CORPORATE POLICY
ON COMPENSATION

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1. General Background

1.1 Introduction

This document defines the corporate guidelines, roles, responsibilities, practices, and procedures that govern the administration of compensation for all employees of Coca-Cola Andina—whether or not they are covered by a collective bargaining agreement, and regardless of whether their work shifts are full-time, part-time, permanent, or temporary.

The Compensation Policy refers to the set of guiding principles that reflect the organization's philosophy and provide direction for compensation administration. All current and future rules, as well as case-by-case decisions, should align with these principles and guidelines.

The Compensation Policy is dynamic and evolves over time, improving through its application in response to rapidly changing market and business conditions.

At Coca-Cola Andina, compensation is designed to create value for shareholders, customers, and employees. As such, the Policy must remain closely linked and/or aligned with the Company's overall strategy, culture, and values.

Compensation is understood to include all forms of remuneration—monetary and non-monetary—received by employees in exchange for their work. It is regarded as a strategic tool for effective People Management.

Coca-Cola Andina will always show its appreciation to individuals and teams that:

- Create an environment of shared success and commitment
- Promote safe work environments
- Have excellent client service records.
- Are recognized by their peers
- Demonstrate outstanding performance

Human Resources Management must strictly comply with current labor and social security legislation, as well as with applicable collective bargaining agreements, benefits booklets, and individual employment contracts in force.

1.2 Compensation Policy Objectives

This document defines the overarching guidelines that govern both the salary compensation administration system and the annual operational process at Coca-Cola Andina. These guidelines are designed to attract, recognize, motivate, and retain employees through a system based on internal equity and a competitive position in the labor market.

It supports Coca-Cola Andina's vision by ensuring that all employees are fairly compensated for their contributions to the business.

The policy also aims to recognize and encourage excellence in performance and professional development as key elements in the continuous improvement of processes and the achievement of increasingly demanding goals.

It serves to inform leaders and employees about the general principles and rules for compensation administration, including the defined competitive framework, efficiency, and cost management. This ensures that compensation practices are implemented in a safe and controlled environment, aligned with the company's strategy and business results.

The policies, standards, and procedures of each subsidiary must be aligned with the guidelines outlined in this document, as well as with the approved budget and the officially established annual work program**.**

1.3 Scope

This policy applies to all employees across all roles—executive, supervisory, professional, and operational—within Coca-Cola Andina's subsidiaries and corporate office, whether or not they are covered by collective bargaining agreements, and without prejudice to the provisions established in the collective agreements currently in force at each operation.

1.4 Principles

Coca-Cola Andina is committed to offering total compensation that attracts and retains talented and skilled collaborators across all positions. A competitive compensation package includes an effective salary administration program and a comprehensive benefits program, both focused on the following objectives:

- Promoting equal opportunities in line with market benchmarks for comparable positions requiring similar competencies and responsibilities.
- Maintaining consistency between job classifications and employability to ensure fair and consistent treatment across all roles within the organization.
- Recognizing individual contributions so that top-performing employees receive higher compensation within the framework of this Policy.
- Managing compensation through the effective planning and control of salary-related costs.
- Paying a salary that upholds the dignity of all workers, reflecting the company's commitment to human rights and employee well-being, and supporting the long-term sustainability of the business.
- Promoting pay equity between men and women by evaluating performance and merit, and monitoring the gender pay gap in roles with equivalent requirements.

Coca-Cola Andina offers a comprehensive benefits program to employees with permanent contracts, tailored to each role, and provides certain benefits to part-time or seasonal workers as well.

This policy focuses on the key aspects of a Salary Administration program.

2. Administration of Compensations

The compensation administration program is a structured plan designed to manage salary compensation within the organization. For roles and functions where compensation and benefits are governed by collective bargaining agreements or individual contracts, the compensation definitions and rules outlined in those agreements will take precedence.

This program applies to various functions and positions across the organization, including employees with permanent, part-time, fixed term, or temporary contracts.

