the different action lines and priorities of the **Sustainability Model**.

The definition of these objectives involved an extensive process of analysis and consensus involving technical experts and business representatives. This ensured technical and commercial feasibility. The consensus-driven process aimed to secure commitment from those responsible for implementation.

A process has been established to monitor the progress and achievement of the objectives. Additionally, the objectives will be updated and refined in the future based on the analyses and recommendations from both internal and external experts.

The following sections of this report are structured according to the action lines and priorities outlined in the **Sustainability Model**.

Environment 	Emissions	**Reduce the Intensity of Scope 1 and 2 Emissions** of the CYDSA Group to a range between 0.65 and 0.85 tCO2e / t produced by 2030, which is equivalent to a reduction in the indicator of between 50% and 62% compared to the level of 1.7 tCO2e / t produced in 2018.
	Circular Economy	**Increase the Volume of Recirculated Water** of CYDSA Group to a range between 2.40 and 2.80 million m^3 by 2030, which corresponds to a increase in the indicator of between 98% and 131% compared to the level of 1.21 million m^3 in 2018. **Increase the Volume of Wastewater Extracted** by the CYDSA Group to a range of between 0.85 and 1.40 million m^3 by 2030, which corresponds to an increase in the indicator of between 46% and 139% compared to the level of 0.58 million m^3 in 2018.
People 	Diversity, Equity and Opportunities	**Increase the Percentage of Non-Unionized Female employees,** with respect to the total number of non-unionized employees of CYDSA Group, from 18.8% in 2018 to a range of 27% to 34% by 2030.
	Health and Safety Culture	**Do not exceed one loss time case** per 1,000 workers per year.
Community 	Safe Environment	* Indicators under development to measure positive impact on the communities in which the Group operates.
	Community Value	

2-23
2-24
2-28
3-3
303-3
305-4
RT-CH-410b.2

Environment

Sustainability is a holistic approach that seeks to meet the needs of the present without compromising the capacity and needs of future generations. **At CYDSA, environmental stewardship remains fundamental not only to the sustainability of the business but also to the health of the planet. Environmental protection represents not only a corporate responsibility but also an opportunity to innovate and lead in sustainable practices.**

3-2 As part of the Company's Sustainability Model, the "Environment" action line includes priorities resulting from the materiality analysis and the process mentioned earlier in this report. **Its first priority focuses on reducing net greenhouse gas emissions, while the second focuses on promoting a circular economy, with a particular emphasis on water use.**

Material Topics
3-2

Critical And Priority Topics

Net Emissions Reduction
- Climate change and GHG emissions
- Energy consumption and management

Circular Economy
- Water management
- Waste and recycling

Topics Under Surveillance
- Hazardous materials

2023 Key Actions
- The updated Sustainability Strategy includes quantitative objectives related to greenhouse gas emissions and circular economy, with a particular focus on the volume of water recirculated and the volume of wastewater or treated water discharged.
- The Group reduced its greenhouse gas emission intensity by 24% compared to 2022.
- The Group's volume of wastewater or treated water extraction increased by 52% compared to 2022, and 32% compared to its 2018 baseline.
- IQUISA Santa Clara's Wastewater Treatment Plant extracted 38% of the water extraction volume required for its operations.

3-3
305-1
305-2
305-5
RT-CH-110a.1
EM-MD-110a.1
RT-CH-110a.2
EM-MD-110a.2
IF-EU-110a.3

Climate change **and GHG emissions**

Climate change has been a major issue extensively studied by environmental organizations in recent years, due to the severity of extreme weather events affecting people's health and safety. To mitigate it, international agreements such as the Paris Agreement aim to limit global warming to less than 2 degrees Celsius above pre-industrial levels.

3-3

GHG Emissions

Part of CYDSA's strategic efforts in 2023 was selecting **the reduction of net greenhouse gas (GHG) emissions** as one of its declared top priorities in the Sustainability Model. Notably, given the nature of the chemical processes involving gas release and fuel combustion in the Group's operations, the implementation of technologies to mitigate emissions has been a constant focus throughout its history.

The Group takes Scope 1 greenhouse gases into account, derived from emissions occurring at its facilities with the following characteristics:

1. **Stationary Combustion:** Emissions from the combustion of fuels in boilers, furnaces, and generators.
2. **Mobile Combustion:** Emissions from company-owned vehicles, such as trucks and cars.
3. **Manufacturing Processes:** Emissions from industrial chemical processes.
4. **Leaks:** Emissions from leaking equipment such as air conditioning systems, refrigeration, and gas pipelines.

The Group also takes Scope 2 greenhouse gases into account, which occur at the energy supplier's facilities with the following characteristics:

1. **Purchased Electricity:** Emissions from electricity generation that the Organization purchases for use in its operations.
2. **Purchased Heating and Cooling:** Emissions from heating and cooling generation purchased by the Organization for use in its operations.
3. **Purchased Steam:** Emissions from steam generation purchased by the Organization.

OBJECTIVES

Based on its efforts to mitigate the impact of its operations on the environment, the company established the following goal for 2030:

Reduce the intensity of Scope 1 and 2 Emissions of the CYDSA Group to a range between 0.65 and 0.85 tCO_2e / t produced by 2030, which is equivalent to a reduction in the indicator of between 50% and 62% compared to the level of 1.7 tCO_2e / t produced in 2018.

This data will be monitored on a regular basis by reviewing the initiatives deployed by the Group's different businesses to meet the established objective.

RT-CH-410b.2

Case Studies

Incineration of fluorinated gases
At Quimobasicos, the Group conducts the control and destruction of fluorinated gases using argon plasma arc technology, a practice initiated in May 2022.
CYDSA operated two destruction units throughout 2023, incinerating the HFC-23 by-product from the HCFC-22 production. Moreover, the Group offers an incineration service to third parties to help them reduce their own emissions.

- **Unit 1:** Destroys trifluoromethane (HFC-23), providing internal incineration services to CYDSA's operations.
- **Unit 2:** Destroys Ozone-Depleting Substances (ODS) and various GHGs for external customers.

Plasma arc technology is an advanced process that creates an electric arc charge to break down harmful chemical compounds, toxic gases, and pollutants. These are transformed into less harmful or inert components, resulting in reduced environmental impact.

Use of hybrid boilers
At IQUISA Santa Clara, continuous operation of the new boiler, utilizing a combination of natural gas and hydrogen as fuel, commenced in 2022 and reached stabilization in 2023. This hydrogen, captured and purified, supports various applications within the plant, enhancing overall operational efficiency and sustainability. This innovation enables a gradual reduction in natural gas consumption, achieving a 50/50 replacement ratio with hydrogen. IQUISA Noreste and IQUISA Coatzacoalcos also employ these boilers, benefiting from the efficiency provided by this technology.

In 2023, the hydrogen used in **the boiler replaced 26% of the natural gas used,** contributing a total of 22,882 GJ.

305-1
305-2
305-4
305-5
RT-CH-110a.1
EM-MD-110a.1
RT-CH-110a.2
EM-MD-110a.2
IF-EU-110a.3

Performance

CYDSA's performance on Scope 1 and 2 greenhouse gas emissions is presented below.

Emissions CO_2 equivalent (thousands ton CO_2 eq)	2018	2019	2020	2021	2022	2023	Variation % 2023 vs 2022
Direct GHG emissions (Scope 1)	2,378	1,813	962	1,945	856	**550**	-35.7%
Indirect GHG emissions (Scope 2)	377	424	422	482	391	**484**	23.6%
Total GHG emissions (Scopes 1 and 2)	2,755	2,237	1,384	2,427	1,247	**1,034**	-17.1%
Reduction of Total GHG Emissions (Scopes 1 and 2) (compared to 2018 baseline)	N/A	-18.8%	-49.8%	-11.9%	-54.7%	**-62.5%**	

In 2023, direct emissions (Scope 1) declined by 35.7% compared to 2022. Additionally, total emissions (Scopes 1 and 2) decreased by 62.5% compared to the baseline year of 2018, despite the ongoing growth of the businesses. These significant achievements resulted from the cumulative impact of various initiatives dedicated to emissions reduction and mitigation.

In addition, CYDSA's performance on the objective of emissions intensity is hereby presented:

Emissions intensity CO_2 equivalent (ton CO_2 eq) / ton produced	2021	2022	2023	Variation % 2023 vs 2022
Total GHG emissions intensity (Scopes 1 and 2)	1.65	0.81	**0.62**	-24.1%
Reduction of GHG emissions intensity (compared to 2018 baseline)	-2%	-52%	**-64%**	-

Compared to 2018, the baseline year, in 2023 **there was a 64% decrease in total emissions intensity (Scopes 1 and 2).**

2-27
2-28
3-3
302-5

Energy Consumption **and Management**

Energy management, identified as a key factor in CYDSA's materiality analysis, continues to yield substantial environmental and economic benefits across the Company's operations. The use of energy generated by the cogeneration plants has represented a competitive advantage for the Group, given the operational processes dependent on this resource. Energy generation within the Company's facilities strictly adheres to the regulations established by the Electricity Law (*Ley del Servicio Público de Energía Eléctrica*-LSPEE) and the Energy Regulatory Commission (*Comisión Reguladora de Energía* - CRE).

RT-CH-410b.2

Case Studies

Cogeneration

CYDSA's I and II Cogeneration Plants in Coatzacoalcos, Veracruz use natural gas to generate electricity. Both plants hold the "Efficient Cogeneration Investment" certification from the Energy Regulatory Commission (CRE), that gives the plants greater flexibility in the use of the energy generated. The "Clean Industry" certification granted by the Ministry of Environment and Natural Resources (SEMARNAT, Secretaría de Medio Ambiente y Recursos Naturales) was also maintained by both plants in 2023.

Investments focused on enhancing the capacity of these plants through the installation of advanced cooling systems, aimed at optimizing performance and refining operating conditions, were made. The Company also invested in an installation complementary to the existing one, to ensure that the natural gas used for the turbines' combustion maintains a constant pressure.

Membrane technology use for energy efficiency

CYDSA operates three chlorine and caustic soda plants equipped with membrane technology. This technology reduces electricity consumption by 30% in comparison to mercury technology, thereby mitigating greenhouse gas emissions. The plants that are equipped with these systems are IQUISA Noreste, IQUISA Santa Clara, and the second plant of IQUISA Coatzacoalcos.

302-1
302-3
302-4
RT-CH-130a.1

Performance

Presented below is a comparative table detailing energy consumption:

Energy (thousands of Gigajoules)	2021	2022	2023	Vars. % 2023 vs. 2022
Total energy consumption of the Organization	8,097	8,308	**9,088**	9.4%
Consumption from non-renewable sources	7,995	8,210	**9,055**	10.3%
Consumption from renewable sources	319	321	**248**	-22.7%
Intensity of consumption per production unit (GJ/ton)	**5.51**	**5.40**	**5.41**	**0.1%**

3-3

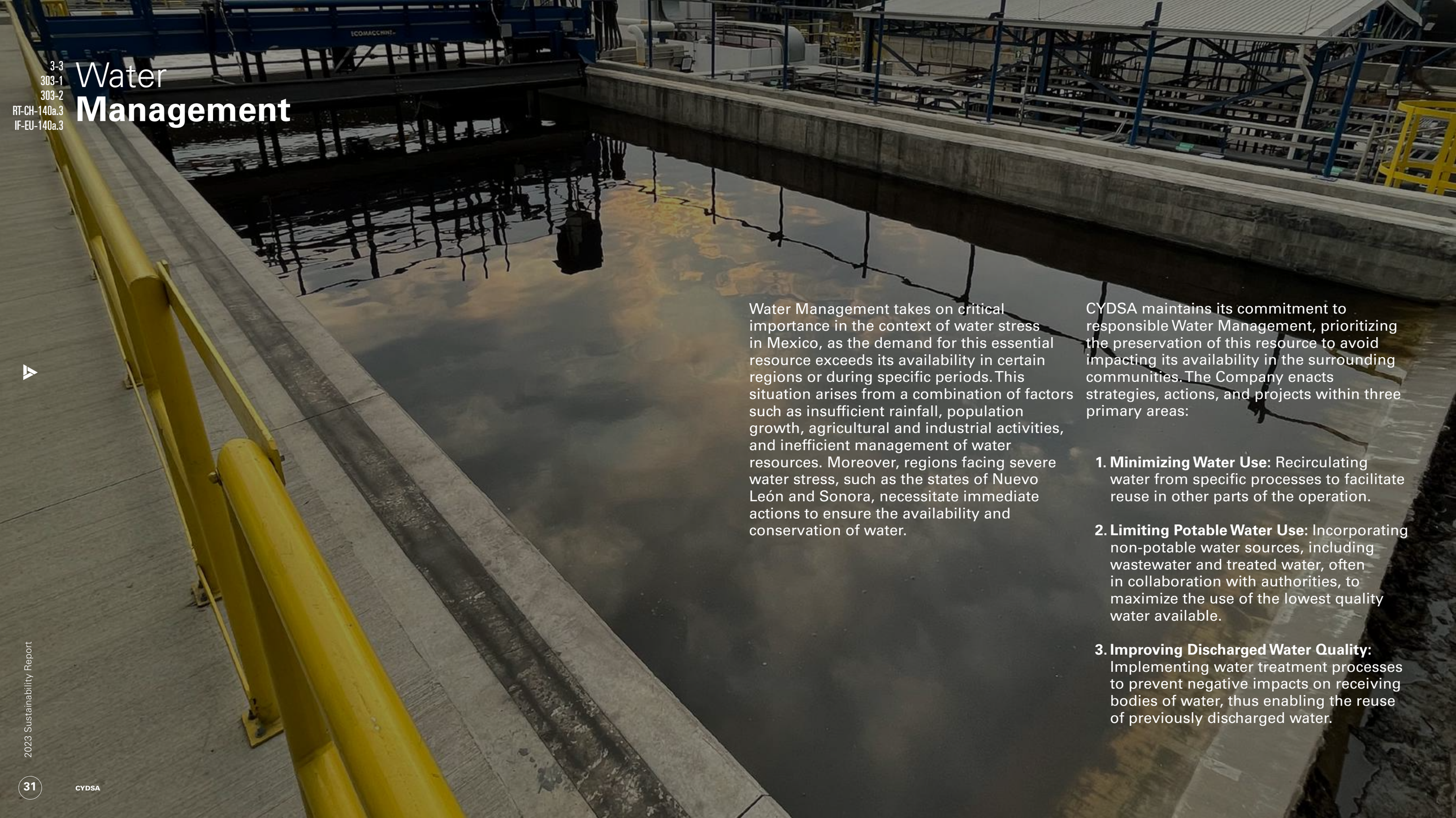
Circular **Economy**

The circular economy is an economic model focused on minimizing waste and making the best possible use of resources. Unlike the traditional linear economic model, which follows a pattern of 'extract, produce, use, and discard,' it is based on closing the life-cycles of products, services, waste, materials, water, and energy. It aims to transform the traditional economic system into a more sustainable and efficient one, centered on maximizing resource use and minimizing negative environmental impacts.

To apply these principles in its operations, the Group decided to focus on two key areas: first, water management to reduce consumption and pollution, and second, waste management, aiming to reduce the volume of waste generated and ensure the proper disposal and recycling of the various types of waste resulting from operations.

3-3
303-1
303-2
RT-CH-140a.3
IF-EU-140a.3

Water **Management**



Water Management takes on critical importance in the context of water stress in Mexico, as the demand for this essential resource exceeds its availability in certain regions or during specific periods. This situation arises from a combination of factors such as insufficient rainfall, population growth, agricultural and industrial activities, and inefficient management of water resources. Moreover, regions facing severe water stress, such as the states of Nuevo León and Sonora, necessitate immediate actions to ensure the availability and conservation of water.

CYDSA maintains its commitment to responsible Water Management, prioritizing the preservation of this resource to avoid impacting its availability in the surrounding communities. The Company enacts strategies, actions, and projects within three primary areas:

1. **Minimizing Water Use:** Recirculating water from specific processes to facilitate reuse in other parts of the operation.
2. **Limiting Potable Water Use:** Incorporating non-potable water sources, including wastewater and treated water, often in collaboration with authorities, to maximize the use of the lowest quality water available.
3. **Improving Discharged Water Quality:** Implementing water treatment processes to prevent negative impacts on receiving bodies of water, thus enabling the reuse of previously discharged water.

Water Recirculation

Water Recirculation

Water recirculation, as mentioned previously, involves reusing water within the same system or in different systems after undergoing specific treatment. This process reduces the need to extract fresh water in each cycle of use and reduces the amount of wastewater discharged to the environment, avoiding its pollution. This can also result in a reduction in operating costs.

Case Studies

Water recirculation in production processes

At Sales del Istmo, the volume of water recirculated through production processes during 2023 approached one million cubic meters. This achievement equates to the annual water consumption of approximately 3,000 families.

At IQUISA Santa Clara, various actions related to water recirculation for production processes are carried out. Specifically, residual water from the osmotic processes in the production of caustic soda, equipment washing, and salt separation in the wastewater treatment system is recovered.

OBJECTIVE

The Company's first circular economy objective, focused on water recirculation by 2030, is presented below:

Increase the Volume of Recirculated Water of CYDSA Group to a range between 2.40 and 2.80 million m^3 by 2030, which corresponds to a increase in the indicator of between 98% and 131% compared to the level of 1.21 million m^3 in 2018.

This data will be monitored on a regular basis by reviewing the initiatives deployed by the Group's different businesses to meet the established objective.

RT-CH-410b.2

Wastewater or treated water extraction

This initiative fulfills CYDSA's commitment to ensuring that the wastewater generated by operations causes the least negative impact on the receiving water bodies.

Case studies

Wastewater or treated water extraction

In recent years, CYDSA has invested in the construction of a wastewater treatment plant (WWTP) at IQUISA Santa Clara. Since the start of operations, IQUISA Noreste and Quimobasicos have used only wastewater and treated water. The volume of wastewater and treated water extracted at these plants averages 600 million liters per year, which is sufficient to supply 2,000 families over the same period. This is particularly significant given that both plants are located in regions experiencing high water stress.

