



# We keep moving forward

— ANNUAL INTEGRATED REPORT 2022 —

Our purpose gives life to each one of our **goals**. We **transform** ourselves to keep **growing**, seeking to guarantee a **future** with **access** to **water** for **all**

WE HAVE A  
SUSTAINABLE  
GROWTH PLAN:  
TO DOUBLE SALES  
IN 5 YEARS

DUE TO THE HIGH  
DEMAND FOR  
WATER, WE HAVE  
GREAT POTENTIAL  
FOR GROWTH

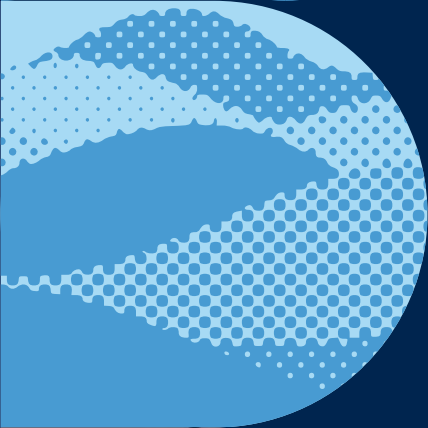
OUR ROIC HAS INCREASED  
78% SINCE THE START OF  
THE FLOW  
TRANSFORMATION  
PROGRAM