The compensation administration program includes:

- The development and maintenance of a salary scale.
- The communication and design of annual salary review processes and merit-based increases.
- Opportunities for individual salary reviews.

All salary evaluations and adjustments will be based on external market competitiveness, internal equity, and/or individual merit.

2.1 Evaluation / Job Description:

Job positions are evaluated based on the analysis of Job Descriptions (JDs). The format used for JDs is provided and authorized by the Corporate Compensation area. The requirements outlined in each description must be directly aligned with the specific duties and responsibilities of the position.

All job descriptions are reviewed using the job evaluation system established by the Corporate Human Resources area and are assigned a corresponding salary grade. For positions graded 16 and above (G15 in Paraguay), the grading process is conducted by the local operation and must be validated by the Regional Compensation Board.

Managers, deputy managers, heads, and supervisors are responsible for providing the necessary information to complete job descriptions for new positions, as well as for updating them whenever there are significant changes in responsibilities. The Human Resources Compensation teams are responsible for evaluating and assigning salary grades, provided that the position's processes and responsibilities have undergone substantial modifications. In cases involving major changes—such as mergers, acquisitions, or the internalization of previously outsourced services—a more rigorous review is required, involving the Corporate Human Resources area.

2.2 Salary Scale

A salary scale has been developed to define grades and salary bands for all positions and/or job titles within the company. To include a position in the salary scale, a job description must be prepared using the format specified by the Corporate Human Resources area.

The salary scale consists of salary grades and corresponding bands, each designated for specific types and levels of occupations or job positions.

2.3 Salary Grades:

All job descriptions are reviewed in accordance with the job evaluation system established by the Corporate Human Resources area and assigned a salary grade. This salary grade assignment determines:

- The relative value of a position compared to other positions, and
- Its relevant market value.

For salary administration at Coca-Cola Andina, the Hay Group Methodology for job evaluation profiles and scales has been adopted. This methodology assesses the relative importance of positions based on their contribution to the business's final results within the organization, focusing on the position and its responsibilities rather than the individual occupying it. The methodology evaluates three key elements—Knowing, Thinking, and Acting—which are further broken down into eight factors, ultimately producing a score and a corresponding Hay grade.

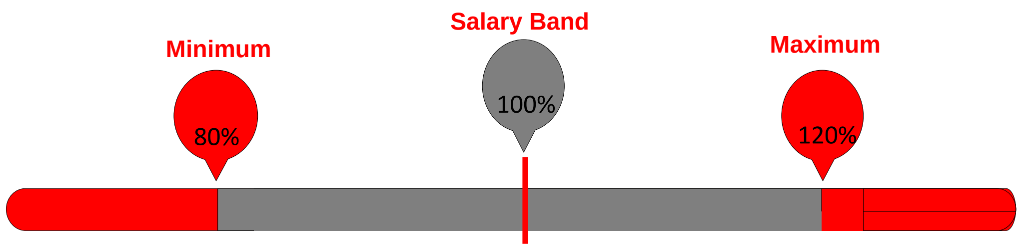
No offer letter or compensation adjustment for a new position may be issued without first properly classifying the employee's position and incorporating it into the salary scale.

2.4 Salary Bands

Based on compensation market surveys, internal position classifications, and the established policy, Salary Bands with minimum, average, and maximum values are prepared for each defined grade. The average value represents the typical compensation paid by employers within an appropriate reference group, derived from compensation surveys and updated annually. However, each operation may update the average value more than once per year, according to the current year's inflation (equal or higher than 2 digits).

The minimum and maximum values are a percentage of the average value, whereby the minimum value will be the minimum compensation the company will pay to a position at that grade and the maximum value will be the maximum possible value the company will pay to a position at that level.

Compensation ranges have a range appropriate to the relative value of the positions included in a given grade and allow for integration with the incumbent of the position. At Coca-Cola Andina, the bandwidth to be used is 50%, with a minimum of 80% and a maximum of 120%



This differentiation will make it possible to manage a person in the same grade over a period of time, in addition to recognizing the generalities or specificities of each grade according to its position on the salary curve.