Wastewater extraction for production processes

Quimobasicos operates a wastewater treatment plant (WWTP) with a capacity of 12 liters per second to produce industrial water. The industrial water is received in a reservoir and then pumped to various processes and storage areas for:

- Producing demineralized water for the Boiler and Plasma Unit
- Producing remineralized water, used instead of potable water for equipment washing and caustic soda dilution
- Supplying water for cooling towers and garden irrigation
- Producing diluted hydrochloric acid at 30% concentration, which exits the plant as a byproduct

Wastewater Treatment Plant at IQUISA Santa Clara

In 2023, IQUISA Santa Clara's Wastewater Treatment Plant extracted 158,416 cubic meters of wastewater, representing 38% of the water extraction volume required for its operations.

Projects to minimize the impact of wastewater discharges

Investments were made during the year for the "zero discharge" project at IQUISA Noreste. The aim is to eliminate all water discharges from this plant through the recirculation and optimization of the resource.

OBJECTIVE

The company's second objective related to the circular economy priority concerns **the extraction of wastewater or treated water.** This objective aims to reduce the use of potable water and its partial replacement with wastewater or treated water in production processes:

Increase the Volume of Wastewater Extracted by the CYDSA Group to a range of between 0.85 and 1.40 million m^3 by 2030, which corresponds to an increase in the indicator of between 46% and 139% compared to the level of 0.58 million m^3 in 2018.

1. WWTP, Wastewater Treatment Plant

303-3
303-4
303-5
RT-CH-140a.1
IF-EU-140a.1

In 2023, 44.2% of the water consumed in CYDSA's operating processes was recirculated. This represents a 58.9% increase compared to 2018.

Performance

Total water consumption in thousands of cubic meters

2018	2019	2020	2021	2022	2023	Variation % 2022-2023	Variation % 2018-2023
4,815	4,862	3,548	3,366	4,183	4,347	3.9%	-9.7%

Volume of recirculated water in thousands of cubic meters

2018	2019	2020	2021	2022	2023	Variation % 2022-2023	Variation % 2018-2023
1,208	1,672	1,870	1,735	2,111	1,920	-9.1%	58.9%

Volume of wastewater or treated water extracted in thousands of cubic meters

2018	2019	2020	2021	2022	2023	Variation % 2022-2023	Variation % 2018-2023
585	589	505	477	506	772	+52.4%	+31.8 %

Total water

4,777,124 m³
Extracted by plants

430,092 m³
Discharged by plants

1,018,597 m³ (23.4%)
Consumed from water-stressed areas

1,919,606 m³ (44.2%)
Consumed that was recirculated

3-3
306-1
306-2
306-3
306-4
306-5
RT-CH-150a.1
RT-CH-410b.2

Waste and **Recycling**

Aligned with the principles of the circular economy, effective waste management is essential for the efficient utilization of resources. **Consequently, CYDSA has implemented both a Hazardous Waste Management Plan and a Special Waste Management Plan to prevent negative impacts on society and the environment.** These initiatives aim to reduce both hazardous waste and special (non-hazardous) waste.

Management of Waste and Hazardous Materials

More specifically, the Group's various plants incorporate comprehensive waste management plans, encompassing policies and procedures for the classification, collection, and disposal of municipal solid waste, special waste, and hazardous waste. Additionally, campaigns promote recycling and reuse to minimize environmental impact. These plans adhere to safety standards and comply with applicable local regulations.

Performance

Waste in total tons	2022	2023	Y-o-Y %
Total waste generated (tons)	7,013	**6,785**	-3.2%
Liquid hazardous waste	120	**418**	248.7%
Solid hazardous waste	957	**650**	-32.1%
Biological infectious hazardous waste	-	**0.4**	NM
Hazardous waste	1,077	**1,069**	-0.8%
Special waste	5,617	**5,349**	-4.8%
Solid Urban Waste (non-hazardous)	319	**366**	14.9%
Non-hazardous waste	5,936	**5,716**	-3.7%
Waste diverted from disposal [recycling]	2,105	**2,525**	19.9%
% of total waste recycled	30%	**39%**	8.6 pp
Total weight of hazardous waste	7	**45**	547.1%
Total weight of NON-hazardous waste	2,098	**2,479**	18.2%
Waste directed to disposal	4,908	**4,005**	-18.4%
% of total waste eliminated	70%	**61%**	-8.7 pp
Total weight of hazardous waste	1,070	**753**	-29.6%
Total weight of NON-hazardous waste	3,838	**3,252**	-15.3%

306-1
306-2
RT-CH-410b.2

Case Studies

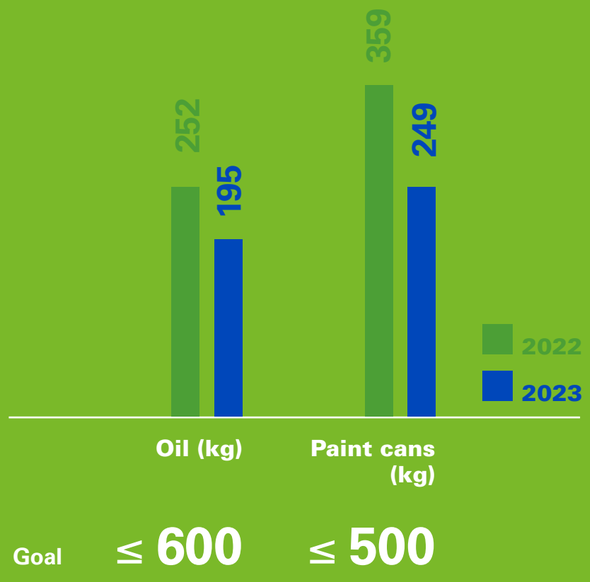
Waste Management in IQUISA Coatzacoalcos

The Group implemented measures to minimize and recycle waste with a high recovery value. One example is IQUISA Coatzacoalcos' participation in the HP Planet Partners program, Hewlett Packard's take-back and recycling system designed to reduce the environmental impact of printing consumables and computer equipment. The proper recycling and processing of products such as cartridges, inks and toners reduces landfill pollution with hazardous waste, and the reuse of some items prevents them from being discarded. These processes support a sustainable circular economy and reduce greenhouse gas emissions.

Liquid and Solid Hazardous Waste Management in Quimobasicos

In 2023, Quimobasicos continued its project to reduce hazardous liquid and solid waste.

The annual comparison chart below highlights a 23% reduction in the volume of oil waste and a 31% reduction in paint cans between 2022 and 2023.



	Oil (kg)	Paint cans (kg)
Goal	≤ 600	≤ 500

Other environmental activities during 2023

Complementing the “Environment” action line within the Company's sustainability strategy, CYDSA implemented several initiatives aimed at benefiting nature, focusing on biodiversity and conservation efforts.

In 2023, the Group implemented a reforestation program in Chipinque and another for the conservation of the Kemp’s Ridley sea turtle in Veracruz. CYDSA’s contributions to environmental protection resulted in the reforestation of 32.54 hectares from 2016 to 2023, the cultivation of 19,300 native plants, and the release of turtles during the last nesting season.

Below is the historical evolution of native plant cultivation activity, as well as the number of hectares reforested.

Plants Grown in the Greenhouse

Year	2019	2020	2021	2022	2023
Production	8,000	22,000	9,400	17,700	**19,300**

32.54
Hectares reforested
2016-2023

People

CYDSA consistently acknowledges its personnel as a fundamental strength, recognizing them as the core of the Group's productivity and culture. Their satisfaction and performance remain critical to the Company’s success and long-term continuity.

3-2 The "People" action line structured around key topics relevant to the team and all individuals involved in **the Company's activities centers on the health and safety of employees, with a strong emphasis on their well-being and development as top priorities.** Additionally, the strategy underscores the importance of fostering a diverse and equitable working environment that provides ample opportunities for growth.

Material Topics
3-2

Critical Topics
- Employee health and safety

Priority Topics
- Diversity, equity and equality
- Talent development and retention

Topics Under Surveillance
- Workplace well-being

2023 Key Actions
- The new Sustainability Strategy includes quantitative objectives related to diversity, equity, and equality, as well as health and safety.
- -16.7% in recorded occupational injuries compared to 2022.
- Certifications in ISO 14001 remained in place, along with recognitions from the Chlorine Institute and the National Association of the Chemical Industry for best practices in "integral responsibility".

2-23
3-3
403-1
403-2
403-4
403-5
403-7
416-1
RT-CH-410b.1
RT-CH-320a.2

Health and **Safety Culture**

Health and Safety Management System

Occupational health and safety focus on safeguarding the well-being of employees. The objective centers on preventing accidents and occupational diseases by creating a secure work environment. A management system in this area includes risk identification and control, training, regulatory compliance, health promotion, and incident management.

Management Systems

CYDSA's Industrial Safety, Operating Safety, and Environmental Protection Administrative System (SASISOPA) ensures safety in accordance with the Occupational Health, Safety, and Environment Protocol (SSOMA). The system aims to identify, reduce, and control risks to the health and safety of employees.

Management policies

The Occupational Health and Safety Policy, updated in 2022, is aligned with ISO (International Organization for Standardization) certification standards.

Management Mechanisms

All CYDSA plants and operations use the Process Safety Management (PSM) system to monitor occupational health and safety. “Hazardous" jobs follow strict protocols and different levels of authorization. In addition, joint committees of union and management representatives evaluate risks and investigate accidents using tools such as HAZOP and AST, as well as the Systematic Cause Analysis Technique (SCAT).

These include the **Risk and Process Analysis Committee and the Safety and Hygiene Commission, responsible for implementing the Occupational Health and Safety Policy.** The committee meets quarterly and conducts monthly inspections to protect personnel, facilities, the community, and the environment. A corporate audit is conducted annually to verify compliance with all occupational health and safety policies.

Management Certifications

CYDSA obtained international certifications in safety and environmental management systems, including the Integral Responsibility Management System (SARI), the Occupational Safety and Health Self-Management Program (PASST) granted by the Ministry of Labor and Social Welfare, the Industrial Safety, Operating Safety, and Environmental Protection Administrative System (SASISOPA), Environmental Excellence and Clean Industry Performance Level 2, and the ISO 14001 Environmental Management System and ISO 9001 Quality Management System.

403-3
403-4
403-6
RT-CH-320a.2

Health and Safety
Risk Management

Risk assessments are conducted on 100% of products and facilities, including commercial relationships, to strengthen compliance with international standards. All Business Units implement the "Dutch Line" methodology to establish a social risk profile that meets even the strictest Dutch standards. This methodology enables the Company to identify potential risks and establish prevention, control, and mitigation measures. These profiles are updated every five years or when production processes change.

To demonstrate that the Health and Safety impacts of their business units are assessed, the following is requested from each of the plants:

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

If any parameter or deviation from the maximum acceptable levels is detected, an action plan is established to mitigate or eliminate the conditions that pose a risk to the safety or health of personnel.

Personnel can report hazards or occupational risk situations through an electronic form hosted in the Company's management system. These cases receive follow-up, enabling analysis to uncover the root causes of incidents based on the information provided. Notably, the most frequent incidents are reported through the internal safety bulletin. Additionally, electronic boards and screens communicate risks and raise awareness of health and safety issues.

Emergency drills for different types of spills are conducted at each plant to ensure that everyone knows exactly what to do in real-life situations. Personnel are trained to respond effectively and safely to all eventualities, protecting both people and assets. Annual talks are also held in conjunction with the Safety Department, focused on prevention. Emphasis is placed on the proper use of personal protective equipment and best safety practices.

In 2023, CYDSA received the Chlorine Institute's Safety Excellence Award once again for its safety levels and zero chlorine emissions. IQUISA's plants in Santa Clara, Tlaxcala, Hermosillo, and Noreste received the Diamond level award, while IQUISA Coatzacoalcos received the Platinum level. **Moreover, CYDSA maintains its six-year record of zero spills and zero loss time cases in chlorine production.**

403-5
416-1

Case Studies

In 2023, no instances of non-compliance related to health and safety impacts of product and service categories occurred at any CYDSA facility.

Health and safety training

In 2023, the Medical Department, in coordination with the Safety Department, provided training in first aid, occupational hazards and common diseases. This training, based on the Ministry of Labor and Social Welfare's (STPS, *Secretaría del Trabajo y Previsión Social*) standards and Mexican clinical practice guidelines, included written evaluations and simulations. They were delivered in small groups by certified trainers to ensure personalized attention.

Regarding occupational safety, all personnel received initial and ongoing training on various safety and emergency response topics. These included risk analyses, lockout/tagout, infectious diseases, waste management, working at heights, and the use of fire extinguishers. This structured approach not only ensured compliance with occupational safety standards, but also fostered a safe and healthy work environment. The result led to a reduction in incidents and an increase in personnel satisfaction and well-being.

403-7
416-1
RT-CH-410b.1

Operational **Safety**

Specific programs established in each of the Organization's departments aim to achieve the best safety indicators. These programs include the implementation of internal and material transport emergency plans, enabling teams to prevent and monitor any potential incident. IQUISA Hermosillo, Coatzacoalcos, Noreste, Tlaxcala, Santa Clara, and Quimobasicos participate in the Chemical Transport Emergency System (SETIQ), providing an immediate telephone response to incidents related to the transportation of chemical products and acting as a liaison with other emergency response groups.

OBJECTIVE

Based on the Company's guidelines to ensure personnel's safety in operations, the following objective was set:

Do not exceed one loss time case per 1,000 workers per year.

403-9

Internal Industrial Safety Awards

CYDSA once again granted internal awards for performance in these areas. In 2023, the awards were presented to the following plants:

More than 10 years without loss time cases:

- 19 years: IQUISA Santa Clara
- 18 years: IQUISA Tlaxcala
- 13 years: Quimobasicos

Between 3 and 9 years without loss time cases:

- 8 years: Underground LP Gas Storage
- 5 years: ASERTEC
- 3 years: IQUISA Hermosillo

Acknowledgements for improvement in:

- Most improved accident rate: IQUISA Noreste
- Most improved safety audits: Quimobasicos
- Most improved vulnerability index: IQUISA Tlaxcala

IQUISA Santa Clara: Policies and procedures are communicated to personnel in a timely manner to identify significant risks in their work areas. Additionally, a performance evaluation process is coordinated by the safety and supply department. Safe work behavior ratings influence final scores.

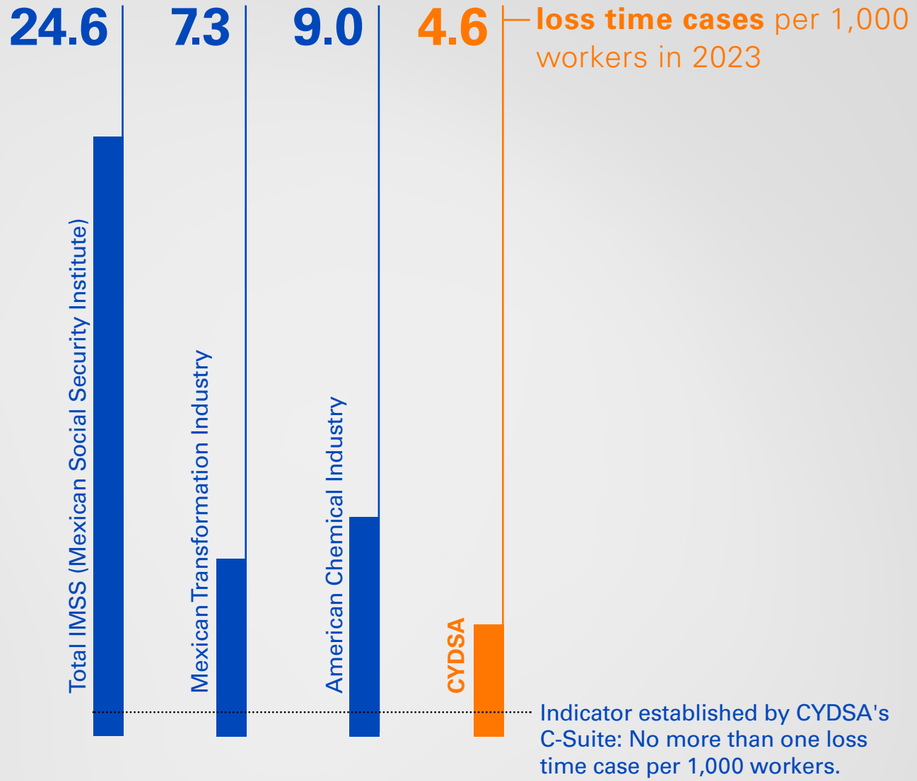
Underground LP Gas Storage: Signed its HSE (Hygiene, Safety and Environment) policy in 2023, permanently making Industrial and Operational Safety and Environmental Protection (SISOPA) one of its main objectives. This plant conducted corporate audits to evaluate its performance in the detection and elimination of risky conditions, accident investigation, industrial hygiene, emergency preparedness, among others.

Performance

Recordable injuries in 2023 mostly involved falls, sprains, or impact at worksites, and in some cases, due to the use of machinery, such as electric shocks.

-16.7%
recordable occupational injuries compared to 2022

Comparative indicator of loss time cases per 1,000 workers with similar industries in 2023



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

Operational **Health**

Like occupational safety conditions, health conditions at the workplace are continuously identified and monitored. Occupational Health and Safety assessments are carried out annually to identify:

- Hazardous or unsafe physical conditions that may pose risks to facilities, processes, machinery, equipment, tools, transportation, materials, and energy.
- The physical, chemical, and biological agents that may alter workplace conditions and, due to their properties, concentration, level, and duration of exposure, could impact the health of workers, as well as the sources that generate them.
- The surrounding hazards that could potentially impact the workplace, when applicable, along with the regulatory requirements related to occupational safety and health that must be adhered to.

CYDSA ensures an optimal quality of life for employees in its facilities. In 2023, the Company complied with legal health requirements, including the 2015 amendments to Articles 42 and 43 of the Federal Labor Law on Ergonomics and Psychosocial Risks, as well as the Mexican Official Standard NOM-010-STPS-2014 on Chemical Pollutants. CYDSA identified, evaluated, and controlled these chemical agents, achieving 100% compliance with all legal requirements during the year.