WE HAVE THE GOAL  
OF BECOMING A  
CARBON-NEUTRAL  
COMPANY BY 2040

WE ARE LEADERS  
IN INNOVATION,  
DEVELOPING NEW  
SOLUTIONS TO  
ADDRESS WATER  
CHALLENGES

WE PROVIDE  
SOLUTIONS TO  
HELP OUR  
CUSTOMERS  
REDUCE THEIR  
ENVIRONMENTAL  
IMPACT

WE PROMOTE  
EQUALITY. BY  
2025, OUR  
WORKFORCE WILL  
BE COMPOSED OF  
30% WOMEN

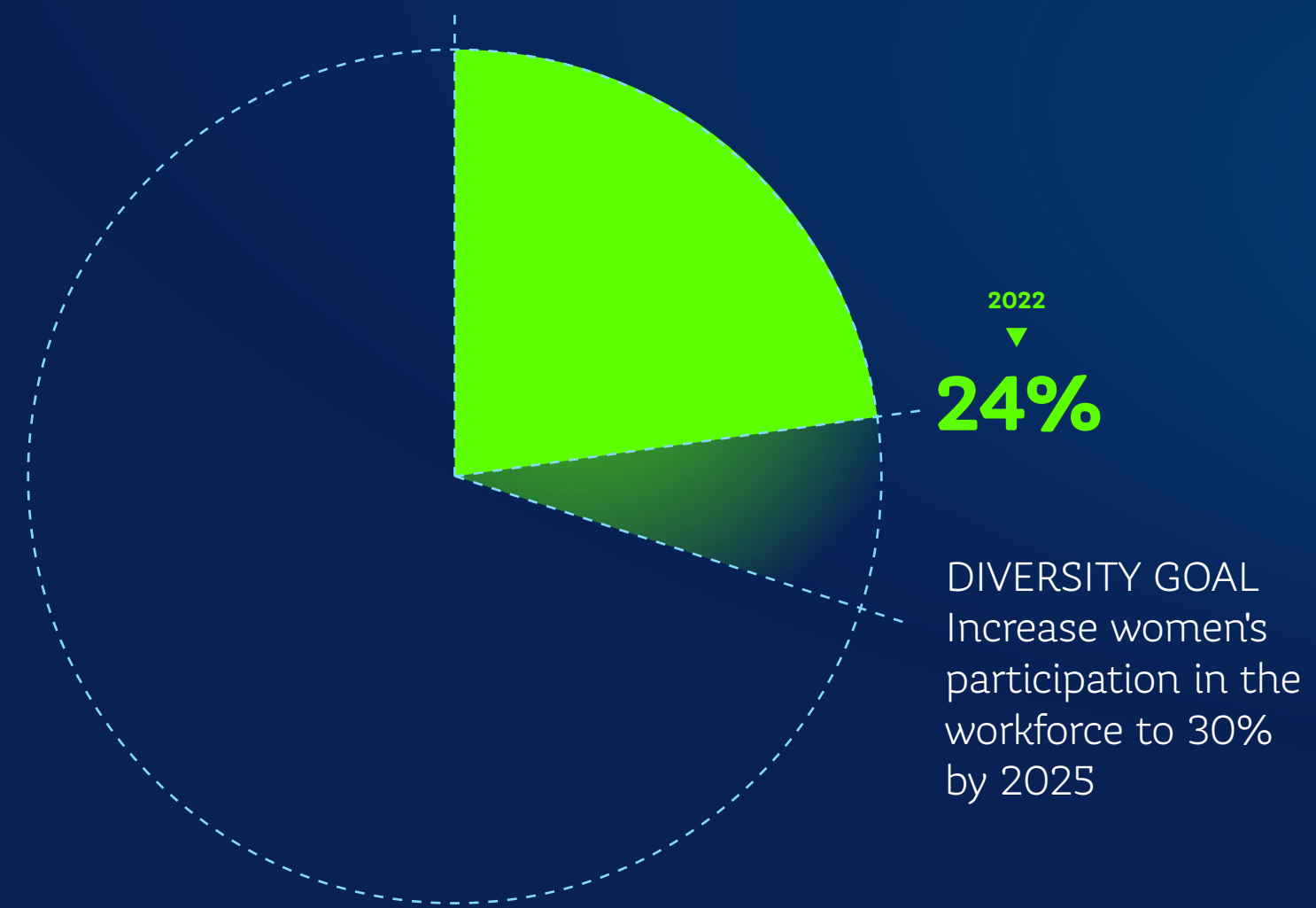


2020-2025 **Plan:**  