The range of compensation between these two values (minimum and maximum) should reflect recognition of individual performance or other justified reasons. Cases of compensation above the maximum must respond to exceptional situations, be fully justified, have the recommendation of the Area Manager, and the approval of the Human Resources Management of the operation, the General Manager, and the Corporate HR Management, when applicable.

It should be noted that, for certain Areas or Interest Groups which the operations detect as risky in the processes of attracting, retaining, and motivating talent, parallel Salary Bands will be designed. The differences may be framed in the survey of market information (specific select market) and/or Salary Band Breadth and/or definition of Midpoint. This or these parallel Salary Bands will be defined for a limited period of time, and their validity will depend on the information collected from the market.

The approval of the application of the Parallel Salary Band(s) will be validated by the Operation's General Manager, the Operation's HR Manager, the Chief HR Officer, and the Chief Executive Officer.

In corporate role positions, compensation cases above the maximum must have the recommendation of the corresponding Corporate Manager and the approval of Corporate HR Management. In those corporate roles reporting directly to the Chief Executive Officer (CEO), the approval of the CEO is also required.

It is important to note that a hasty or automatic handling of increases may prematurely exhaust a compensation range and prevent further increases, as long as the position remains in the same grade.

2.5 Compensation Structures:

Structures are defined as groupings of salary concepts with similar characteristics. The structures to be analyzed are as follows:

- **Monthly Salary**: corresponds to the Base Salary (gross value).
- **Guaranteed Fixed Monthly Salary**: corresponds to the gross monthly salary plus the legal bonus and other fixed monthly and/or annual taxable, guaranteed payments assigned to the position (e.g., National Holidays Bonus, Christmas Bonus, Vacation Bonus, School Bonus, etc.).
- **Total in Monthly Cash**: the actual monthly gross commissions and the value of the actual monthly management bonus are incorporated into the Guaranteed Fixed Monthly Salary.
- **Total in Target Monthly Cash**: the gross monthly target commissions and the value of the monthly target management bonus are added to the Guaranteed Fixed Monthly Salary.
- **Total Compensation**: total monthly cash target plus long-term management incentive (when applicable).
- **Total Remuneration**: total compensation + benefits valued in cash on a monthly basis.

2.6 Pay Scale Administration

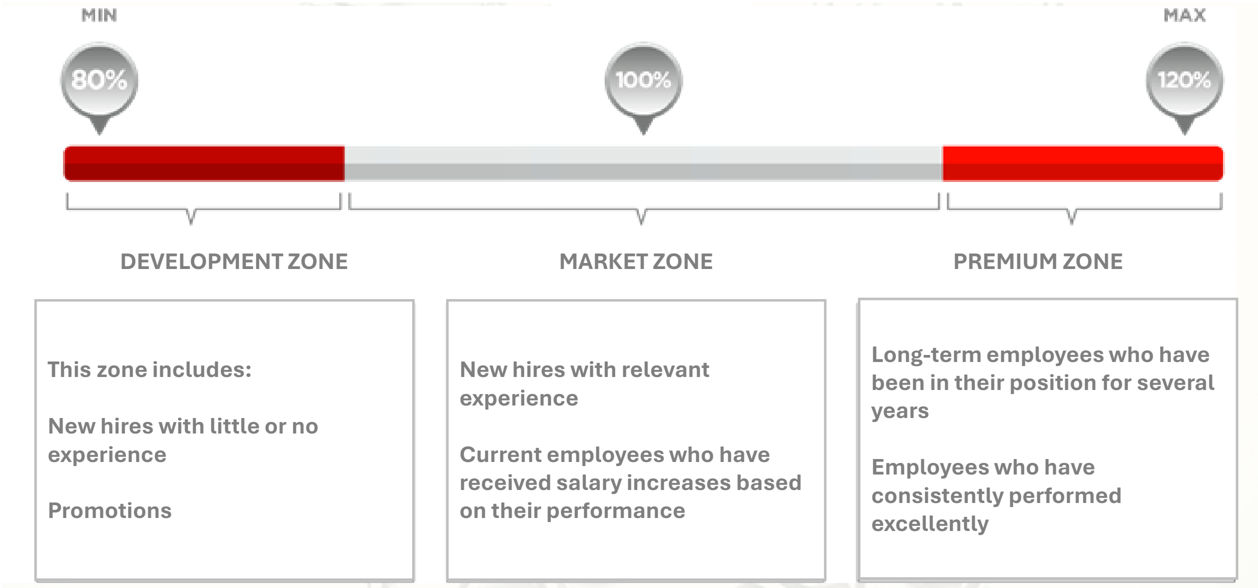
In establishing compensation for each position and individual, consideration will be given to relevant market data and information, as well as the experience, skills, and meritorious contribution of each employee.