Case Studies

Absenteeism Program

The Absenteeism Control Program strengthened the working relationship between the Mexican Social Security Institute (IMSS) and CYDSA. Thanks to this program, prompt attention provided to employees resulted in reduced recovery times.

Epidemiological Surveillance Program at Underground LP Gas Storage

This program aimed to reduce the morbidity of vector-borne diseases among workers at the Hydrocarbons Processing and Underground Storage business. These diseases result from living agents such as insects. The main challenge involved implementing prevention and control strategies, alongside the optimization of proactive measures nationwide to prevent outbreaks and ensure timely responses. To achieve these objectives, CYDSA carried out the following activities:

- Distributed information on relevant international public health events through alerts, interactive maps, and reports.
- Raised awareness of the importance of vector-borne diseases among Underground LP Gas Storage staff through talks and by distributing pamphlets.
- Conducted monthly fumigations in various Hydrocarbons Processing and Underground Storage buildings to eliminate vector breeding sites.
- Employees received information on preventive measures to implement at home, including:
  - Avoid keeping water in outdoor containers (flowerpots, bottles, jars) to prevent them from becoming mosquito breeding grounds.
  - Avoid accumulating trash, dispose of it in sealed plastic bags, and store it in closed bins.
  - Clear drains that may allow water to stagnate.

3-3,
405-1

Diversity, Equity **and Equality**

Diversity encompasses a broad spectrum of human experiences, including differences in ethnicity, race, gender, age, culture, socioeconomic status, abilities, sexual orientation, and ways of thinking. This variety is invaluable as it fosters creativity, innovation, and better decision-making by providing a multitude of viewpoints.

CYDSA is committed to creating an inclusive work environment that embraces diversity and promotes equal opportunity. This means ensuring that all individuals, regardless of gender, can fully participate and contribute to their respective areas and teams. At the same time, the Company strives to eliminate discrimination and promote respect for diversity as part of its sustainability strategy. This openness to diverse talent not only benefits employees, but also drives innovation and creativity.

The Group considers that, to make this possible, several points will be addressed in a gradual manner, including the following:

- Identifying and building awareness around unconscious bias in the workplace,
- Training and transition programs to ensure that all personnel have access to the same preparation,
- Having recruiting processes that seek to broaden and diversify the pool of qualified candidates for each position,
- Supporting external programs that promote the exposure of girls to the chemical industry to increase their interest and knowledge of the sector.

OBJECTIVE

Based on the Company's efforts to ensure a gender diverse work environment, the following objective is set for 2030:

Increase the Percentage of Non-Unionized Female employees, with respect to the total number of non-unionized employees of CYDSA Group, from 18.8% in 2018 to a range of 27% to 34% in 2030.

To establish this goal, all operations were consulted, and an evaluation was conducted, plant by plant, considering both the type of task performed and the turnover rate for each position. To ensure its achievement, periodic monitoring is conducted through reviews of the actions taken by the different businesses within the Group.

Performance

CYDSA had

2,083

personnel in 2023, among whom

1,834
men
88%

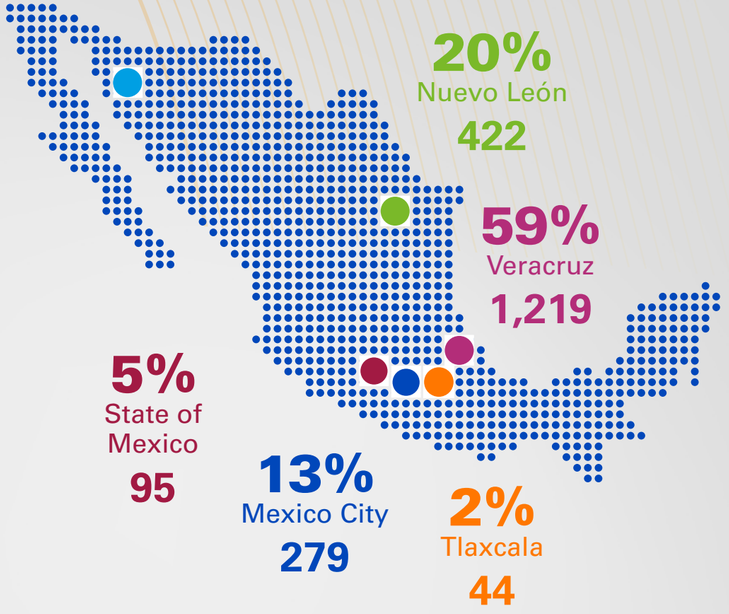
249
women
12%

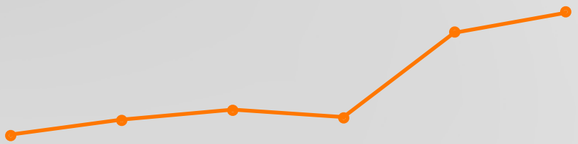
1,107
unionized
(53%)

57%
Under 30 yrs old

39%
Between 30 and 50 yrs old

4%
Over 50 yrs old





Gender-based diversity	2018	2019	2020	2021	2022	2023	Variation % 2023 vs 2022
% Non-unionized women Vs. Total non-unionized women	18.8%	19.4%	19.8%	19.5%	22.9%	**23.7%**	+3.5%

2-7
2-23
3-3
401-2
401-3

Workplace
Well-being

The Group maintains a policy and various measures to ensure respect for human and labor rights, compliance with laws and ethical principles, and the promotion of inclusion and equal opportunities. CYDSA also safeguards health, minimizing operational risks and the possibility of occupational accidents, requesting the participation of all internal and external personnel to guarantee a favorable working environment. CYDSA seeks to respect the privacy and dignity of its employees.

Recognizing the importance of psychosocial conditions for its employees, CYDSA complies with the Mexican Official Standard NOM-035-STPS-2018, "Psychosocial Risk Factors at Work". This regulation aims to prevent psychosocial risks through their identification, analysis, and prevention. The Group is committed to maintaining a workplace free of violence, harassment, intimidation, and other conditions that are unsafe or disruptive due to internal and external threats. Feedback mechanisms such as work environment surveys and reports are also used to identify areas of opportunity.

TURNOVER	2021	2022	2023	2023 Layoffs	2021 Turnover Rate	2022 Turnover Rate	2023 Turnover Rate	Variation
Unionized personnel	992	1,018	1,107	121	7.1%	**6.8%**	11.4%	4.6 pp
Non-unionized personnel	893	911	976	78	4.9%	**8.4%**	8.3%	-0.2 pp

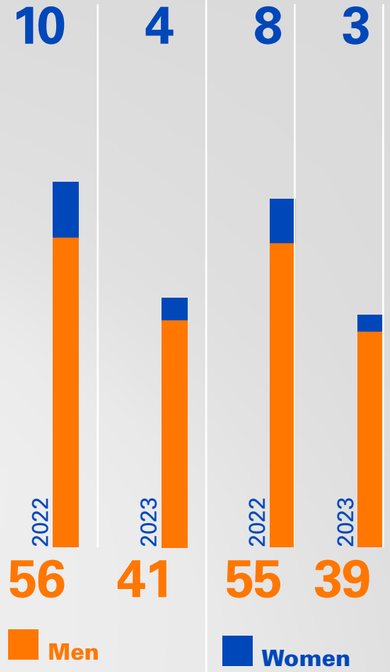
Benefits

CYDSA provides its employees with adequate benefits that surpass those required by law, including: savings and asset building plan, health care, disability and invalidity insurance, life insurance, severance pay, recognition for years of service, Christmas bonus, vacation bonus, medical screening, protection plan (life insurance and total and permanent disability), and retirement.

Respecting compensation and benefits, the Company maintains a plan designed to meet staff needs and motivate performance. Salaries and benefits granted to employees align with their profile and responsibilities, without gender discrimination.

2.2%
of the workforce used their **parental leave.**

Used their parental leave



Return to work

Return to work rate

98%
2022

95%
2023

80%
2022

75%
2023

2-23
2-24
2-28
407-1
408-1
409-1

Human **Rights**

The Group is a member of the United Nations Global Compact, aligning its strategies and operations with the 10 Universal Principles on **Human Rights, Labor Standards, the Environment and Anti-corruption** and takes action to advance the Sustainable Development Goals (SDGs). As such, existing processes and policies are being adapted to ensure that the relevance of human rights in operations is formally integrated and clarified.

A clear example of this was the update to the **Supplier Guiding Principles,** which states that all those seeking to become suppliers or who are current suppliers of CYDSA must promote a work environment free of discrimination, forced or child labor, with freedom of association, health and safety, and opportunities for development and well-being.

During 2023, the development and formulation of a new human rights policy began, which was in the process of approval during the preparation of this report.
The policy is expected to be published throughout 2024. It is guided by international human rights principles, including the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the United Nations Guiding Principles on Business and Human Rights, the Political Constitution, and the Federal Labor Law.

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

Health and **Well-being Services**

CYDSA implemented a Preventive Medicine Program, that includes a comprehensive health assessment or "checkup" for both new personnel and the rest of the team. In 2023, this checkup incorporated: stress tests using the Bruce Protocol , clinical examinations (BHC, QS, PFH, FEBRILE RX, VDRL, HIV, COPRO, EGO and anti-doping), chest x-ray, resting EKG, nutritional programs, hearing tests (spirometry and audiometry), vaccination campaigns, and COVID tests. In collaboration with the Mexican Social Security Institute (IMSS) through the PREVENIMSS program, conferences on topics such as diabetes, hypertension, sexual health, and nutrition took place. Additionally, the program included webinars taught by the company physician and other specialists in various fields of medicine were offered. Webinars taught by the company physician and other specialists in various fields of medicine were offered.

In addition to annual physicals, medical examinations occurred prior to performing high-risk tasks, such as working at heights, in confined spaces, and operating heavy machinery. Studies of noise and lighting, as well as chemical agents in the work environment complemented the mentioned examinations. Workers with chronic degenerative diseases, such as hypertension and diabetes, received monitoring to keep their symptoms under control.

100%
of our personnel have access to medical examinations.

On-Site Medical Care

All plants are equipped with medical departments that record and keep track of the chemicals used at each facility and their corresponding Material Safety Data Sheets (MSDS). The MSDSs detail specific treatments for cases for which antidotes are cases involving available antidotes, as well as access to transport ambulances. Additionally, there are written procedures, updated every two years, that guide the operation in situations like accidents, admissions tests, periodic evaluations, and medical emergencies, among others. The department provides coverage 24 hours a day, 365 days a year, ensuring timely attention ensuring timely attention to personnel whenever necessary.

2. Stress testing with the Bruce Protocol allows early diagnosis of cardiovascular risks.

3-3, 404-1, 404-2 404-3

Talent Development and Retention

Developing employees' skills and abilities through training programs is of utmost importance to ensure their professional and personal growth. The impact of CYDSA's training programs goes beyond individual development; these initiatives have played a critical role in shaping a highly skilled workforce, positioning CYDSA as an industry leader. The Group's commitment to training aims to equip employees with the necessary competencies for their respective roles, thereby ensuring their physical safety and fostering career growth within the company. Additionally, individuals set to succeed employees in certain positions receive the necessary support and training to prepare them for their Career Plans.

In 2023, training focused primarily on topics like health and safety, environmental control, leadership development, gender equality, protection of family finances, emergency response, and first aid. Webinars, workshops, and courses supported the development and training of 1,284 employees at IQUISA's Coatzacoalcos, Noreste, Santa Clara, Hermosillo, Tlaxcala, and Sales del Istmo plants.

Feedback as a vehicle for growth

CYDSA currently conducts feedback sessions at the executive level, involving managers and above. This evaluation considers the fulfillment of specific objectives as well as the general perception of each manager, from their department and team. The President's Office conducts individual sessions to review performance and results, offering an opportunity to recognize excellent work and achievements. The Group intends to expand the scope of this feedback to include employees who report to managers, with the aim of informing and guiding their growth within the company. In this way, areas for improvement can be turned into opportunities at different levels of the Organization.

As the Company explored ways to deepen its understanding and protection of its team's well-being, beyond the occupational health and safety actively managed in daily operations, an increasingly holistic approach began to be pursued, encompassing physical, mental, and emotional health.

Community

Aligned with the goal of strengthening CYDSA's strategy and **Sustainability Model, the Safe Environment and Community Value priorities emerged for the Community action line**

3-2 In this context, CYDSA **collaborates with communities to build positive relationships,** prioritizes safe operations, and ensures that the products and services offered align with consumer needs and expectations. Additionally, CYDSA actively engages in local development projects and continuously monitors community health, safety, and education.

Material Topics
3-2

Priority Topics
- Safe environment
- Community relations

Other relevant topics
- Responsible product communication and consumer health

2023 Key Actions
- During 2023, CYDSA received no notifications from neighboring communities regarding any disturbances caused by the operations of its plants.
- Social risk perception surveys were conducted among neighbors to assess the impact of various community support initiatives implemented by CYDSA.

2-23
3-3
403-7
416-1
417-1
RT-CH-410b.1
RT-CH-320a.2

Safe **Environment**

Operational Safety (Community)

For over 30 years, CYDSA has defined its social risk profile through research, fostering harmonious coexistence between industry and community. The Company maintains the highest safety standards in the sector, adhering to regulations and conducting environmental risk assessments and accident prevention plans. Additionally, CYDSA's risk management model addresses risks impacting the community.

Civil Protection authorities recognize The Group's expertise in handling chlorine and its industrial safety practices. To support these activities, innovative tools such as Safer software, simulating hazardous substance leaks in real time, are utilized. Additionally, CYDSA voluntarily participates in emergency drills organized as part of the National Day for Chemical Emergency Preparedness and Response.

Responsible product communication and consumer health

CYDSA establishes specific information and labeling requirements for its products and services. To ensure safety, access portals and safety data sheets (MSDSs) are made available to the public, prepared in accordance with the Chemical Hazard Identification Standard. These MSDSs provide details on hazard characteristics, precautions, and emergency or final disposal measures and are distributed to transport unit operators for delivery to customers. Additionally, an Emergency Protocol for Transporting Products accompanies each shipment, offering essential information to coordinate a safe response in case of an emergency. All measures comply with the Globally Harmonized System (HAZOP) and regulations from the Ministry of Communications and Transport (SCT).

Training in unit contracting, entry, and dispatch procedures, along with technical service for sales personnel, ensures that customers gain the necessary knowledge regarding labeling requirements and the responsibilities of operators managing the transportation and handling of these units.

In line with the Globally Harmonized System, the product safety data sheets are updated annually. This information remains accessible to both operators of transport units and plant personnel. In terms of transparency with consumers, The Group adheres to the most stringent standards in the chemical and food industries, including FSSC-22000 food safety certification, NSF International public health standards, and proper labeling of all products.

[3] Based on the international "Dutch Line" methodology, detailed on pg. 41 of this report, in the subchapter "Health and Safety Risk Management".

2-25
3-3
203-1
203-2
413-1
413-2
RT-CH-210a.1

Value to **the Community**

Community Relations

As part of its commitment to sustainable development, CYDSA promotes community projects that enhance health, education, recreation, welfare, and local development. Additionally, a system exists to manage complaints from neighboring communities, defined as any expression of concern, demand, denunciation, or dissatisfaction related to the Company's operations. Following the established protocol, all complaints receive thorough attention and resolution.

Complaints are classified as follows:

- **Serious:** Situations involving the presence of authorities, neighbors, or media at a plant or in the community; occurrences such as meetings, marches, or strikes directed against the Company; or or two or more phone calls from neighbors regarding the same issue.
- **Minor:** A single call from a neighbor expressing disagreement.
- **Incidents:** Calls from neighbors expressing dissatisfaction if the nuisance cannot be attributed to the Company, or the issue aligns with the regulations or laws in effect.

Between 2019 and 2023, no community complaints have been reported. Additionally, social risk perception surveys targeting local residents have been conducted to assess the impact of various community support initiatives undertaken by CYDSA.

1. Health Promotion

Caring for the health of neighboring communities is a priority for the Company. In line with this commitment, health and safety programs operated in the surrounding communities in 2023, reaffirming the Group's dedication to the low-income areas near its facilities, as consistently demonstrated for 23 years. Additionally, support extends to members of community environmental committees.

The companies located near CYDSA's plants are also part of the community. **IQUISA Hermosillo and Coatzacoalcos (IQUISA and Sales del Istmo)** continued to provide a free emergency medical service in their respective industrial parks. This service operates 24 hours a day for companies affiliated with the Local Mutual Aid Committee, known as CLAM. Furthermore, the PREVENIMSS campaign was extended beyond the Company's own workforce, inviting neighboring companies to receive medical check-ups and flu vaccinations.

2. Education

Promoting education holds significant importance for the Group. Consequently, there remains a growing emphasis on enhancing community awareness regarding sustainability matters.

An illustrative example of this commitment occurred at **Sales del Istmo**: a "Safe School" program supported local educational institutions by offering courses on civil protection, fire safety, and other essential topics. Additionally, training on the circular economy and the reuse of plastic waste was also provided. The Company offered products from the basic food basket in exchange for plastic waste collected at facilities.

At **IQUISA Santa Clara**, community representatives received invitations to participate in various activities, including World Environment Day, earthquake drills, and the Safety, Health, and Environment Week.

Underground LP Gas Storage, together with another local company, participated in the plastic recycling program called "Plastianguis", organized by the National Association of Chemical Industries (ANIQ). The program aimed to enhance community understanding of plastic waste management, material identification, and recycling through educational activities and interactive dynamics. Focused on the community of Ixhuatlán del Sureste, Veracruz, the initiative provided infrastructure for plastic collection, allowing community members to exchange plastic waste for basic food basket items, thereby promoting both environmental awareness and community support.

RT-CH-210a.1

Underground LP Gas Storage also supported 8 educational institutions through the "Plastivale" program. This program strives to promote a recycling culture through training, environmental activities, and the collection of post-consumer plastic waste (PET, HDPE, and PP bottles). A total of 538 students participated in the program, resulting in the collection of 1.1 tons of plastic waste. In recognition of their efforts, the participating institutions received in-kind support, including projectors, speakers, fans, and sports equipment kits.

3. Recreational and Wellness Activities

The Ruiz Cortines Industrial Center in Monterrey, Nuevo León, houses the Community Care Center and the Multipurpose Room. These spaces, which have been in operation for nearly 34 years, play a crucial role in implementing community development and outreach programs. Through these ongoing initiatives, the Group fosters a strong and cordial relationship with the neighboring communities.

4. Community Development

In collaboration with authorities and local residents, CYDSA promoted projects that improved the communities' environment through reforestation, maintenance, and training programs, including the reforestation of more than 32 hectares from 2016 to 2023 in the state of Veracruz, the reforestation of native flora in Chipinque, the maintenance of a public square, walkway, and medians located on streets adjacent to one of the plants in the state of Nuevo León, the operations of a regional committee that promotes social and sports activities for the neighbors of one of the plants in the state of Nuevo León, as well as the aforementioned Underground LP Gas Storage projects.

The direct economic value generated and distributed by CYDSA directly impacts both its personnel and the surrounding communities.

Donations and Community Events

During 2023, donations and contributions were made to support social and health care, cultural activities, education, and the maintenance of local parks and green spaces.

Economic value generated and distributed (EVGD) [cumulative]	2021	2022	2023	Variation % 2023 vs 2022
EVG (millions of pesos)	**11,339**	**13,612**	**14,160**	**4%**
Sales to external customers	11,339	13,612	14,160	4%
EVD (millions of pesos)	**-10,916**	**-12,542**	**-12,288**	**-2%**
Dividends paid to majority shareholders	-200	-200	-250	25%
Dividends paid to minority shareholders	-9	-42	-8	-81%
Cost of sales	-6,950	-8,157	-7,681	-6%
Sales expenses	-1,689	-1,877	-2,033	8%
Administrative expenses	-876	-1,053	-1,170	11%
Other operating income (expenses)	149	-43	-110	156%
Financial expenses, net	-1,116	-594	-503	-15%
Income tax	-225	-576	-533	-7%
EVR (millions of pesos)	**423**	**1,070**	**1,872**	**75%**

3-2

CORPORATE GOVERNANCE

The Company operates on solid principles, with **business ethics** forming the foundation of all processes. Ongoing focus on ESG risk management, including crisis management and a responsible supply chain, serves as crucial elements closely monitored to maintain the **Organization's integrity and sustainability.**

Material Topics
3-2

Critical Topics
Corporate ethics

Priority Topics
Organizational structure and management

Topics Under Surveillance
ESG risk management (crisis management)

Responsible supply chain

2-9
2-10
2-12
3-3

Organizational **Structure and Management**

CYDSA's Corporate Governance is a normative framework that establishes the structures and processes that guide the Company. The experienced Board of Directors assures Management's accountability, fairness, and transparency with all its stakeholders. CYDSA also considers corporate governance as a relevant topic, since having well-rounded, prepared, and ethical Management is fundamental for ensuring that the decisions being made at the Company are the best ones possible and that benefit all stakeholders.

CYDSA's Corporate Governance is in compliance with the Securities Markets Law, The General Law of Corporations, the General Provisions Applicable to Securities Issuers Law for Business, and to other Stock Market Participants, The General Provisions Applicable to Entities and Issuers Overseen by the National Banking and Securities Commission that Contract External Audit Services to Audit Basic Financial Statements, the Internal Regulation of the Mexican Stock Exchange, and the Code of Best Corporate Practices, whose degree of compliance is reported annually to the National Banking and Securities Commission, to the Mexican Stock Exchange, and to the investing public.

2-9
2-12
2-13
405-1

Board of Directors

The highest governing body at CYDSA is the **Board of Directors,** which focuses on and directs the selection of objectives, values, and strategy with which the Group operates. The members of the Board of Directors were appointed by the Annual General Ordinary Shareholders Meeting and have vast experience in areas such as strategic planning, business, finance, sales, and marketing.

The principal functions of the Board of Directors are:

a. To define the strategic direction.
b. To ensure honest and responsible conduct of the Company.
c. To ensure the creation of economic and social value for shareholders.
d. To evaluate and approve the management of the chief executive officer and the Company's senior management.
e. To promote responsible disclosure of information.
f. To establish mechanisms to identify, analyze, administer, and control strategic risks.
g. To drive the Company to be socially responsible, protecting the natural environment and driving personnel development.
h. To support ethical and transparent management.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has three committees to support the Board's functions that meet periodically: the Corporate Practices and Audit Committee, the Compensation Policies Committee, and the Planning and Finance Committee.

Committee Responsibilities:

Corporate Practices and Audit Committee
This committee constantly monitors the transparent and ethical functioning of the committees, executives, and directors.

Compensation Policies Committee (Board Consultative Committee)
This committee considers the performance of executives and directors with respect to the established goals they must meet during the fiscal year. These goals are productive, economic, and might also be linked to performance in environmental and social matters.

Planning and Finance Committee (Board Consultative Committee)
One of this committee's main objectives is to administer the Company's funds, to ensure they are used as efficiently as possible, and in the areas that need them the most.

The Board of Directors is at a hierarchically higher level than the Board's Committees; these Committees help the Board of Directors, directors, and executives in their functions. Through frequent meetings, the Board of Directors and the Group's Strategic Directors analyze and manage ESG matters and the regulatory changes that are most relevant to CYDSA's operations. They also inform the Board of the needs and expectations of its stakeholders, so that such matters can be monitored and resolved. Another means that minority shareholders use to communicate with the Board of Directors is through the Investor Relations area.

16 executive members on the Board of Directors in 2023

6 board members are independent representing 37.5%

3 female board members on the Board of Directors, representing 18.8%

4 board members are part of senior management 75.0% are non-executive board members

2-9
2-11

NAME	GENDER	AGE	TENURE	INDEPENDENCE*	COMMITTEES	EXPERIENCE	PARTICIPATION ON OTHER BOARDS
Ing. Tomás González Sada, Presidente	M	80	29 years old	NO	Planning and Finance	• Administration and Finance • Strategic Planning	8 boards
Dr. Herminio Blanco Mendoza	M	73	9 years	YES	Compensation Policies	• International Relations • Government	2 boards
Lic. Álvaro Fernández Garza	M	55	12 years	YES		• Administration and Finance • Strategic Planning	6 boards
Lic. Eugenio Garza Herrera	M	67	7 years	YES	Corporate Practices and Audit	• Administration and Finance • Strategic Planning • Art and Culture	15 boards
Lic. Francisco Javier Garza Zambrano	M	68	11 years	YES	Corporate Practices and Audit	• Administration and Finance • Strategic Planning • Art and Culture	15 boards
Lic. Gabriela González Casas	F	50	10 years	NO	Corporate Practices and Audit	• Administration • Education • Civil Organizations	4 boards
Lic. Laura González Casas	F	54	11 years	NO	Corporate Practices and Audit	• Administration • Education	3 boards
Lic. Verónica González Casas	F	53	9 years	NO	Planning and Finance	• Administration • Strategic Planning • Art and Culture	11 boards
Lic. Tomás González Casas	M	53	19 years old	NO	Planning and Finance	• Administration	3 boards
C.P. Mario Laborín Gómez	M	71	19 years old	YES	Planning and Finance	• Administration and Finance • Health	9 boards
C.P. Humberto F. Lozano Vargas	M	66	6 years	NO	Planning and Finance	• Finance	1 board
Lic. Abelardo Morales Purón	M	68	17 years	NO	Corporate Practices and Audit	• Administration and Finance • Strategic Planning • Real Estate • Art and Culture	7 boards
Ing. Roberto B. Rubio Barnes	M	68	10 years	NO		• Administration and Finance • Sustainable Development • International Relations	6 boards
Lic. Adrián G. Sada González	M	79	38 years old	NO	Compensation Policies	• Administration and Finance • Strategic Planning	3 boards
Ing. Alejandro von Rossum Garza	M	76	18 years old	NO	Planning and Finance	• Administration • Strategic Planning • Chemicals and Manufacturing	1 board
Lic. Carlos Salazar Lomelín	M	72	2 years	YES	Planning and Finance	• Administration and Finance • Economy • Discretional Consumption • Food and Drink	2 boards

**The independence of the Board Members identified as Independent was approved by the General Shareholders Meeting, with no objections from the National Banking and Securities Commission (CNBV), implying the regulatory body.*

2-17
2-18
2-19
2-20
2-23

BOARD AND COMMITTEE PERFORMANCE EVALUATIONS

The processes to evaluate the highest governing body's performance with respect to managing environmental, social, and corporate governance matters, occurs during the first and second quarters of each year. This assessment of the achievements and results of the Office of the President is performed by a council comprised of external advisors.

There is also a Competitiveness and Growth Strategic Plan. This Plan is used to define the measures that will be taken in response to evaluating the performance of the highest governing body. This may include, at a minimum, changes to the Board's composition or in the Organization's practices. It also seeks to improve the collective knowledge of the highest governing body in economic, environmental, and social matters, to thus improve performance in these areas.

REMUNERATION POLICIES

Remuneration policies for the highest governing body and senior management are in line with industry best practices and meet local regulations on executive compensation. These standards are based both on local legislation as well as on information provided by specialized firms, such as Mercer, and on participation of compensation groups, such as ATECO and G18.

CYDSA's Post Assessment Methodology is used to determine remuneration. This methodology considers various factors such as level of responsibility, scope, and impact on the business, as well as relationships, among other metrics. Specific tabulators by region and position are used at all business units.

There is also a **Compensation Policy Committee,** which is comprised of external advisors. This committee receives information on the salary market and determines the percentage for general increase, and bonus amounts for the members of the Office of the President, based on their performance. Please see the **2023 Annual Report** for more information.

2-15
2-16
2-23
2-25
2-26
3-3
403-4

Corporate **Ethics**

CYDSA has a **Code of Conduct** whose purpose is to ensure its Value Creation Philosophy is fully applied to benefit its clients, personnel, shareholders, suppliers, and the communities where it is present.

This document outlines the desired behavior of CYDSA's personnel (board members, managers, directors, employees, and contractors) in the event of situations that could arise while performing their functions. It is based on observing and fully complying with applicable laws in the different municipalities, states, and countries where CYDSA operates, as well as in the principles of its Corporate Policies.

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

COMPLAINT AND REDRESS MECHANISMS

Until 2023, personnel had three mechanisms for reporting any potential violation of the principles of the Code of Conduct, policies, procedures, standard practices, and regulations of the Organization. These mechanisms include a transparency mailbox, conveniently located in each Organizational Unit so employees can leave their comments or feedback for the Company, a designated e-mail, and a telephone hotline.

During the year, the Company worked on strengthening its communication channels by installing a whistleblower hotline operated by a third-party expert in the field, Letica. As a result, from 2024 onward, any person associated with the Company will be able to report, in a more formal and structured manner, any inconsistencies or areas of opportunity in the Company's activities. This platform guarantees the integrity of the information received, promotes trust through anonymity and will provide greater control in the investigation and resolution of cases.

An Oversight Committee has been established to evaluate, resolve, and take appropriate actions in cases that arise. This Committee also informs the Corporate Practices and Audit Committee of the Board of Directors about cases presented, together with their respective resolutions.

CONFLICTS OF INTEREST

In all its activities CYDSA requires honest practices and transparent operations. The Group has a Conflict of Interest Policy, whose objective is to decrease the risks of fraud and corruption. It also has an annual visitation program to the different Business Units with the objective of monitoring and evaluating compliance, and distribution of the Code of Conduct, as well as the Conflict of Interest Policy.

Employees must avoid any situation that represents, or might represent, a conflict of individual interest with the interests of the Organization. CYDSA believes there is a Conflict of Interest when the personal situation of any member of the Organization, whether they are a board member, manager, employee, or contractor, due to circumstances of their position, time, resources, or information, place them in a position in which a decision made on behalf of the Company might benefit their personal interests, those of their family members, or those of a related third party, to the detriment of the Organization's interests.

For cases that violate the by-laws and legal regulations of the stock market, the procedure consists of obtaining approval from various bodies within the Company, such as the Corporate Practices and Audit Committee, and the Board of Directors, to manage dispute resolution. The stock market regulation also establishes the process that transactions between related parties must follow to obtain approval from one or more of the Company's governance bodies. For example, the Company's related parties are required to communicate with the Company when there is a conflict of interest in any operation.

REGULATORY COMPLIANCE

The Mexican government could implement significant changes to laws, public policies, and/or regulations, which could impact the political and economic situation in Mexico, which could also adversely affect CYDSA's businesses. Furthermore, the timing and scope of such modifications are unpredictable. The Mexican government's activities in relation to the economy and the regulation of certain industries, including the specialty chemicals and energy sectors, may have a material impact on the Company and on market conditions in Mexico. CYDSA strives to be prepared so it can adapt business unit operations to changes that might occur in the future.

For example, during 2021, the **Electricity Industry Law** was issued, which changed the rules regarding Self-Supply Permits in Mexico, and several regulations that make transmitting electricity more costly, and limits permit modifications for partner entry. Consequently, the electricity the Company generates was threatened and limited.

Another example of this is the update to **NOM-001-SEMARNAT** on water discharges. During 2022, the parameters described in the original law were updated; CYDSA is in compliance with the new requirements. Although this requires time and investment, CYDSA has adequate mechanisms to be able to adapt to these changes.

Within the Safety Management System, which is administered using the 22 Elements of the Safety, Occupational Health, and Environmental Protocol, the practice of monitoring and evaluating the impact of regulatory changes that impact CYDSA's operations has been implemented in **Element 2 of Legal Requirements.** This is done through a matrix of legal requirements in safety and environmental matters.

CYDSA also participates actively in the Environmental and Safety Committees of the National Association of the Chemical Industry, which holds monthly meetings to go over regulatory changes in the industry.

205-1
205-2
205-3

ANTI-CORRUPTION

Operations assessed for risks related to corruption.
They are included in the Annual Internal Audit Program and cover a wide range of business cycles, including Purchasing and Procurement, Production and Inventory, Sales and Distribution, Human Resources, Financial Management and Compliance, among others. These cover 100% of the business and are regularly evaluated to identify and mitigate corruption risks. This goal can be reached by implementing appropriate policies and procedures designed to prevent and detect any activity that could present a risk of corruption.

Significant risks related to corruption and identified through risk assessments.
Risk assessments play a crucial role in identifying significant risks related to corruption, serving as a vital tool for implementing preventive and corrective measures. The Annual Internal Audit Program incorporates an assessment of significant risks, whether potential or actual, that undergo periodic evaluation and testing within the Business Units. Some examples of significant risks evaluated include bribes to gain more business from suppliers, conflicts of interest, falsification of records, sales recorded in the wrong periods, granting of credit or improper pricing, nepotism and favoritism, payroll manipulation, accounting fraud, data manipulation, etc.

Communication and training on anti-corruption policies and procedures.
CYDSA promotes appropriate communication and training on anti-corruption policies and procedures to its personnel and third parties. The Group uses the following tools to distribute anti-corruption policies and procedures: anonymous reporting system, internal audits, employee conduct manuals and code of ethics, internal bulletins, posters and signage, training and awareness programs, online courses and workshops, organizational climate surveys, etc.

In 2023 there were no proven cases of corruption in CYDSA.

3-3
308-2
407-1
414-2

ESG RISK MANAGEMENT

Effective management of ESG risks holds critical importance for companies within the chemical sector, given the significant impact that operations can exert on the environment, society, and corporate reputation. In today's status quo, sustainability and corporate responsibility continue to gain importance. Therefore, CYDSA faces the challenge of balancing innovation and growth with risk mitigation, particularly in the areas of human health, environmental safety, and regulatory compliance. A detailed ESG risks table appears in **Annex 1.**

RESPONSIBLE SUPPLY CHAIN

CYDSA must share common objectives with its suppliers through transparent and ethical relationships, in alignment with the **Group's Code of Conduct.** For this reason, the Group established its **Supplier Guiding Principles,** developed based on the Code of Ethics and Purchasing Policies. These principles define minimum expectations for suppliers in critical areas such as human and labor rights, sustainability, compliance, and information security. Suppliers bear the responsibility to implement the necessary policies and practices to meet these standards:

- **Ensuring a favorable working environment that protects human rights,**
- **Engaging with the community(ies) surrounding operational areas,**
- **Adhering to best practices in the handling and security of privileged and confidential information,**
- **Ensuring regulatory compliance and fair and transparent relationships with third parties, among other things.**

As a complement to this, 2023 marked a year focused on reinforcing the foundations that will enable the Company to collaborate with a supply chain aligning with its sustainability expectations. Among the potential approaches, applying contract clauses stands as an option. These clauses could outline characteristics for new suppliers, consistent with the Supplier Guiding Principles. Additionally, offering training could enhance awareness across the supply chain, ensuring clear communication on the significance and application of these principles.

The various processes to be addressed over time will be the result of a thorough understanding of how the existing supplier team operates to date, as well as the level of impact CYDSA can have in strengthening their responsible and sustainable practices. Currently, none of the Business Units' operations or suppliers are at risk of non-compliance or violation of freedom of association and collective bargaining rights by the Organization.

2-1
2-3
2-5
2-14

ABOUT THIS REPORT

This report provides CYDSA's most important sustainability results obtained from January 1 to December 31, 2023. It was developed in accordance with GRI Standards and was written in compliance with this framework's content and quality reporting principles. It was also reported in compliance with SASB standards, responding to disclosures for the Chemical Industry.

The information presented in this Report includes the most relevant topics for stakeholders, which were identified through the update of the Company's materiality analysis, conducted in 2023. Details on this analysis are in the section entitled "Materiality" on page 17.

CYDSA's highest governing body was indirectly involved in preparing this Report, as it supervised the approval, management, and performance of the activities reported in the document. A Corporate Sustainability Committee was established in 2022, comprised of representatives from different businesses and corporate departments. This Committee participated in reviewing the Report.

This Sustainability Report was verified by an independent third party, Redes Sociales en Línea Timberlan, and the information presented was based on ethical and transparent procedures. Preparation of this Report was supervised by the teams responsible for various content. The information presented in this document follows the latest report, published in 2022.