Especially for critical and executive positions in the organization, the basis for determining reasonable financial compensation—including performance evaluations and relevant market data—should be documented.

The salary structure will be maintained through periodic processes (at least once a year) analyzing comparable market data (with or without inflation), management objectives, and the company's economic conditions.

The salary scale is divided into three zones:

- Development Zone
- Market Zone
- Premium Zone



If the organization needs some flexibility in the base salary, it is recommended to follow these principles for personnel selection:

- Offer the minimum of the structure (80%) to people who meet the minimum profile (without experience or with at least one year of experience).
- Hire at the minimum or within the market zone (80 to 100%) people who exceed the minimum required or meet the required profile.
- Align offer and pay with that of employees currently holding the same position, grade, or similar positions within the organization.
- Review and approve contracts that fall within the market zone.

For those new to the company, their salaries will be set within the appropriate salary range for their role/position and field within the pay band.

All employees are compensated at least at a salary equivalent to the minimum level of the range appropriate to their position. Conversely, no employee is compensated at a salary higher than the maximum level of their salary range.

The starting salary is set by the HR compensation area of the operation (or Corporate in the case of corporate positions) in conjunction with the corresponding hierarchical superior, with the final authorization of the Human Resources Management of the operation (or Corporate in the case of new employees in this corporate unit). The areas responsible for selection and hiring may negotiate with candidates a base salary from the minimum of the pay range up to the midpoint. Requested salaries above the midpoint and up to the maximum of the grade must be authorized by the Human Resources Management of the operation (or Corporate HR Management for corporate positions), with justification by the requesting area. For this, refer to the salary increase policy.

Special attention should be paid to elements of internal equity and external competitiveness, specific requirements of the position, and the knowledge and skills required of the new employee.

2.7 Market Surveys

The reference market to compete for talent is defined by the Human Resources Management and validated by the Corporate Human Resources Management. The Reference Market information will be obtained through compensation studies.

Suitable reference groups are selected from market surveys that best reflect Coca-Cola Andina's positions or roles and whose participants are competitors in the labor market for the company.

The basis of comparison for all positions will be by Hay Group Grades, and for executive positions, if required and on an exceptional basis, comparisons will be made by score or position to complement the salary analysis and maintain competitiveness.

The comparison markets that Coca-Cola Andina has defined for the analysis will be made according to the following segmentation:

Segmentation	Comparison Market
President, General Manager	Top Executive or Select Market
Grade 23 and below	Select Market or General Market. Where appropriate, segmentation may be applied based on allocation and/or invoicing structure to better reflect operational needs.

Obtaining comparable and appropriate market economic compensation data includes the following sources of information:

- Functionally comparable positions.
- The availability of similar specialties within a particular geographic area.
- Independent market surveys conducted by firms of recognized prestige, defined in conjunction with the compensation board, ensuring representativeness and maintaining at least three years of continuity with the defined consulting firm.
- The operations will have the possibility to analyze the data collected from the market surveys and choose the one that best suits the reality of each operation.
- The approval of the market survey in force in each operation must be validated by the Operation's General Manager, Operation's HR Manager, Chief HR Officer, and Chief Executive Officer.

These surveys will be conducted at least once a year in each of the markets (except markets with high inflation).

Positions are evaluated, classified and assigned their grades and position within the salary band by the Human Resources Compensation areas of each of the operations.

To establish the position with respect to the market, Coca-Cola Andina has defined to consider only two of the three relevant aspects that determine the total compensation of an employee:

i. Basic remuneration
ii. Short-term and long-term variable compensation.
iii. Benefits in kind

The two variables to be used in the analysis will be **basic remuneration** and **short and long-term variable remuneration**, which will be grouped together for the purposes of salary analysis and administration.

Operations are allowed, as a matter of policy, to purchase an additional compensation survey to support the review and comparison of compensation data.

2.8 Market Positioning:

Coca-Cola Andina has determined that market comparison and positioning will be as follows:

- For grades 19 and above: 75th percentile of the market
- For grades 18 and below: market median

2.9 Merit:

a) What is merit pay?

Merit pay refers to the use of financial incentives in employee compensation as a form of recognition for individual performance and contribution to the achievement of the company's objectives.

In line with the compensation strategy, merit increases are one of the primary tools for rewarding individual performance.

b) What variables affect the merit increase percentage?

In order to carry out the merit process, the following elements must be taken into account:

- **Budget**: Percentage obtained from the salary survey and refers to the percentage of real increase granted by the market (above inflation).
- **Performance Evaluation**: Result of the performance evaluation for the year prior to the application of the merit increase.
- **Compa-ratio**: Current positioning of the employee. The percentage of merit to be delivered is calculated with the new positioning (CR).

Merit increases are one of the key aspects of compensation practice as they allow for differentiation in pay depending on each employee's individual contribution and position in the salary band.

To ensure this differentiation, we must be efficient in the management of resources.

Differentiation should begin at the beginning of the year with the establishment of performance targets.

When performance has been evaluated, the income increase must be determined, therefore, individual performance is key to determining the merit increase.

Only collaborators with a permanent contract, seniority of more than one year, who are not under a collective bargaining agreement and who meet or exceed their personal objectives are eligible for this review.

c) Merit Matrix

The Compensation Management must prepare a merit increase matrix each year to be used in every operation.

To construct this matrix, the average market increase above inflation—based on the market surveyed must be taken into consideration. This percentage will become the total budget, which should be distributed among all employees who meet or exceed their personal goals. Example: If inflation is 3% and the market is growing by 5%, the average merit increase to be distributed should be 2%.

All employees who received a performance rating below expectations are not eligible to participate in this process.

The Compensation Management must send each area a spreadsheet listing all of their employees, the performance rating obtained, the individual market comparison, and the defined matrix. The areas will then complete the spreadsheet, indicating which employees should receive a merit increase and the corresponding percentage. This spreadsheet must be returned to the Compensation area, which is responsible for consolidating the information from all areas and preparing the presentation to the Merit Committee.

The Compensation Management presents the consolidated proposal to the Merit Committee—composed of the Human Resources Manager, Finance Manager, and General Manager—who are responsible for approving, modifying, or rejecting the proposed increases.

Example of Merit Matrix, considering a real salary increase of 2%.

Performance rating	Position in the Salary Band - Compa-ratio				
	80%	90%	100%	110%	120%
1	No merit increase	No merit increase	No merit increase	No merit increase	No merit increase
2	No merit increase	No merit increase	No merit increase	No merit increase	No merit increase
3	4%	3%	2%	1%	No merit increase
4	6%	5%	4%	3%	One-time bonus
5	8%	7%	6%	2%	One-time bonus

2.10 Salary Increases

Employees may have salary increases on the following occasions:

a. **Promotion:** an employee who is selected as an internal candidate for a new position, which has a higher salary grade than his/her current grade. The promotion increase granted to the promoted employee is capped at 25%. If with this 25% the employee does not reach 80% of his new salary band, he will be granted an additional increase that positions him at the minimum point of the band for his new HAY grade, this after 3 months of the change taking place (of course under the assumption that there is budget for this increase and that there is a good associated performance). This increase is approved by the Functional Manager and the Human Resources Manager. In the event that the employee is already within the salary band of the new position, the increase for Promotion that will be granted will have a cap of 15%, as long as it is below 100% of Compa-ratio of the new HAY grade. Adjustments above 100% of Compa-ratio will be applicable only in case of taking care of internal equity and eliminating income overlap with their direct reports.