For more information on CYDSA's 2023 Sustainability Report, please contact the following individuals at the e-mails provided below:

Mario Luis González Cruz
Corporate Strategic Planning Director

Alberto Balderas Calderón
Administrative Information and Financial Planning Manager

Hans Edgar Fritz Cea
Corporate Strategic Planning Manager

Alfonso López Lira Arjona
Sustainability

E-mail: sustentabilidad@cydsa.com

2-5 VERIFICATION LETTER

REDES SOCIALES

Verification Letter for the 2023 Sustainability Report

To the Board of Directors of Cydsa S.A. de C.V. and Report Readers:

We hereby inform you that Redes Sociales en Línea Timberlan was engaged to perform an independent limited verification of a sample of GRI Disclosures and sector-specific indicators for “Chemicals” from the Sustainability Accounting Standards Board (SASB), as presented in Cydsa’s 2023 Sustainability Report.

The scope of our verification covered the results for the period from January 1st to December 31st, 2023, and the 9 business subsidiaries that make up Cydsa: Sales del Istmo, Industria Química del Istmo, Iquisa Santa Clara, Iquisa Noreste, Sistemas Energéticos SISA, Almacenamientos Subterráneos de México, Tenedora Almacenamiento LP 206, Almacenamientos Subterráneos del Sureste, and Quimobásicos, S.A. de C.V.

Cydsa’s Corporate Strategic Planning Management is responsible for the preparation and publication of the information contained in the “2023 Sustainability Report” and that presented during the verification process. This responsibility includes, but is not limited to, the identification of material topics, the selection and publication of GRI Disclosures and SASB topics, as well as providing true and sufficient documentary and/or visual evidence to conduct the limited verification of the selected sample.

Our responsibility is to issue impartial and objective opinions regarding the quality of the data in the selected sample to be verified, validating its accuracy, traceability, and reliability. The work performed is based on the activities of the **International Standard on Assurance Engagements (ISAE) 3000**, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and the methodological requirements in **accordance with GRI Standards and the Sustainability Reporting Standards**.

The **activities** carried out during the verification process include:

- Understanding of internal management systems (policies, processes, tools, source documents, etc.).
- Analysis of qualitative and quantitative information through visual, documentary, and public evidence of the sample to be verified.
- Verification of qualitative and quantitative information through visual, documentary, and public evidence of the sample to be verified.
- Comparison of data from the previous two years to validate reasonableness.
- Validation of methodological compliance in accordance with GRI Standards and the sector-specific topics for “Chemicals” from SASB.

Conclusions: As a result of our work and the review of the 2023 Sustainability Report, no inconsistencies were found that would lead us to believe that the evidence from the selected sample did not meet the principles of accuracy, reasonableness, and reliability, or that the data from the verified sample contained significant and material errors.

Recommendations: A separate internal report, exclusively for the client, is provided, which contains areas of opportunity for a future report.

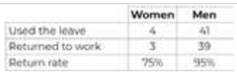
Rosa María Barojas Vargas
Sustainability Consultant
rosy@redsociales.com

Alma Paulina Garduño Arellano
Sustainability consultant
T. 55 5446 7484
paulina@redsociales.com

Statement of Independence and Competence of Redes Sociales en Línea Timberlan. The collaborators of Redes Sociales en Línea Timberlan possess the necessary level of competence to verify compliance with the standards used in the preparation of Sustainability Reports, enabling them to issue a professional opinion on non-financial information reports while adhering to the principles of independence, integrity, objectivity, competence and professional diligence, confidentiality, and professional behavior. Under no circumstances should our verification statement be construed as an audit report, and therefore no responsibility is assumed for the management systems and internal control processes from which the information is obtained. This Verification Letter is issued on September 2nd, 2024, and remains valid provided no subsequent and substantial modifications are made to the Sustainability Report 2023 of Cydsa S.A. de C.V.

2-5 VERIFICATION LETTER

REDES SOCIALES

GRI Disclosures		SASB RT-CH Sustainable Industry Classification System	Verified data 2023
2-1	Organizational details		CYDSA S.A. de C.V. Headquarters: Av. Ricardo Margáin Zozaya No. 335, Tower 2, Floor 6, Col. Valle del Campestre, San Pedro Garza García, Nuevo León, Mexico. CYDSA has over 20 subsidiaries in 9 locations across Mexico and exports its products to more than 15 countries.
ENVIRONMENTAL			
302-1	Energy consumption within the organization	RT-CH-130a.1: (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable and (4) total self-generated energy	- Total energy consumption: **9,088 (thousands of Gigajoules)** - Purchased electricity: **267 (thousands of Gigajoules**) - Consumption from renewable or clean sources: **248 (thousands of Gigajoules**)
302-3	Energy intensity		- Energy consumption intensity per unit of production: **5.41 (GJ/ton)** - Energy consumption intensity per unit of SES energy production: **1.86 (GJ/ton)**
302-4	Reduction of energy consumption		Variation in energy consumption compared to the base year 2021: **12%**
305-1	Direct (Scope 1) GHG emissions	RT-CH-110a.1 || EM-MD-110a.1: Gross global Scope 1 emissions, percentage covered under emissionslimiting regulations	550 (thousands tons CO2e)
305-2	Energy indirect (Scope 2) GHG emissions		484 (thousands tons CO2e)
305-5	Reduction of GHG emissions		Total GHG emissions (Scopes 1 and 2): **-62.5%**
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	RT-CH-120a.1: Air emissions of the following pollutants: (1) NOX (excluding N2O), (2) SOX, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	- Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions (tons): **501** - NOx: Nitrogen oxides (NOx): **483** - SOx: Sulfur dioxide (SO2): **12** - Persistent organic pollutants (POPs): **0** - Volatile organic compounds (VOCs): **3.22** - Hazardous air pollutants (HAPs): **0** - Particulate matter (PM): Total suspended particles (TSP): **2.41**
303-3	Water withdrawal	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	Water withdrawal (thousands of m3): **4,777**
303-5	Water consumption		- Water consumption (thousands of m3): **5,366** - Total water consumed from all areas: **4,347** - Total water consumed from areas with water stress: **1,019**
306-3	Waste generated	RT-CH-150a.1: (1) Amount of hazardous waste generated, (2) percentage recycled	- Total waste (tons): **6,785** - Hazardous liquid waste: **418** - Hazardous solid waste: **650** - Hazardous biological-infectious waste: **0.4** - Total hazardous waste: **1,069** - Special management waste: **5,349** - Urban solid waste (non-hazardous): **366** - Total non-hazardous waste: **5,716**
306-4	Waste diverted from disposal		- Waste not destined for disposal [recycling] (tons): **2,525** - Total weight of hazardous waste not destined for disposal: **45** - Total weight of non-hazardous waste not destined for disposal: **2,479**
306-5	Waste directed to disposal		- Waste sent for disposal (tons): **4,005** - Total weight of hazardous waste sent for disposal: **753** - Total weight of non-hazardous waste sent for disposal: **3,252**
SOCIAL			
2-7	Employees		- 2,083 employees - 1,834 men - 249 women - Region and age range of employees (See page 48)
401-1	New employee hires and employee turnover		New employee hiring (See the table on page 78) **Turnover rate** - By gender: - Women: 10.7% - Men: 9.8% - By employment category: - Employees: 8.3% - Unionized: 11.4%
401-3	Parental leave		

	Women	Men
Used the leave	4	41
Returned to work	3	39
Return rate	75%	95%

GRI Disclosures		SASB RT-CH Sustainable Industry Classification System	Verified data 2023
SOCIAL			
403-8	Workers covered by an occupational health and safety management system		100% of the workers are covered by CYDSA's health and safety system. No worker has been excluded from this coverage.
403-9	Work-related injuries	RT-CH-320a.1: (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Injuries from work-related accidents (See charts on page 44 and the work-related injury table on page 81)
403-10	Work-related ill health		- Number of fatalities resulting from a work-related illness: **0** - Number of recordable cases of work-related illnesses and conditions: **1**
404-1	Average hours of training per year per employee		- Average training hours per employee per year (No.): **60** - Unionized employees (man-hours per person): **77** - Non-unionized employees (man-hours per person): **24**
404-3	Percentage of employees receiving regular performance and career development reviews		Employee evaluations (See the table on the percentage of employees receiving performance evaluations on page 83)
405-1	Diversity of governance bodies and employees		
203-1	Infrastructure investments and services supported		CYDSA implements risk management procedures and strategies to maintain a good relationship with the communities near its plants. As part of its commitment to sustainable development, it promotes community projects that enhance health, education, recreation, well-being, and local development. To learn about the programs (See pages 57 to 59)
413-1	Operations with local community engagement, impact assessments, and development programs		
416-1	Assessment of the health and safety impacts of product and service categories		Categories of significant products for which health and safety impacts are evaluated to make improvements: 100%
417-1	Requirements for product and service information and labeling		100% of the products comply with and are evaluated against the regulatory requirements of the Ministry of Communications and Transport, as well as the official standards of the Ministry of Labor and Social Welfare that regulate these matters in product transportation and delivery to our suppliers at their facilities.
417-2	Incidents of non-compliance concerning product and service information and labeling		No cases related to non-compliance arising from information and/or labeling issues were recorded for any products in 2023.
417-3	Incidents of non-compliance concerning marketing communications		No cases related to non-compliance arising from marketing communications were recorded in 2023
GOVERNANCE			
2-2	Entities included in the organization's sustainability reporting		- 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. - Almacenamientos Subterráneos de México, S.A. de C.V. - Tenedora Almacenamiento LP 206, S.A. de C.V. - Almacenamientos Subterráneos del Sureste, S.A. de C.V. - Quimobásicos, S.A. de C.V.
201-1	Direct economic value generated and distributed		(Millions of pesos) **- EVG 14,160** **- EVD 12,288** **- EVR 1,872**

	Governance body	Employees
Women	19%	12%
Men	81%	88%
Under 30 years old	0%	57%
Betwuun 30 and 49 years old	6%	39%
Over 50 years	94%	4%

ESG DATA SUMMARY

ENVIRONMENTAL

GRI		2018	2019	2020	2021	2022	2023	VARS % Y-o-Y	SASB equivalent
*	**Production (thousand tons)**	-	-	-	**1,469**	**1,539**	**1,681**	**9.2%**	RT-CH-000.A
	SISA + Procesador y Distribuidor de Sal (Domestic and Industrial Consumption)	-	-	-	670	707	**716**	1.3%	
	IQUISA (Chlorine, Caustic Soda, and Derivative Specialties)	-	-	-	792	824	**960**	16.5%	
	Quimobasicos (Refrigerant Gases)	-	-	-	6.52	7.81	**4.43**	-43.3%	
GRI 201	**Energy - 2016**								
302-1	**Energy consumption within the organization (thousand GJ)**	-	-	-	8,097	8,308	**9,088**	9.4%	RT-CH-130a.1
	Consumption from non-renewable sources	-	-	-	7,995	8,21	**9,055**	10.3%	
	Purchased electricity (outside the organization)	-	-	-	408	469	**267**	-43.1%	
	Purchased fuel	-	-	-	7,587	7,741	**8,788**	13.5%	
	Natural Gas (discounting ELC)	-	-	-	7,584	7,737	**8,784**	13.5%	
	LP gas	-	-	-	1.35	1.28	**1.35**	5.6%	
	Diesel	-	-	-	02.06	2.71	**1.90**	-30.0%	
	Gasoline	-	-	-	0.39	0.38	**0.39**	3.9%	
	Consumption from renewable or clean sources	-	-	-	319	321	**248**	-22.7%	
	Purchased electric energy (outside the organization)	-	-	-	121	129	**48**	-62.9%	
	Hydrogen generated (within the organization)	-	-	-	198	192	**201**	4.4%	
	Electric energy sold (outside the organization)	-	-	-	-218	-223	**-215**	-3.5%	
302-3*	**Energy intensity**								
	Consumption per unit of production indicator (GJ/ton)	-	-	-	**5.51**	**5.40**	**5.41**	**0.1%**	
	Consumption per unit of SES ENERGY production indicator (GJ/GJ)*	-	-	-	**1.81**	**1.82**	**1.86**	**2.1%**	
	Energy supplied to SES	-	-	-	7,328	7,425	**8,462**	14.0%	
	Purchased fuel (natural gas)	-	-	-	7,29	7,386	**8,422**	14.0%	
	Electricity used (steam auxiliaries)	-	-	-	38	39	**40**	1.5%	
	Energy delivered by SES	-	-	-	4,056	4,087	**4,56**	11.6%	
	Electrical energy generated	-	-	-	2,299	2,19	**2,676**	22.2%	
	Thermal energy generated	-	-	-	1,757	1,897	**1,885**	-0.6%	

GRI		2018	2019	2020	2021	2022	2023	VARS % Y-o-Y	SASB equivalent
302-4	Variation in energy consumption with respect to base year 2021	-	-	-	-	3%	12%	9.6 pp	
GRI 303	Water and effluents - 2018								
303-3*	Water extraction (thousands of m³)								IF-EU-140a.1
	Total water withdrawn from all areas	-	-	-	3,366	4,183	4,777	14.2%	
Agua de bien nacional	Surface water	-	-	-	2,912	3,666	1,915	8.6%	
	Groundwater	-	-	-			2,067		
	Sea water	-	-	-	0	0	0	0.0%	
	Produced water	-	-	-	0	0	0	0.0%	
	Third-party water	-	-	-	454	516	795	54.1%	
	Total water withdrawn from all water-stressed areas	-	-	-	-	-	1,306	NM	
	Surface water	-	-	-	-	-	0	NM	
	Groundwater	-	-	-	-	-	510	NM	
	Sea water	-	-	-	-	-	0	NM	
	Produced water	-	-	-	-	-	0	NM	
	Third-party water	-	-	-	-	-	795	NM	
	Percentage of water consumed from water-stressed areas	-	-	-	-	-	27%	NM	
303-4	Water discharge (thousands of m³)								
	Total water discharged in all areas	-	-	-	-	-	430	NM	
	Surface water	-	-	-	-	-	355	NM	
	Groundwater	-	-	-	-	-	0	NM	
	Sea water	-	-	-	-	-	0	NM	
	Third-party water	-	-	-	-	-	75	NM	
	Total water discharged in water-stressed areas	-	-	-	-	-	287	NM	
	Surface water	-	-	-	-	-	212	NM	
	Groundwater	-	-	-	-	-	0	NM	
	Sea water	-	-	-	-	-	0	NM	
	Third-party water	-	-	-	-	-	75	NM	
	Percentage of water discharged in water-stressed areas	-	-	-	-	-	67%	NM	

GRI		2018	2019	2020	2021	2022	2023	VARS % Y-o-Y	SASB equivalent
303-5	**Water consumption (thousands of m^3)**	**-**	**-**	**-**	**-**	**3%**	**12%**	**9.6 pp**	**RT-CH-140a.1**
	Total water consumed from all areas	4,815	4,862	3,548	3,366	4,183	**4,347**	3.9%	
	Total water consumed from all water-stressed areas	-	-	-	-	-	**1,019**	NM	
	Percentage of water consumed from water-stressed areas	**-**	**-**	**-**	**-**	**-**	**23%**	**NM**	
GRI 305	**Emissions - 2016**								
305-1	Direct GHG emissions (Scope 1)	2,378	1,813	962	1,945	856	**550**	-35.7%	
305-2	Indirect GHG emissions from energy generation (Scope 2)	377	424	422	482	391	**484**	23.6%	IF-EU-110a.2
	Total GHG emissions (scopes 1 and 2), CO_2 equivalent (thousands of tons CO_2e)	**2,755**	**2,237**	**1,384**	**2,427**	**1,247**	**1,034**	**-17.1%**	**RT-CH-110a.1**
305-4	Intensity of GHG emissions (thousand tons CO_2e / thousand tons produced)								
	Direct GHG emissions intensity (Scope 1)	**-**	**-**	**-**	1.32	0.56	**0.33**	-41.2%	
	Indirect GHG emissions intensity of energy generation (Scope 2)	-	-	-	0.33	0.25	**0.29**	13.2%	
	Total GHG emission intensity (Scope 1 and 2)	**1.69**	**-**	**-**	**1.65**	**0.81**	**0.62**	**-24.1%**	
	GHG emissions intensity reduction (vs. base year 2018)	**NA**	-	-	**-2.2%**	**-52.0%**	**-63.6%**	**-**	
305-5	GHG emissions reduction (%, vs. base year (2018))								
	Total GHG emissions (scopes 1 and 2)	**NA**	**-18.8%**	**-49.8%**	**-11.9%**	**-54.7%**	**-62.5%**	**-**	
	Direct GHG emissions (scope 1)	NA	-23.8%	-59.5%	-18.2%	-64.0%	**-76.9%**	-	
	Indirect GHG emissions from energy generation (scope 2)	NA	12.5%	11.9%	27.9%	3.8%	**28.4%**	-	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant emissions to the air (ton)	-	-	-	35	114	**501**	340.3%	RT-CH-120a.1
	NOx: Nitrogen oxides (NOx)	-	-	-	28	106	**483**	354.5%	
	SOx: sulfur dioxide (SO2)	-	-	-	0.70	1.20	**12**	NA	
	Persistent organic pollutants (POPs)	-	-	-	0	0	**0**	0.0%	
	Volatile organic compounds (VOCs)	-	-	-	-	-	**3.22**	NM	
	Hazardous Air Pollutants (HAPs)	-	-	-	0	0	**0**	0.0%	
	Particulate Matter (PM): total suspended particulates (TSP)	-	-	-	5.90	6.30	**2.41**	-61.7%	

GRI		2018	2019	2020	2021	2022	2023	VARS % Y-o-Y	SASB equivalent
GRI 306	**Waste - 2020**								
306-3	Total weight of waste (tons)	-	-	-	8,283	7,013	**6,785**	-3.2%	RT-CH-150a.1
	Hazardous liquid waste	-	-	-	211	120	**418**	248.7%	
	Hazardous solid waste	-	-	-	743	957	**650**	-32.1%	
	Hazardous infectious biological waste	-	-	-	-	-	**0.4**	NM	
	Hazardous waste (total)	**-**	**-**	**-**	**954**	**1,077**	**1,069**	**-0.8%**	
	Special Waste	-	-	-	7,119	5,617	**5,349**	-4.8%	
	Municipal Solid Waste (non-hazardous)	-	-	-	210	319	**366**	14.9%	
	Non-hazardous waste (total)	**-**	**-**	**-**	**7,329**	**5,936**	**5,716**	**-3.7%**	
306-4	Waste not destined for disposal [recycling] (ton)					2,105	**2,525**	19.9%	
	% of total recycled waste	-	-	-	-	30%	**39%**	8.6 pp	
	Total weight of hazardous waste not destined for disposal	-	-	-	-	7	**45**	547.1%	
	Total weight of NON-hazardous wastes not destined for disposal	-	-	-	-	2,098	**2,479**	18.2%	
306-5	Waste destined for disposal (ton)					4,908	**4,005**	-18.4%	
	% of total waste disposed of	-	-	-	-	70%	**61%**	-8.7 pp	
	Total weight of **hazardous** waste destined for disposal	-	-	-	-	1,070	**753**	-29.6%	
	Total weight of **NON-hazardous** waste destined for disposal	-	-	-	-	3,838	**3,252**	-15.3%	

On tons produced and 302-3: "Energy per production (GJ/ton)" and "Energy per Energy production (GJ/GJ)" indicators are included, as the salt, soda, and refrigerated gases businesses sell physical products accounted for as mass (tons). SES, or Cogeneration, sells energy itself as a product, accounted for as energy (Gigajoules). These were separated as the units of mass and energy are not compatible. ASSE is not included in the total production accounting as it is exclusively engaged in hydrocarbon storage as a service.