   In cases of Grade 20 and above the approvals must be from the Chief HR Officer, General Manager and Operation HR Manager. The Company's Chief Executive Officer additionally approves above Grade 23.

b. **Lateral Movement*:*** is the assignment of an employee to a new position within the same grade. In this case, the employee **may** have an increase in compensation between 5 and 10%, depending on their Compa-ratio. This increase must be authorized by the Functional Manager and the Human Resources Manager. In cases of grade 20 and above the approvals must be from the Chief HR Officer, General Manager and HR Manager of the Operation. Above Grade 23 approves, additionally, the Chief Executive Officer of the Company.

c. **Spontaneous Increase*:*** A spontaneous increase of up to 10% may be granted as long as the Compa-ratio is not greater than 100%. Approval must be from the Functional Manager and the Human Resources Manager. In cases of Grade 20 and above the approvals must be from the Chief HR Officer, General Manager and HR Manager of the Operation. Above Grade 23 is additionally approved by the Company's Chief Executive Officer.

Any salary increases outside of the above increases may be granted if justified, but must have the following additional authorizations:

Grade	Who authorizes
23+	Chief Executive Officer
20 - 22	Committee Members and Chief HR Officer
18 - 19	Functional Manager, General Manager and Chief HR Officer
14 - 17	Operation's Functional Manager, General Manager and Human Resources Manager
13-	Human Resources Manager and Functional Manager **

******The administration of grades 13 and below is managed by each operation, as these typically correspond to personnel covered by union agreements. In cases where an employee is promoted to a higher grade, it is important to assess their current compensation against the entry-level conditions of the new grade, which falls under a different compensation structure. For such situations, it is recommended that each operation have a defined policy for managing promotions and salary increases.

2.11 Internal Equity and External Competitiveness Adjustments

These are specific salary actions taken when:

- **External Competitiveness:** Market benchmark data, as assessed by the Human Resources area, indicates that a different position within the salary band and/or grade is warranted.
- **Internal Equity:** Disparities in compensation within the salary band are identified that require correction. This includes ongoing monitoring of the gender pay gap. The analysis helps detect and address inequalities, ensuring that compensation decisions are based solely on objective criteria such as performance, job responsibility, and external competitiveness.

Analyses of external competitiveness and internal equity will be conducted at least once per year. However, adjustments may be applied to individual employees or groups at any time, depending on budget availability. Justification from the direct supervisor will be required. Final authorization will rest with the General Manager and the Human Resources Manager of the respective operation. For corporate roles, the recommendation of the relevant Corporate Officer and approval from the Chief HR Officer are required. For corporate roles reporting directly to the CEO, approval from the CEO is also necessary.

No commitment may be made to the employee until all necessary approvals are obtained.

2.12 Other Related Wage Conditions

Changes in Employability Conditions: If an employee voluntarily modifies their employability condition while continuing to perform the same role, no changes will be made to their economic compensation—except for legal adjustments or decisions made by company management through the Human Resources area (e.g., new work schedule, new workplace).

Wages Above the Maximum Salary Range: Reaching the upper limit of a salary band does not preclude recognition for consistently exceptional performance. If an employee's salary is at or beyond the maximum value of the band—or if a proposed increase would exceed that threshold—the recognition may be delivered as a one-time, non-recurring bonus. The intended increase will be annualized and granted as a lump-sum payment without altering the base compensation.