303-1: In previous years, there was no breakdown of water consumed as a national asset. As of 2023, and for all subsequent years, it will be reported as surface water and groundwater, in accordance with GRI 303: Water and Effluents 2018 reporting standards.

SOCIAL

GRI		2020	2021	2022	2023	VARS % Y-o-Y	SASB equivalent
GRI 2	**General Disclosures - 2021**						
2-7	Employees						
	Total employees (No.)	**1,878**	**1,885**	**1,929**	**2,083**	**8.0%**	
	Employees by gender (total)						
	Women	210	226	237	**249**	5.1%	
	Men	1,668	1,659	1,692	**1,834**	8.4%	
	Employees by employment category (total)						
	Employees	-	893	911	**976**	7.1%	
	Unionized	-	992	1,018	**1,107**	8.7%	
	Employees by region (total)						
	State of Mexico	97	97	94	**95**	1.1%	
	Hermosillo	20	19	21	**24**	14.3%	
	Mexico City	287	265	260	**279**	7.3%	
	Nuevo León	394	393	407	**422**	3.7%	
	Tlaxcala	47	45	45	**44**	-2.2%	
	Veracruz	1,033	1,066	1,102	**1,219**	10.6%	
	Employees with permanent employment contract (No.)						
By gender	Women	163	195	180	**198**	10.0%	
	Men	1,422	1,451	1,418	**1,585**	11.8%	
By region	State of Mexico	92	92	90	**92**	2.2%	
	Hermosillo	18	17	16	**23**	43.8%	
	Mexico City	279	254	259	**273**	5.4%	
	Nuevo León	375	376	389	**403**	3.6%	
	Tlaxcala	42	44	44	**44**	0.0%	
	Veracruz	779	863	800	**948**	18.5%	

GRI		2020	2021	2022	2023	VARS % Y-o-Y
	Employees with temporary employment contract (No.)					
By gender	Women	47	31	57	**51**	-10.5%
	Men	246	208	274	**249**	-9.1%
By region	State of Mexico	5	5	4	**3**	-25.0%
	Hermosillo	2	2	5	**1**	NM
	Mexico City	8	11	1	**6**	NM
	Nuevo León	19	17	18	**19**	5.6%
	Tlaxcala	5	1	1	**0**	NM
	Veracruz	254	203	302	**271**	-10.3%
	Employees with full-time employment contract (No.)					
By gender	Women	210	226	237	**249**	5.1%
	Men	1,668	1,659	1,692	**1,834**	8.4%
By region	State of Mexico	97	97	94	**95**	1.1%
	Hermosillo	20	19	21	**24**	14.3%
	Mexico City	287	265	260	**279**	7.3%
	Nuevo León	394	393	407	**422**	3.7%
	Tlaxcala	47	45	45	**44**	-2.2%
	Veracruz	1,033	1,066	1,102	**1,219**	10.6%
	Employees with part-time employment contract (No.)					
By gender	Women	0	0	0	**0**	0.0%
	Men	0	0	0	**0**	0.0%
By region	State of Mexico	0	0	0	**0**	0.0%
	Hermosillo	0	0	0	**0**	0.0%
	Mexico City	0	0	0	**0**	0.0%
	Nuevo León	0	0	0	**0**	0.0%
	Tlaxcala	0	0	0	**0**	0.0%
	Veracruz	0	0	0	**0**	0.0%

GRI		2020	2021	2022	2023	VARS % Y-o-Y
GRI 401	**Employment - 2016**					
401-1	New hires (No.)	120	135	181	**387**	113.8%
	Employee hires	48	36	100	**126**	26.0%
	Unionized hires	72	99	81	**261**	222.2%
	New employee hires by gender (No.)	48	36	100	**126**	26.0%
	Women	24	10	28	**35**	25.0%
	Men	24	26	72	**91**	26.4%
	New unionized hires by gender (No.)	72	99	81	**261**	222.2%
	Women	7	0	1	**5**	NM
	Men	65	99	80	**256**	220.0%
	New employee hires by age (No.)	48	36	100	**126**	26.0%
	Under 30 years	31	19	49	**52**	6.1%
	Between 30 and 50 years	9	17	49	**65**	32.7%
	Over 50 years	8	0	2	**9**	NM
	New unionized hires by age (No.)	72	99	81	**261**	222.2%
	Under 30 years	54	78	54	**170**	214.8%
	Between 30 and 50 years	17	20	27	**86**	218.5%
	Over 50 years	1	1	0	**5**	NM
	New employee hires by region (No.)	48	36	100	**126**	26.0%
	State of Mexico	0	1	1	**1**	0.0%
	Hermosillo	2	2	3	**2**	-33.3%
	Mexico City	11	7	15	**20**	33.3%
	Nuevo León	18	11	21	**46**	119.0%
	Tlaxcala	2	0	3	**1**	-66.7%
	Veracruz	15	15	57	**56**	-1.8%
	New unionized hires by region (No.)	72	99	81	**261**	222.2%
	State of Mexico	0	0	0	**5**	NM
	Hermosillo	1	6	7	**5**	-28.6%
	Mexico City	26	22	12	**70**	483.3%
	Nuevo León	6	32	25	**38**	52.0%
	Tlaxcala	0	4	4	**6**	50.0%
	Veracruz	39	35	33	**137**	315.2%

GRI		2020	2021	2022	2023	VARS % Y-o-Y
	Total number of departures (No.)	-	114	144	199	38.2%
	Number of employee departures	-	43	76	78	2.6%
	Number of unionized departures	-	71	68	121	77.9%
	Number of employee departures by gender (No.)	-	43	76	78	2.6%
	Women	-	10	19	20	5.3%
	Men	-	33	57	58	1.8%
	Number of unionized departures by gender (No.)	-	71	68	121	77.9%
	Women	-	5	0	6	NM
	Men	-	66	68	115	69.1%
	Number of employee departures by age (No.)	-	43	76	78	2.6%
	Under 30 years	-	11	29	22	-24.1%
	Between 30 and 50 years	-	18	31	36	16.1%
	Over 50 years	-	14	16	20	25.0%
	Number of unionized departures by age (No.)		71	68	121	77.9%
	Under 30 years	-	34	31	49	58.1%
	Between 30 and 50 years	-	26	25	47	88.0%
	Over 50 years	-	11	12	25	108.3%
	Number of employee departures by region (No.)	-	43	76	78	2.6%
	State of Mexico	-	1	2	1	-50.0%
	Hermosillo	-	2	3	1	-66.7%
	Mexico City	-	16	10	14	40.0%
	Nuevo León	-	12	21	32	52.4%
	Tlaxcala	-	1	1	1	0.0%
	Veracruz	-	11	39	29	-25.6%
	Number of unionized departures by region (No.)	-	71	68	121	77.9%
	State of Mexico	-	0	1	3	NM
	Hermosillo	-	5	5	4	-20.0%
	Mexico City	-	21	22	43	95.5%
	Nuevo León	-	25	14	41	192.9%
	Tlaxcala	-	5	6	5	-16.7%
	Veracruz	-	15	20	25	25.0%

GRI		2020	2021	2022	2023	VARS % Y-o-Y
	Employee turnover (%)					
	Turnover by gender (%)					
	Women	-	6.9%	8.2%	**10.7%**	2.5 pp
	Men	-	6.0%	7.5%	**9.8%**	2.4 pp
	Turnover by labor category					
	Employees	-	4.9%	8.4%	**8.3%**	-0.2 pp
	Unionized	-	7.1%	6.8%	**11.4%**	4.6 pp
	Turnover by region (%)					
	Valley of Mexico	-	10.2%	9.8%	**16.8%**	7.0 pp
	Hermosillo	-	35.9%	40.0%	**22.2%**	-17.8 pp
	Nuevo León	-	9.4%	8.8%	**17.6%**	8.9 pp
	Tlaxcala	-	13.0%	15.6%	**13.5%**	-2.1 pp
	Veracruz	-	2.5%	5.4%	**4.7%**	-0.8 pp
401-3	Parental leave					
	Women					
	Employees who have taken parental leave (No.)	-	10	10	**4**	-60.0%
	Employees who have returned to work after parental leave has ended (No.)	-	7	8	**3**	-62.5%
	Return to work rate of employees who took parental leave (%)	-	70%	80%	**75%**	-5.0 pp
	Employees who remained at work 12 months after parental leave ended (No.)	-	-	-	**2**	NM
	Rate of permanence at work 12 months after the end of the parental leave (%)	-	-	-	**50%**	NM
	Men					
	Employees who have taken parental leave (No.)	-	59	56	**41**	-26.8%
	Employees who have returned to work after parental leave has ended (No.)	-	59	55	**39**	-29.1%
	Return to work rate of employees who took parental leave (%)	-	100%	98%	**95%**	-3.1 pp
	Employees who remained at work 12 months after parental leave ended (No.)	-	-	-	**36**	NM
	Rate of permanence at work 12 months after the end of the parental leave (%)	-	-	-	**88%**	NM

GRI		2020	2021	2022	2023	VARS % Y-o-Y	
	Total						
	Employees who have taken parental leave (No.)	-	69	66	**45**	-31.8%	
	Employees who have returned to work after parental leave has ended (No.)	-	66	63	**42**	-33.3%	
	Return to work rate of employees who took parental leave (%)	-	95%	95%	**93%**	-2.1 pp	
	Employees who remained at work 12 months after parental leave ended (No.)	-	-	-	**38**	NM	
	Rate of permanence at work 12 months after the end of the parental leave (%)	-	-	-	**84%**	NM	
GRI 403	**Occupational health and safety - 2016**						
403-9	Work-related injuries						RT-CH-320a.1
	Work-related fatalities (No.)	-	0	0	**0**	0.0%	
	Fatality rate (fatalities per million hours worked)	-	0	0	**0**	0.0 pp	
	Work-related injuries with serious consequences (No.)	-	11	7	**6**	-14.3%	
	Work-related injury rate per major accident (per 200,000 hours worked)	-	0.60	0.41	**0.37**	-4.2 pp	
	Recordable work-related injuries (No.)	-	23	24	**20**	-16.7%	
	Recordable injury rate (per 200,000 hours worked)	-	1.25	1.41	**1.23**	-17.9 pp	
	Hours worked	-	3,673,265	3,415,856	**3,262,672**	-4.5%	
403-10	Work-related ill health						
	Number of fatalities resulting from work-related illnesses	-	0	0	**0**	0.0%	
	Number of cases of recordable work-related illnesses and diseases	-	0	1	**1**	0.0%	
GRI 404	**Training and education - 2016**						
404-1	Average hours of training per year per employee (No.)	-	76	59	**60**	1.7%	
	Unionized (man hours/person)	-	103	90	**77**	-14.9%	
	Employees (man hours/person)	-	47	25	**24**	-5.1%	

GRI		2020	2021	2022	2023	VARS % Y-o-Y
404-3	Percentage of employees receiving regular performance and career development reviews					
	Total employees (%)	-	-	-	**2.7%**	NM
	Men (%)	-	-	3.7%	**2.8%**	-0.9 pp
	Employees	-	-	0	**0**	NA
	Professionals	-	-	0	**0**	NA
	Officers	-	-	0	**0**	NA
	Managers	-	-	100%	**100%**	0.0 pp
	Directors	-	-	100%	**100%**	0.0 pp
	Women (%)	-	-	1.3%	**1.2%**	-0.1 pp
	Employees	-	-	0	**0**	NA
	Professionals	-	-	0	**0**	NA
	Officers	-	-	0	**0**	NA
	Managers	-	-	100%	**100%**	0.0 pp
	Directors	-	-	100%	**100%**	0.0 pp
GRI 416	**Customer health and safety - 2016**					
416-1	Assessment of the health and safety impacts of product and service categories					
	Significant product categories for which health and safety impacts are assessed for improvement (%)	-	100%	100%	**100%**	0.0 pp

GOVERNANCE

GRI		2021	2022	2023	VARS % Y-o-Y
GRI 201	**Economic Performance - 2016**				
201-1	Direct economic value generated and distributed				
	EVG (millions of pesos)	**11,339**	**13,612**	**14,160**	**4.0%**
	Sales to external customers	11,339	13,612	**14,160**	4.0%
	EVD (millions of pesos)	**-10,916**	**-12,542**	**-12,288**	**-2.0%**
	Dividends paid to majority shareholders	-200	-200	**-250**	25.0%
	Dividends paid to minority shareholders	-9	-42	**-8**	-81.0%
	Cost of sales	-6,950	-8,157	**-7,681**	-5.8%
	Sales expenses	-1,689	-1,877	**-2,033**	8.3%
	Administrative expenses	-876	-1,053	**-1,170**	11.1%
	Other management products	149	-43	**-110**	155.8%
	Net financial expenses	-1,116	-594	**-503**	-15.3%
	Income tax	-225	-576	**-533**	-7.5%
	EVR (millions of pesos)	**423**	**1,070**	**1,872**	**75.0%**
GRI 405	**Diversity and equal opportunity - 2016**				
405-1	**Diversity in governing bodies and employees**				
	Male board members (%)	80%	81%	**81%**	0.0 pp
	Female board members (%)	20%	19%	**19%**	0.0 pp
	By age (%)				
	Under 30 years	0%	0%	**0%**	0.0 pp
	Between 30 and 49 years	20%	20%	**6%**	-13.8 pp
	Over 50 years	80%	80%	**94%**	13.8 pp

CERTIFICATIONS **AND RECOGNITIONS**

Certifications

Certifications in Environmental Management: Through the Integrated Environmental Management System, guidelines are established based on international environmental standards. All work centers 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 each operating area. The Group also plans to be in constant search for new solutions to mitigate environmental impact. **Annex 3** lists the most important achievements in terms of environmental and social certification and recognition.

Acknowledgments

The Quimobasicos plant won the second edition of the TRe distinction awarded by the Government of Nuevo Leon through the Secretary of Labor for its commitment to responsible working conditions. With this, the proposed standards were exceeded in three fundamental pillars: Labor, Human Resources, and Occupational Health and Safety.

Quimobasicos also received the 2023 Environmental Excellence recognition, showing the following:

- Is a leader and example of environmental compliance (Recognized by the Federal Attorney's Office for Environmental Protection, PROFEPA, in its state and nationally).
- Maintained its Level 2 Clean Industry Certificate from PROFEPA.
- Third year the plant receives this award at the national level.
- Rectified its Environmental Management System.
- Maintained Social Responsibility strategies.

IQUISA Noreste received the 2023 Excellence in Safety recognition, showing the following:

- Zero accidents in 2023, accumulating 7,020 days without loss time cases.
- Successfully endorsed the Integral Responsibility Management System third-party certification of the National Chemical Industry Association.
- 98.08% annual average score in compliance with the Administrative Participation Indicator.
- Consistent performance in the Corporate Safety Audits rating, with 98.86%.
- Recognition for Excellence in Safety by the President of the Chlorine Institute of the United States.

GRI CONTENT INDEX

Disclosure	Disclosure name	Answer in table, omission, and/or modification	Page(s)
CYDSA has prepared the report in accordance with the GRI Standards for the period from January 1 to December 31, 2023.			
GRI 1 Used: GRI 1: Foundations 2021			
GRI 2: General Disclosures 2021			
1. THE ORGANIZATION AND ITS REPORTING DETAILS			
2-1	Organizational details	**Nature of ownership and legal form:** CYDSA, S.A.B. de C.V. is a publicly traded stock corporation (Sociedad Anónima Bursátil de Capital Variable) incorporated on September 1st, 1965. The Issuer has 600,000,000 million Series "A" common nominative shares with no par value, listed on the BMV since 1973 and registered in the National Securities Registry, identified by the ticker symbol "CYDSASA". Avenida Ricardo Margáin Zozaya No. 335, Tower 2 Floor 6, Col. Valle del Campestre, in San Pedro Garza García, Nuevo León, Mexico	1-4, 69
2-2	Entities included in the organization's sustainability reporting	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.; Almacenamientos Subterráneos de México, S.A. de C.V.; Tenedora Almacenamiento LP 206, S.A. de C.V.; Almacenamientos Subterráneos del Sureste, S.A. de C.V.; Quimobasicos, S.A. de C.V.	4
2-3	Reporting period, frequency and contact point	"Period: January 1st to December 31st, 2023 Frequency: Annual Point of contact: Alfonso López Lira Arjona, Mario Luis González Cruz, Hans Edgar Fritz Cea, Alberto Balderas Calderón"	1, 69
2-4	Restatements of information	**ENVIRONMENTAL** • There were changes in the calculation of energy consumption in order to consider power generation as part of the Group's production activities, as well as the supply of energy from SES (Cogeneration) to other CYDSA plants. • The water extraction categories considered were modified to be in compliance with GRI 303-3 content, whereby "water of national asset" was broken down as surface water and groundwater. Treated, potable and industrial water were grouped under "third party water". • In compliance with the UN Global Compact and GRI 305-7 content, all significant air emissions of hazardous gases were reported. • All environmental data intensity factors were based on a restatement of the tons produced by CYDSA. Starting in 2023, these will be reported grouped by Business Unit. **SOCIAL** • The rate of employees remaining at work 12 months after the end of parental leave was included to comply with GRI 401-3 content. **CORPORATE GOVERNANCE** • On pg. 94 of the 2022 Sustainability Report, an 80/20 ratio between men and women on the Board was reported for both 2021 and 2022. The correct percentages, given that a new male director joined in 2022, going from 15 to 16 members in total, and keeping the same 3 female directors, was restated as 80/20 for 2021 and 81/19 for 2022.	Answer in table
2-5	External assurance	Please see verification letter, pgs. 70-71	69-71

Disclosure	Disclosure name	Answer in table, omission, and/or modification	Page(s)
2. ACTIVITIES AND WORKERS			
2-6	Activities, value chain and other business relationships		2-4
2-7	Employees	Please refer to the Social Performance table, pgs. 76-77 for a detailed breakdown.	48-49, 76-77
2-8	Workers who are not employees	CYDSA currently has no workers other than its direct employees.	Answer in table
3. GOVERNANCE			
2-9	Governance structure and composition	The implementation and session of the Sustainability Committee was formalized during 2022.	61-63
2-10	Nomination and selection of the highest governance body		61
2-11	Chair of the highest governance body	Tomás González Sada serves as both Chairman of the Board and Chief Executive Officer of CYDSA.	63
2-12	Role of the highest governance body in overseeing the management of impacts		6-7, 61-62
2-13	Delegation of responsibility for managing impacts	CYDSA currently has a specific Sustainability Committee that is responsible for the company's economic, environmental, and social topics. However, the Board of Directors and its committees, as they manage the company's risks, opportunities and strategies, are also involved in and responsible for these topics.	62
2-14	Role of the highest governance body in sustainability reporting		69
2-15	Conflicts of interest		65
2-16	Communication of critical concerns	Until 2023, staff could report breaches of the Code of Conduct and regulations through a transparency mailbox, a designated email and a phoneline. In 2024, a whistleblowing hotline operated by Lética was added, allowing for more formal and anonymous reporting, improving the integrity of information and control in case resolution. Please review the detail on this on pgs. 6-7 and 65.	6-7, 65
2-17	Collective knowledge of the highest governance body		64
2-18	Evaluation of the performance of the highest governance body		64
2-19	Remuneration policies		64
2-20	Process to determine remuneration	Currently, employees and other stakeholders are not involved in these types of compensation decisions.	64
2-21	Annual total compensation ratio	**Confidentiality Issues.** The annual total compensation rate, the annual total compensation percentage increase rate, and any contextual information supporting such data have been omitted. This data is confidential for the safety of CYDSA's personnel. The publication of your compensation puts your security and privacy at risk.	Answer in table

Disclosure	Disclosure name	Answer in table, omission, and/or modification	Page(s)
4. STRATEGY, POLICIES AND PRACTICES			
2-22	Statement on sustainable development strategy	Please see "Message from the CEO", pgs. 12-14	12-14
2-23	Policy commitments	En CYDSA se aplica el principio de precaución para la gestión de riesgos ambientales. Si se genera un riesgo de daño grave o irreversible, no se pospondrá la adopción de medidas eficaces para la mitigación de sus efectos, en función de los costes e impidiendo la degradación del medio ambiente.	12, 21, 40, 49-50, 55, 64-65
2-24	Embedding policy commitments		12, 21, 50
2-25	Processes to remediate negative impacts	As part of the mechanisms through which we seek to minimize the negative impacts of our operations, CYDSA has a system for handling neighborhood complaints. We define a neighborhood complaint as any nuisance, claim, denunciation, complaint, or disagreement expressed by a neighbor regarding the manufacturing operations of the company, authority or media. In accordance with our protocol for dealing with complaints, all complaints must be fully addressed and resolved. In order to properly resolve them, we classify them as follows: • Serious: presence of authorities, neighbors, or media in the plant or community; meeting, march, or demonstration against the company; presence of two or more calls from neighbors for the same reason. • Mild: call from a neighbor to express their disagreement. • Incidents: call from a neighbor to express their dissatisfaction, where the nuisance does not originate in the company or the nuisance is within the regulations or legislation in force.	56, 65
2-26	Mechanisms for seeking advice and raising concerns	Until 2023, staff could report breaches of the Code of Conduct and regulations through a transparency mailbox, a designated email and a phoneline. In 2024, a whistleblowing hotline operated by Lética was added, allowing for more formal and anonymous reporting, improving the integrity of information and control in case resolution. Please review the detail on this on pg. 65.	65
2-27	Compliance with laws and regulations	In 2023, 12 cases of non-compliance with NOM-001 were reported at IQUISA Noreste for exceeding allowable nitrogen levels in water discharges. However, this is not attributable to any of the Company's activities, but to the fact that the water supplied by Agua y Drenaje already contains nitrogen levels above the permitted standard. CYDSA does not generate or include nitrogen in its processes. In April 2023, there was a cybersecurity incident originated by a ransomware that was controlled and eradicated in its entirety.There was no relevant impact on business operations. As a result of the incident, some cybersecurity controls and practices were strengthened, as well as staff training on the subject.	27, 66
2-28	Membership associations	See annual report: https://www.cydsa.com/informes-anuales/	8, 21, 27, 50
5. STAKEHOLDER ENGAGEMENT			
2-29	Approach to stakeholder engagement		6-7, 17
2-30	Collective bargaining agreements	The right of employees to freedom of association and collective bargaining is respected. In 2023, the percentage of unionized personnel was 53.1%.	48
GRI 3: Material Topics 2021			
3-1	Process to determine material topics		17, 20
3-2	List of material topics		17, 22, 39, 54, 60

GRI CONTENT INDEX: **Material Topics**

Disclosure	Disclosure name	Answer in table, omission, and/or modification	Page(s)
STRATEGIC PILLAR: ENVIRONMENT			
Net Emissions Reduction			
Energy Consumption and Management			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		27-29
GRI 302: ENERGY 2016			
302-1	Energy consumption within the organization	2018 was considered as the base year for measurement since CYDSA started to publish this metric in its Sustainability Reports since that year.	29, 72
302-2	Energy consumption outside the organization	It will not be reported this year.	Answer in table
302-3	Energy intensity		29, 72
302-4	Reduction of energy consumption		29, 73
302-5	Reductions in energy requirements of products and services		27-28
Climate Change and GHG Emissions			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		23-26
GRI 305: EMISSIONS 2016			
305-1	Direct (Scope 1) GHG emissions	2018 was considered as the base year for measurement as CYDSA started to publish this metric in its Sustainability Reports since that year. Articles 7 and 8 of the regulations of the General Law on Climate Change regarding the national emissions registry, issued by SEMARNAT, are used as the calculation methodology.	23, 26, 74
305-2	Energy indirect (Scope 2) GHG emissions		23, 26, 74
305-3	Other indirect (Scope 3) GHG emissions	It will not be reported this year.	Answer in table
305-4	GHG emissions intensity		21, 26, 74
305-5	Reduction of GHG emissions	2018 was considered as the base year for measurement as CYDSA started publishing 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.	23, 26, 74
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Steam is required in several of the plant processes, so boilers that burn natural gas are used, which emit NOx and TSP (Total Suspended Particles). In the case of Quimobasicos, steam is used to maintain the temperature of the refrigerant gases, in Iquisa to solidify the soda, and in Sales del Istmo to evaporate the water in the brine (water with salt) and obtain the final product, which is salt.	74

Disclosure	Disclosure name	Answer in table, omission, and/or modification	Page(s)
Circular economy			
Water Management			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		31-34
GRI 303: WATER AND EFFLUENTS 2018			
303-1	Interactions with water as a shared resource		31
303-2	Management of water discharge-related impacts		31
303-3	Water withdrawal		31, 34, 73
303-4	Water discharge		34, 73
303-5	Water consumption	2018 was considered as the base year for measurement as CYDSA started publishing 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, 74
Waste and Recycling			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		35-36
GRI 306: WASTE 2020			
306-1	Waste generation and significant waste-related impacts		35-36
306-2	Management of significant waste-related impacts		35-36
306-3	Waste generated		35, 75
306-4	Waste diverted from disposal		35, 75
306-5	Waste directed to disposal		35, 75

Disclosure	Disclosure name	Answer in table, omission, and/or modification	Page(s)
STRATEGIC PILLAR: PEOPLE			
Health and Safety Culture			
Health and safety of the employees			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		40-46
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016			
403-1	Occupational health and safety management system	CYDSA applies an Industrial Safety, Operational Safety and Environmental Protection Management System (SASISOPA) to identify, reduce and control health and safety risks in its hydrocarbon processing and storage areas. Joint commissions are established to evaluate risks and safety protocols are followed to investigate and prevent accidents, using tools such as AST, What-if, HAZOP and TASC. Occupational Health and Safety policies are followed, and periodic inspections are carried out in accordance with NOM-019-STPS-2004. The Group has international certifications such as SARI and PASST, and uses innovative technologies such as Safer software to simulate hazardous material leaks. Civil Protection authorities rely on CYDSA's expertise in chlorine handling and Industrial Safety practices.	40
403-2	Hazard identification, risk assessment, and incident investigation		40
403-3	Occupational health services		41, 45, 51
403-4	Worker participation, consultation, and communication on occupational health and safety	Until 2023, staff could report breaches of the Code of Conduct and regulations through a transparency mailbox, a designated email and a phoneline. In 2024, a whistleblower hotline operated by Lética was added, allowing for more formal and anonymous reporting, improving the integrity of information and control in case resolution.	40-41, 65
403-5	Worker training on occupational health and safety	In 2023, 31 different initiatives and or trainings were carried out with respect to occupational health and safety.	40-42
403-6	Promotion of worker health		41, 45, 51
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		40, 43, 55
403-8	Workers covered by an occupational health and safety management system	100% of the employees are covered by CYDSA's health and safety system. No employee has been excluded from this Content.	Answer in table
403-9	Work-related injuries	Occupational accidents involving injuries usually involve falls, sprains or blows on site, and on some occasions, with the use of machinery, as is the case with electric shocks. Comparison of Loss Time Cases per 1,000 Workers 2023 • Total IMSS: 24.6 • Mexican Transformation Industry: 7.3 • American Chemical Industry: 9.0 • CYDSA: 4.6	44, 81
403-10	Work-related ill health		81

Disclosure	Disclosure name	Answer in table, omission, and/or modification	Page(s)
Diversity, Equity and Opportunity			
Diversity and equity			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		47-48
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016			
405-1	Diversity in governance bodies and employees	16 proprietary directors were members of the Board of Directors in 2023. 6 board members are independent, representing 37.5%. 3 female directors on the Board of Directors, representing 18.8%. 4 directors are part of the management team. 75.0% are non-executive.	47-48, 62, 83
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 2023.	Answer in table
Talent development and retention			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		52
GRI 202: MARKET PRESENCE 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	At CYDSA, all employees earn competitive salaries above the Minimum Wage dictated by law in the regions where it operates. There are entry level categories in the salary scales by region, and it does not depend on the gender of the employee.	Answer in table
GRI 404: TRAINING AND EDUCATION 2016			
404-1	Average hours of training per year per employee	The average number of training hours during 2023 per employee was 60 hours: 77 hours on average for unionized personnel and 24 hours on average for employees.	52, 81
404-2	Programs for upgrading employee skills and transition assistance programs	Although there are no programs specifically dedicated to accompanying personnel in the transition process, all training offered seeks to reinforce their skills and knowledge so that they can not only perform their current activities properly, but also prepare them to continue growing in CYDSA.	52
404-3	Percentage of employees receiving regular performance and career development reviews	100% of CYDSA's managers and directors receive periodic performance and professional development evaluations. This means that 2.8% and 1.2% of the male and female employees, respectively, receive this feedback. This is equivalent to 2.7% of the team.	52, 82

Disclosure	Disclosure name	Answer in table, omission, and/or modification	Page(s)
STRATEGIC PILLAR: COMMUNITY			
Safe Environment			
Safe Environment			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		55
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 to learn more about products containing hazardous substances.	40, 42-43, 55, 82
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 2023.	Answer in table
GRI 417: MARKETING AND LABELING 2016			
417-1	Requirements for product and service information and labeling	100% of our products comply with and are evaluated against the regulatory requirements of the Ministry of Communications and Transportation, official standards of the Ministry of Labor and Social Welfare that regulate these issues in product transportation and delivery to our suppliers at their facilities.	55
417-2	Incidents of non-compliance concerning product and service information and labeling	There were no cases of non-compliance related to information and/or labeling on any of the products in 2023.	Answer in table
417-3	Incidents of non-compliance concerning marketing communications	There were no cases of non-compliance related to marketing communications in 2023.	Answer in table
Community value			
Community value			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		56
GRI 203: INDIRECT ECONOMIC IMPACTS 2016			
203-1	Infrastructure investments and services supported		56
203-2	Significant indirect economic impacts		56

Disclosure	Disclosure name	Answer in table, omission, and/or modification	Page(s)
GRI 413: LOCAL COMMUNITIES 2016			
413-1	Operations with local community engagement, impact assessments, and development programs		56
413-2	Operations with significant actual and potential negative impacts on local communities		56
STRATEGIC PILLAR: CROSS-CUTTING APPROACH			
Organizational Structure and Management			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		
Workplace Well-being			
GRI 401: EMPLOYMENT 2016			
401-1	New employee hires and employee turnover		78
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	In Coatzacoalcos, temporary unionized employees are not granted the benefit of the Savings Fund and food allowance.	49
401-3	Parental leave	Parental leave is given to all employees of the organization, and entails 84 days for mothers and 5 days for fathers. In 2023, 45 employees took parental leave, representing 2.2% of the workforce.	49, 80
GRI 402: LABOR/MANAGEMENT RELATIONS 2016			
402-1	Minimum notice periods regarding operational changes	Depending on the Work Center, the minimum number of weeks to notify employees is between 1 and 4 weeks.	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.	50, 68

Disclosure	Disclosure name	Answer in table, omission, and/or modification	Page(s)
Corporate Ethics			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		65-68
GRI 205: ANTI-CORRUPTION 2016			
205-1	Operations assessed for risks related to corruption		67
205-2	Communication and training about anti-corruption policies and procedures		67
205-3	Confirmed incidents of corruption and actions taken	There were zero corruption-related incidents during 2023.	67
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.	50, 68
Corporate Governance			
Responsible Supply Chain			
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016			
308-2	Negative environmental impacts in the supply chain and actions taken		68
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016			
414-2	Negative social impacts in the supply chain and actions taken		68

SASB
TABLE OF CONTENTS

- Resource Transformation Chemicals **(RT-CH)**
- Extractive Industries and Processed Minerals Oil and Gas - Midstream **(EM-MD)**
- Infrastructure Electric Companies and Electric Generators **(IF-EU)**

Code	Metric	Unit of measure	Answer in table, omission, and/or modification		Page(s)
Greenhouse Gas Emissions and Climate Change					
RT-CH-110a.1 **EM-MD-110a.1**	Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations	Metric tonnes (t) CO_2-e, Percentage (%)	**(thousands)** Ton Eq CO_2 Direct emissions (Scope 1) Ton Eq CO_2 Indirect emissions (Scope 2) Total ton Eq CO_2 (Scope 1 and 2)	 550 484 1,034	23, 26, 74
RT-CH-110a.2 **IF-EU-110a.3** **EM-MD-110a.2**	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	N/A	At the end of 2023 CYDSA was in the process of establishing formal Scope 1 emissions reduction targets. Therefore, when discussing the 2023 emissions results, there is no discussion of whether or not a specific amount has been achieved. That said, starting in 2024 CYDSA will have a target set as part of the implementation of its new comprehensive sustainability strategy. These could include the reduction of Scope 1 emissions in the future. Details on emissions can be found in the "Climate Change and GHG Emissions" section.		23, 26
RT-CH-120a.1	Air emissions of the following pollutants: (1) NOX (excluding N2O), (2) SOX, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	Metric tonnes (t)	**(thousands)** Nitrogen oxide (NOx): Sulphur dioxide (SO_2): Persistent organic pollutants (POPs) Volatile organic compounds (VOCs) Hazardous Air Pollutants (HAP) Tons of Total suspended particulate matter (TSP):	 483 12 0 3 0 2	74
Energy Management					
RT-CH-130a.1	(1) Total energy consumed,(2) percentage grid electricity,(3) percentage renewable and (4) total self-generated energy	Gigajoules (GJ), Percentage (%)	**(thousands)** Total energy consumed (GJ) Percentage of electricity from the grid(%) Renewable percentage (%) Total self-generated energy (GJ)	 9,088 2.9% 2.7% 4,560	29, 72