Temporary Assignments: If an employee is temporarily assigned to a different position for more than 30 days—whether at a higher or lower salary grade—their salary will remain unchanged for the duration of the assignment. However, if the temporary role corresponds to a higher salary grade, a one-time recognition payment may be granted for the assignment period. This proposal must be initiated by the HR Manager of the operation and approved by the General Manager of the business unit. For corporate employees, authorization lies with the Chief HR Officer. The amount will reflect the difference between the base salaries of the replaced employee and the one taking on the temporary role.

3. Annual Labor Budget Planning Procedure

Coca-Cola Andina's Board of Directors and Executive Committee annually approve the strategic plans and general budgets for the operations. This process establishes the budgetary guidelines for implementing personnel compensation initiatives, aligning them with the Human Resources objectives and policies. The budget category used to plan, execute, and evaluate personnel expenses is referred to as the Labor Budget.

The institutional budget process is the responsibility of the Administration and Finance Management. However, the Human Resources Compensation Management is responsible for preparing, presenting, executing, and controlling the Labor Budget. Any request to modify the organizational or salary structure that results in a deviation from the approved budget must be submitted to Compensation Management for review and requires approval from Finance Management and the General Manager or Chief Executive Officer, as appropriate.

Annual budget planning consists of four phases:

1) Pre-budget

The information, programming, guidelines and budget ceiling required for the preparation of the national budget will be requested to the General Management.

Pre-budget: A committee will be formed with the participation of the Area Manager, HRBP in charge led by the Compensation Management. These committees will validate with the units:

The organizational and staffing structure required based on projected operational demand.

Cost projections and increases related to organizational structure and staffing demand

The pre-budget of earnings and income that will be received monthly by each employee rendering services under the established guidelines and ceilings.

2) National Pre-Budget: The projection and evolution of the total personnel remuneration expenses is made, based on the sum of the initial pre-budgets of total compensation of the n-1 units and is adjusted according to the established ceilings and requirements.

3) Review and approval of the Final Budget: The final national pre-budget is sent for review by the Planning and Management Control Department, and after adjustments, the final version is submitted for approval by the Administration and Finance Department for the annual financial fiscal year, finally incorporating any observations or adjustments made after presentation to the Coca-Cola Andina Corporate Committee, based on the reallocation of resources.

4. Governance

The delegation of authority will correspond directly to the organizational structure. The hierarchy of authority is as follows:

- Board of Directors
- Executive Committee,
- Chief Executive Officer,
- General Manager and Corporate Officers

Compliance with this Corporate Compensation Policy, the budgetary framework related to compensation, and the administration of fixed and variable compensation and benefits shall be governed by the provisions outlined in the Delegation of Authority and Administration Policies, and Corporate Policies and Rules.

About the corporate compensation policy and standards:

This corporate policy shall be approved by the Chief Executive Officer and shall be applied in all Operations, taking precedence over any other policy.

Responsibilities for the review, adequacy and control of compliance with this policy will be assigned in accordance with the corporate delegation structure, as follows:

- The **Chief Executive Officer** is responsible for the periodic review of this policy to ensure it adequately supports the organization's objectives.
- **Corporate Officers** are responsible for establishing general policy guidelines, ensuring operational consistency in compliance with policy standards and procedures, and making sure management systems and governance models align with policy guidelines.
- The **General Manager of Operations** is responsible for guaranteeing the application and control of faithful compliance with Corporate Policies and Standards within the country, as well as resolving discrepancies and justified exceptions to the policy.
- **Human Resources Managers** are responsible for ensuring the application and control of faithful compliance with Corporate Policies and standards related to HR management in the country, as well as publishing and educating on the guiding principles that support the design and management of HR. For greater operability, this responsibility may be delegated to their direct management team.

Budgetary framework associated with compensation:

- The execution and administration of the organizational structure and salary budget is the responsibility of the Compensation Management.
- All budget modifications must be approved by Finance Management and the General Manager or Chief Executive Officer, as appropriate.

Administration of fixed and variable compensation and benefits:

The Administration of fixed and variable compensation and the definition of benefits for Coca-Cola Andina employees is the responsibility of the Compensation Management.