Code	Metric	Unit of measure	Answer in table, omission, and/or modification		Page(s)
Water Management					
RT-CH-140a.1 **IF-EU-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 metres (m^3), Percentage (%)	Total water extracted (m^3) Percentage of water extracted that comes from water-stressed regions (%) Total water consumed (m^3) Percentage of water extracted from water-stressed regions (%)	4,777 27.3% 4,347 23.4%	34, 73
RT-CH-140a.2 **IF-EU-140a.2**	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Number	In 2023, 12 cases of non-compliance with NOM-001 were reported at IQUISA Noreste for exceeding allowable nitrogen levels in water discharges. However, this is not attributable to any of the Company's activities, but to the fact that the water supplied by Agua y Drenaje already contains nitrogen levels above the permitted standard. CYDSA does not generate or include nitrogen in its processes.		Answer in table
RT-CH-140a.3 **IF-EU-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 southeastern operations. As of year-end 2023, CYDSA had not yet performed any climate risk assessment (including water stress) for the operation. Details on water management can be found in the “Water Management” section.		31
Waste and Recycling					
RT-CH-150a.1	(1) Amount of hazardous waste generated, (2) percentage recycled	Metric tonnes (t), Percentage (%)	Hazardous liquid waste Hazardous solid waste Biological infectious hazardous waste **Hazardous waste** Special Waste Municipal Solid Waste (non-hazardous) **Non-hazardous waste** **WASTE GENERATED** % of waste recycled **Total tons of recycled waste**	418 650 0 **1,069** 5,349 366 **5,716** **6,785** 38.7% **2,525**	35, 75
Community Relations					
RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	N/A	Grupo CYDSA has a Community Attention Center (CAC) where any kind of complaint, nonconformity, claim, demand, or need that the community may express in relation to the manufacturing operations of our companies is attended to to their satisfaction. To achieve the above, we have an open telephone line for the community through the surveillance booths, which can receive the neighbor's call 24 hours a day and then channel it to the CAC. We conduct surveys where neighbors have the opportunity to freely and anonymously express their particular needs or collective needs that, if met, would improve their quality of life. The main community complaints that we have historically received are: • Insecurity • Poor roads • Poor primary services (garbage collection) The CAC works as a solution manager between the community and the public agency that applies.		56, 58

Code	Metric	Unit of measure	Answer in table, omission, and/or modification	Page(s)
Workforce Health & Safety				
RT-CH-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Rate	(1)There were a total of 20 recordable incidents in all CYDSA business units, with a rate of 1.23 (TRIR) taking all hours worked and all incidents in the different Plants. (2)There were no fatal accidents in any of CYDSA's business units during 2023,so the mortality rate was 0.0.	81
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	CYDSA has a comprehensive strategy to evaluate, control, and reduce the exposure of its employees and contracted workers to chronic health risks, based on a rigorous Industrial Safety, Operating Safety, and Environmental Protection Administrative System (SASISOPA). This strategy, always in line with current legislation, has as its main objective the identification, reduction, and control of long-term health and safety risks. Details of the efforts can be found in the ”Employee Health and Safety“ section.	40-41, 45, 51, 55
Product Design for Use-phase Efficiency				
RT-CH-410a.1	Revenue from products designed for use- phase resource efficiency	Reference currency	Savings from the Iquisa Santa Clara and Iquisa Noreste boiler projects continued to be recorded as a result of the incorporation of advanced technology to optimize the production of chlorine, caustic soda, and by-products. This led to a reduction in operating costs by using the byproducts as its own energy sources. It has also generated income from the production and sale of hydrogen.	Answer in table

Code	Metric	Unit of measure	Answer in table, omission, and/or modification	Page(s)
Safety & Environmental Stewardship of Chemicals				
RT-CH-410b.1	(1) Percentage of products that contain Globally Harmonised System of Classification and Labelling 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 (%)	See table below	40, 43, 55

Plant	PRODUCT	% Category 1 (product portfolio by plant)	% Category 2 (product portfolio by plant)	% Category 3 (product portfolio by plant)
IQUISA Coatzacoalcos	Hydrochloric acid 100%		20%	
	Chlorine 100%			20%
	Hydrogen 100%	60%		
	Sodium hypochlorite 100%			
	Sodium hydroxide 100%			
IQUISA Hermosillo	Chlorine			20%
	Sodium hypochlorite	67%		
	Sodium hydroxide			
IQUISA Noreste	Hydrochloric acid		20%	
	Chlorine			20%
	Hydrogen	60%		
	Sodium hypochlorite			
	Sodium hydroxide			
IQUISA Santa Clara	Hydrochloric acid		20%	
	Chlorine			20%
	Hydrogen	60%		
	Sodium hypochlorite			
	Sodium hydroxide			
IQUISA Tlaxcala	Chlorine			20%
	Sodium hypochlorite	67%		
	Sodium hydroxide			
Quimobasicos	Genetron®22, Genetron® AZ 20, Genetron® 404A, Genetron®AZ 50, Genetron®1341a, Genetron®MP39, Genetron®422D, Genetron®Performax LT, Genetron®407C, Genetron®23, Genetron®508B, SOLSTICE®1234yf, SOLSTICE®1233zd, Genetron®124, Genetron®141b, Evanote®(R-254fa), Genetron®123, SOLSTICE®1234ze, ECOFLUSH 1233zd, AQUION 507, AQUION 600a	100%		

RT-CH-410b.2	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human or environmental impact	N/A	• 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 Management” section. • The reduction of emissions of harmful chemicals into the atmosphere is detailed in the “Climate Change and GHG Emissions” section. • Plants with ISO 14001 and SSOMA certifications, which oversee environmental management systems, are listed in the table in the “Certifications and Awards” section.	21, 25, 28, 33, 35-36

Code	Metric	Unit of measure	Answer in table, omission, and/or modification	Page(s)
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
Management of the Legal & Regulatory Environment				
RT-CH-530a.1	Discussion of corporate positions related to government regulations 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 make compliance difficult, we seek 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. Please also refer to GRI indicator 2-27 for more details on CYDSA's compliance during 2023.	Answer in table
Operational Safety, Emergency Preparedness & Respones				
RT-CH-540a.1	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	Number, Rate	See content responses RT-CH-320a.1 for recordable incidents reported during 2023. 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 2023.	Answer in table
Competitive Behaviour				
EM-MD-520a.1	Total amount of monetary losses as a result of legal proceedings associated with pipeline and storage regulations	Reference currency	$0.00 Mexican pesos	Answer in table
ACTIVITY METRIC				
RT-CH-000.A	Production by reportable segment	Cubic metres (m^3) and/or metric tonnes (t)	**(thousands)** SISA + Procesadora y Distribuidora de Sal (Sal Consumo Doméstico e Industriales) 716 IQUISA (Cloro, Sosa Cáustica y Especialidades Derivadas) 960 Quimobasicos (Gases Refrigerantes) 4.43 TOTAL 1,681	72

ANNEXES

ANNEX 1

ESG risks that could have an impact on CYDSA

Risk	Definition	Impact on CYDSA	CYDSA's Risk Management
Physical risks of climate change	Extreme events and adverse weather conditions, such as heat waves, intense storms, droughts and rising sea levels, that can cause material damage, economic losses, and affect infrastructure and people's safety.	• Physical damage to plants or facilities • Resource shortages • Increase in raw material prices	CYDSA identified the regions that are most affected by water stress. Its water recycling and recirculation initiatives will enable it to address this risk as it becomes increasingly problematic.
Transition and adaptation to climate change	Challenges faced by companies and communities in adjusting to changes in policies, technology, and practices to reduce greenhouse gas emissions and adapt to climate impacts already present.	• Investment in new technologies and systems • Obsolescence of production equipment • Adaptation to regulatory changes	Investments are being made to transition to operating mercury-free plants with lower emissions resulting from their production processes.
Macroeconomic	Inflation, unemployment, exchange rate volatility, financial crises and commodity price fluctuations, among others, that can have a significant impact on economic growth and financial stability.	• Increase in production costs • Increase in financing costs • Supply chain disruption	CYDSA maintains procedures in place to analyze and incorporate the effects of macroeconomic variables into financial planning.
Changes in market demand	Adjustments to consumer preferences, needs and demands in currently served and potential markets.	• Obsolescence of products and/or services offered • Capital required for innovation	Although the Group understands that it offers elastic products with a stable demand, it seeks to innovate in the complimentary services it can offer, such as the incineration of fluorinated gases with plasma arc technology.
Social	The health, safety, and well-being of employees, conflicts with local communities regarding or health concerns, and issues related to security risks due to organized crime activities in areas surrounding operations, and human rights in the supply chain.	• Socioeconomic non-compliance costs • Impact remediation costs • Loss of clients/business relationships	The Company's low turnover rate demonstrates a high level of job satisfaction at CYDSA. It is attributed to healthy and safe working conditions, as well as access to attractive benefits.
Regulatory changes	Adaptation to changes in regulatory frameworks, laws, and standards governing the ethical and transparent operation of the business.	• Adaptation of internal processe • Possible suspension of activities	The understanding and daily application of the highest operational standards makes it easier for the Company to adapt to new regulations and modifications to existing ones.
Corporate governance	They may include corrupt practices, lack of transparency in the disclosure of information, conflicts of interest, inadequate accounting practices, and lack of regulatory compliance.	• Reputational damage • Regulatory non-compliance costs • Impact remediation costs • Loss of external capital	CYDSA maintains a robust policy framework that allows for regulatory compliance, as well as having adequate identification mechanisms in place.

ANNEX 2

Domestic Associations: National Chemical Industry Association (ANIQ) | Confederation of National Chambers of Commerce, Services and Tourism (CONCANACO) | American Chamber of Commerce of Mexico (AMCHAM), Mexican-German Chamber of Commerce (CAMEXA) | Private Sector Studies Commission for Sustainable Development (CESPEDES) | Employers' Confederation of the Mexican Republic (COPARMEX) | Business Coordinating Council (CCE) | Consejo Empresarial Mexicano de Comercio: Exterior, Inversión y Tecnología, A.C. (COMCE) | Consejo Consultivo Nacional para la Gestión Integral de Sustancias Químicas, Compuestos Orgánicos Persistentes y Residuos Peligrosos Sujetos a Convenios Internacionales en Materia Ambiental, Consejo Mexicano de Negocios (CMN) | CAINTRA Nuevo León | Local Committee for Mutual Aid (CLAM) | Industrial Mutual Assistance Plan (PAMI) | Municipal Alliance for the Culture of Civil Protection | Monterrey Metropolitan Environmental Fund (Fondo Ambiental Metropolitano de Monterrey, FAMM) | Institute for the Environmental Protection of Nuevo León (IPA) | Water and Drainage Services of Monterrey | Chipinque Ecological Park | **International Associations:** United Nations Environment Programme (UNEP) | Global Environment Facility (GEF) | United Nations Framework on Climate Change | United Nations Industrial Development Organization (UNIDO) | **Domestic Alliances:** CAINTRA, a business organization that represents the industrial companies of Nuevo León, and the Council for Citizen Participation of the Secretariat of Sustainable Development of the State of Nuevo León. **International Alliances:** Montreal Protocol on substances that Deplete the Ozone Layer (UN Montreal Protocol on substances that Deplete the Ozone Layer) | UNCCC COP (United Nations Framework Convention for Climate Change) | COP II (Convention of Environmental Biological Biodiversity) | GRULAC Latin America and the Caribbean Group for COP 1 Minamata | Salt Institute USA | The Chlorine Institute USA | Chlorosur (Latin American Association of the Chlorine, Alkali and Derivatives Industry) | Climate Action Reserve (California) | COP Minamata Agreement Meetings | IETA (International Emissions Trading Association) | **International Alliances:** Montreal Protocol on substances that Deplete the Ozone Layer (UN Montreal Protocol on substances that Deplete the Ozone Layer) | UNCCC COP (United Nations Framework Convention for Climate Change) | COP II (Convention of Environmental Biological Biodiversity | GRULAC Latin America and the Caribbean Group for COP 1 Minamata | Salt Institute USA | The Chlorine Institute USA | Chlorosur (Latin American Association of the Chlorine, Alkali and Derivatives Industry) | Climate Action Reserve (California | COP Minamata Agreement Meetings | IETA (International Emissions Trading Association) | **Domestic Forums:** AMCHAM Forum | COPARMEX | CCE | CAMEXA Assembly | ANIQ National Forum | ANIQ Environmental Commission | COMCE National Forum | MASH Forum (Environment, Health and Safety) | National Day for Emergency Preparedness and Response PROFEPA | Nuevo León Energy and Climate Change Forum | Chipinque Ecological Park | System's Advisory Board, Environmental Protection Institute of Nuevo León | Mexico Emissions Trading | **International Forums:** Global Compact Network Mexico | Conference of the Parties COP Minamata

ANNEX 3

Environmental Management Certifications

A. **ISO 9001 Quality Certification.**
B. **ISO-14001:2015 Certification, Environmental Management Systems (EMS) standard: d**ue to their commitment to environmental protection, the Sales del Istmo, IQUISA Coatzacoalcos, Tlaxcala, Hermosillo, Santa Clara and Noreste, and Quimobasicos plants were certified.
C. **The Energy Cogeneration Business maintained its credentials as an Efficient Cogeneration System** granted by the CRE (Energy Regulatory Commission).
D. **Integral Responsibility Management System (SARI):** Granted by the National Forum Environmental Commission, A.C. (ANIQ, Asociación Nacional de la Industria Química), a certificate in safety and environmental management systems for the chemical industry. IQUISA Coatzacoalcos, Tlaxcala, Hermosillo, Santa Clara and Quimobasicos were certified.
E. **Clean Industry:** The Clean Industry Performance Level I Certification is granted for complying with the Applicable Environmental Regulations and the plants that maintain such certificate are Sales del Istmo, IQUISA Hermosillo, IQUISA Coatzacoalcos, IQUISA Noreste and Energy Cogeneration. On the other hand, the Clean Industry Certificate Performance Level II is granted for exceeding the applicable environmental regulations and the plants that maintain such certificate are Quimobasicos and IQUISA Tlaxcala. In 2022, Underground Storage started its certification program.
F. **Environmental Excellence:** Maximum recognition granted by PROFEPA, for having demonstrated its high commitment, a maximum level of compliance in its performance and being certified with the Environmental Performance Level 2 (NDA2).
G. **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 Energy Cogeneration and Underground Hydrocarbon Storage businesses were certified.
H. **Socially Responsible Company (ESR):** Recognition granted by the Mexican Philanthropy Center (CEMEFI) to IQUISA Coatzacoalcos, Tlaxcala, Hermosillo, Santa Clara, and Noreste for their social and environmental practices with stakeholders.
I. **NSF Certificates:** Quality certificates held by Sales del Istmo, IQUISA Coatzacoalcos, Santa Clara, and Noreste.
J. **ECOVADIS (Chemours):** Certificate obtained by IQUISA Noreste that covers a wide range of non-financial management systems that include environmental impacts, labor practices, and human rights, ethics, and sustainable procurement.
K. **Recycling Certificate:** Obtained by Industria Quimica del Istmo (IQUISA) granted by Grupo Ambiental del Noreste.

Social Management Certifications

INTERNAL

- **AST:** Job Safety Analysis, a monthly assessment to identify and prioritize the risks associated with the tasks performed and the corresponding preventive measures.
- **SSOMA:** Occupational Health, Safety, and Environment Protocol.

EXTERNAL

- **ISO 9001:2015:** Quality Management.
- **ISO 14001:2015:** Environmental Management.
- **NOM-010-STPS-2014:** For chemical pollutants present in the workplace.
- **NOM-011-STPS-2001:** For the evaluation of noise levels in different areas of the workplace.
- **NOM-017-STPS-2008:** For Personal Protective Equipment for the worker, including an analysis by job position following the established guidelines.
- **NOM-019-STPS-2011:** Constitution, integration, organization, and operation of health and safety commissions.
- **NOM-025-STPS-2008:** Recognition and evaluation of lighting levels.
- **NOM-030-STPS-2009:** For each of the physical agents such as noise, lighting and vibration, an evaluation is performed in accordance with the industrial hygiene standards in force in Mexico.

- **NOM-035-2018:** To identify and prevent psychosocial risk factors.
- **PASST:** Self-management Program in Occupational Safety and Health, certification granted by STPS.
- **SARI:** System of Integral Responsibility Management, certification granted by the National Chemical Industry Association.
- **SASISOPA:** Industrial Safety, Operational Safety, and Environmental Protection Management System, certified by ASEA (Safety, Energy and Environment Agency).
- **Dutch Line Technique:** Risk management model that also covers social risks for the community.
- **HAZOP technique:** "Hazard and Operability" by Imperial Chemical Industries (ICI).
- **Compliance with REPSE (**Registry of Specialized Service Providers) registration requirements.

Plant	Certificate	Awarded by	Granted in	Expiration
Coatzacoalcos	Integral responsibility	ANIQ	2021	2024
	Clean Industry	PROFEPA	2022	2024
	ISO 14001	Bureau Veritas	2021	2024
	ISO 9001	Bureau Veritas	2023	2026
Underground Hydrocarbon Storage	SASISOPA Authorization	ASEA	2018	-
	ISO 9001	Bureau Veritas	2021	2024
Hermosillo	Integral responsibility	ANIQ	2022	2025
	Clean Industry	PROFEPA	2022	2024
	PASST (occupational health and safety at work)	STPS	2016	-
	ISO 14001	Bureau Veritas	2021	2024
	ISO 9001	Bureau Veritas	2023	2026
Noreste	ISO 9001	Bureau Veritas	2023	2026
	ISO 14001	Bureau Veritas	2021	2024
	Integral responsibility	ANIQ	2022	2025
	Clean Industry	PROFEPA	2022	2024
Santa Clara	PASST (occupational health and safety at work)	STPS	2018	-
	ISO 14001	Bureau Veritas	2021	2024
Tlaxcala	Integral responsibility	ANIQ	2021	2024
	ISO 14001	Bureau Veritas	2021	2024
	Clean Industry	PROFEPA	2022	2024
	Environmental Excellence	PROFEPA	2018	-
	ISO 9001	Bureau Veritas	2023	2026
Salt	ISO 14001	DNV	2021	2024
	ISO 9001	SGS	2023	2026
Quimobasicos	Integral responsibility	ANIQ	2022	2025
	Responsible work	Secretary of Labor (Nuevo León)	2023	-
	PASST (occupational safety and health)	STPS	2017	-
	Environmental Excellence	PROFEPA	2014	-
	Recognition (Implementation of the Montreal Protocol in Mexico)	SEMARNAT	2017	-
	Clean Industry	PROFEPA	2021	2023
	ISO 14001	Bureau Veritas	2023	2026
	ISO 9001	Bureau Veritas	2022	2025
Sales del Istmo	ISO 14001	Bureau Veritas	2021	2024
	Clean Industry	PROFEPA	2023	2025
	ISO 9001	Bureau Veritas	2024	2027

Cydsa

2023 Sustainability Report

Diseño y contenido Miranda Partners