Any modification to the fixed and variable compensation plans and budgetary benefits must be approved by Finance Management and the General Manager. Final approval will be granted in conjunction with the Corporate Human Resources Manager and the Executive Vice President, depending on the level within the organizational structure involved.

5. Glossary

Position: is the basic unit of the organizational structure in a company and helps the organization to achieve its purpose. It is composed of three elements:

- **Competencies***:* knowledge, skills and abilities required
- **Processes***:* processes in which the company participates or on which it has an impact.
- **Results***:* expected results of the position

Employee*:* holder of each job position who receives compensation as consideration.

Compensation: refers to the total set of salaries and fixed and variable remuneration for the short, medium, and long term (when applicable), agreed individually with an employee, including benefits received in kind or in cash.

Grade: the relative ranking of positions according to their content, determined through a technical process (job evaluation) and independently of the person occupying the position. The grade is linked to the position as a reference the company uses to administer compensation equitably.

Salary scales: the set of grades along with their corresponding salary bands.

Salary Bands: a zone or range, limited by a maximum and minimum, within which the salaries of all positions belonging to the same classification level (grades) fall.

Comparison Market: the sample of companies used as a basis for salary analysis and diagnosis. These companies are selected based on defined criteria to establish a relevant basis for comparison.

Comparison Statistician: the statistical measure chosen to make comparisons within the selected market sample:

- **75th percentile:** indicates the cutoff separating the top 25% of companies in the survey paying the highest wages.

- **Median:** indicates the cutoff separating 50% of the companies within the survey.

- **25th percentile:** indicates the cutoff separating the lowest 25% of companies in the survey paying the lowest wages.

Internal Equity: refers to the relative positioning of compensation among jobs within the same grade. The job description and required competencies allow for comparison between different positions to determine if compensation differences are appropriate, ensuring internal consistency in salaries.

External Competitiveness: refers to the pay level of positions in relation to a reference market and the company's positioning within that market. It involves determining which positions fall within or outside an acceptable range based on a defined statistical measure within the comparison market.

Performance Evaluation: a formal annual process to assess an employee's objectives and competencies. Its purpose is to foster dialogue between the employee and their evaluator (usually their supervisor), analyze opportunities to improve job performance, and establish paths and methods for individual development.

Merit Pay: the use of financial incentives in employee compensation as recognition for their contribution toward achieving company objectives. It involves rewarding employees based on their level of contribution, responsibilities, and the demands of their position.

6. Responsibilities

The office of the Chief Executive Officer is responsible for periodically reviewing the Compensation Policy to ensure it effectively supports the organization’s objectives, attracts and retains critical positions at a reasonable cost, and aligns with the organization’s mission.

Corporate HR Management is responsible for establishing the general guidelines of the Compensation Policy and salary administration. Through the corporate compensation area, it also defines job description formats and job evaluation systems, and validates salary grades and ranges generated and used by the operations.

The Human Resources Managers of each operation are responsible for publishing the principles and guidelines necessary to design and manage specific salary administration programs for employees, incorporating market data and budgetary restrictions. They are also in charge of administering and updating benefit programs.

Regional Compensation Board is responsible for analyzing and/or validating the processes related to collecting information for the administration of External Competitiveness, Internal Equity, and ensuring the proper application of the Corporate Compensation Policy.

Managers, Deputy Managers, Heads and Supervisors within the organization are responsible for understanding the salary administration program and applying it fairly and in a timely manner.

Employees are responsible for performing their tasks to the best of their abilities to remain eligible for increases in earning capacity. They are also responsible for selecting and utilizing benefits wisely and efficiently.

7.Track Changes

Version	Description of main changes (for further information, please write to politicascorporativas@koandina.com)	Approval	Effective date
5.0	**1.4 Principles**: two principles that were not in the previous policy are incorporated. 2.11 Adjustments for Internal Equity and External Competitiveness: the text related to internal equity is modified.	Miguel Ángel Peirano	June 2025