Double sales in **5 years**

**17.0%**  
growth vs 2021

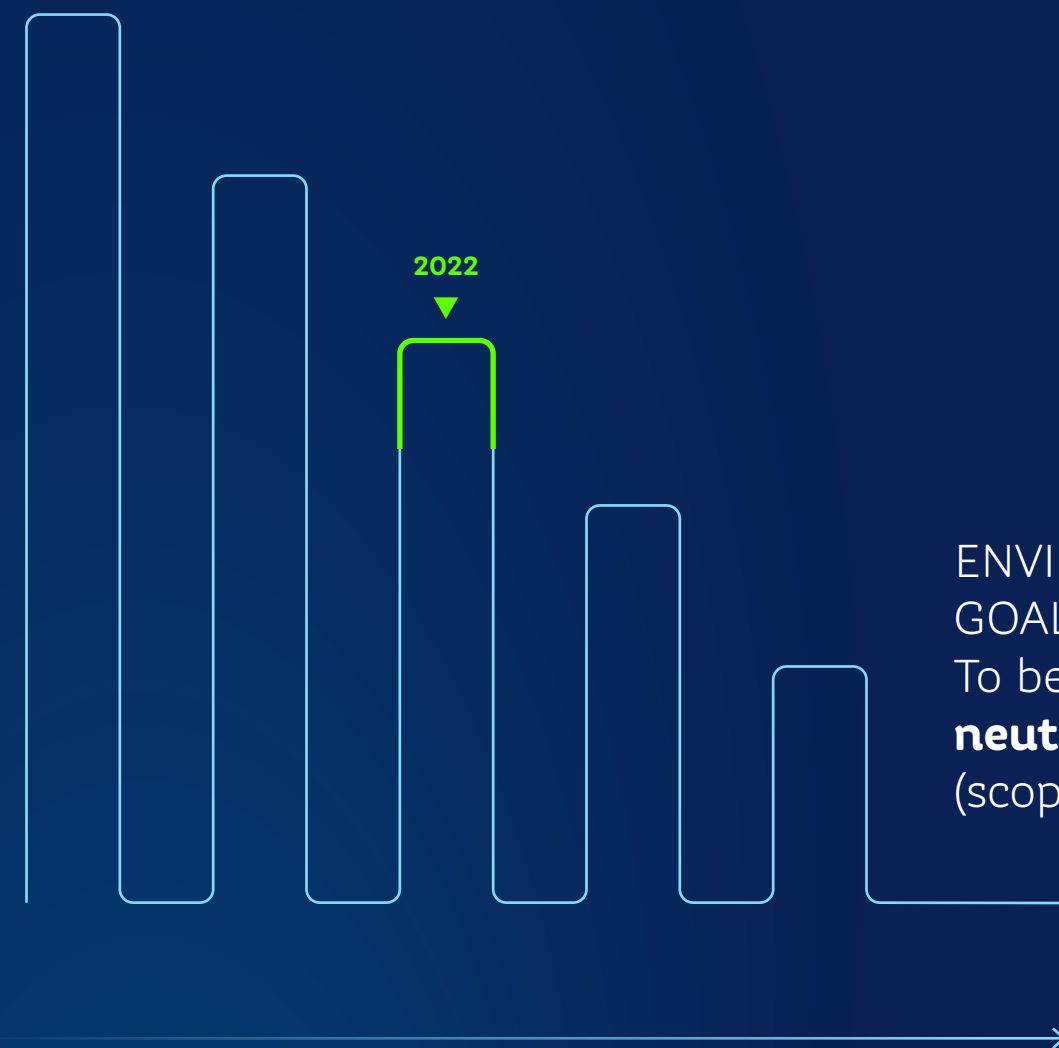


**WE ARE EXPERIENCING  
FASTER GROWTH THAN  
THE INITIAL PLAN**



**WE PROMOTE DIVERSITY  
AND INCLUSION IN THE  
WORKPLACE**





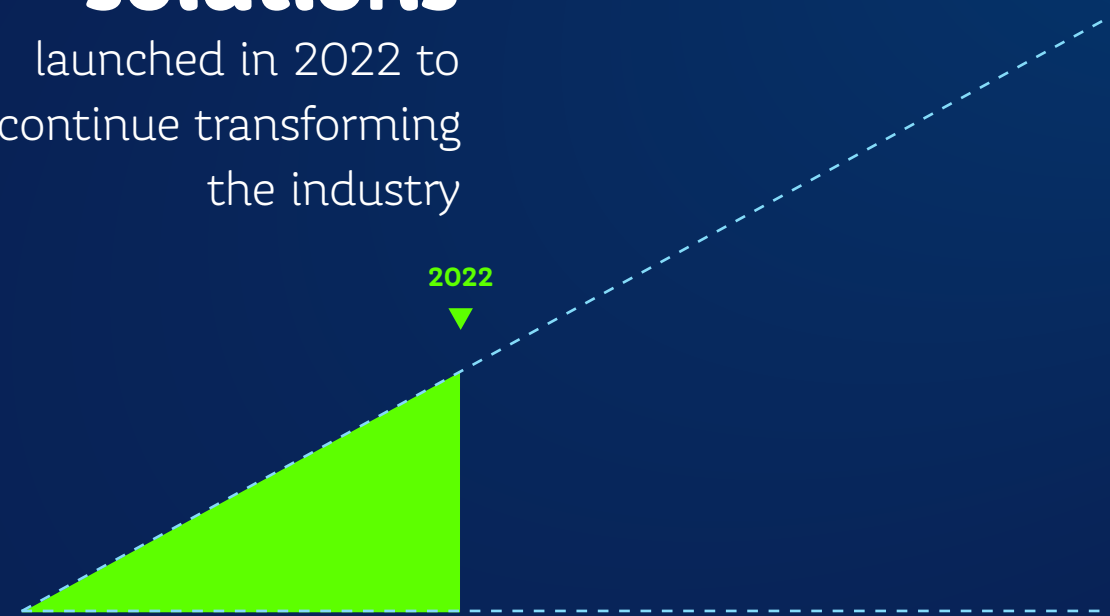
ENVIRONMENTAL  
GOAL FOR 2040  
To become a **carbon  
neutral** company  
(scopes 1 and 2)

**WE CONTINUE WITH  
OUR LEADERSHIP IN  
SUSTAINABILITY**

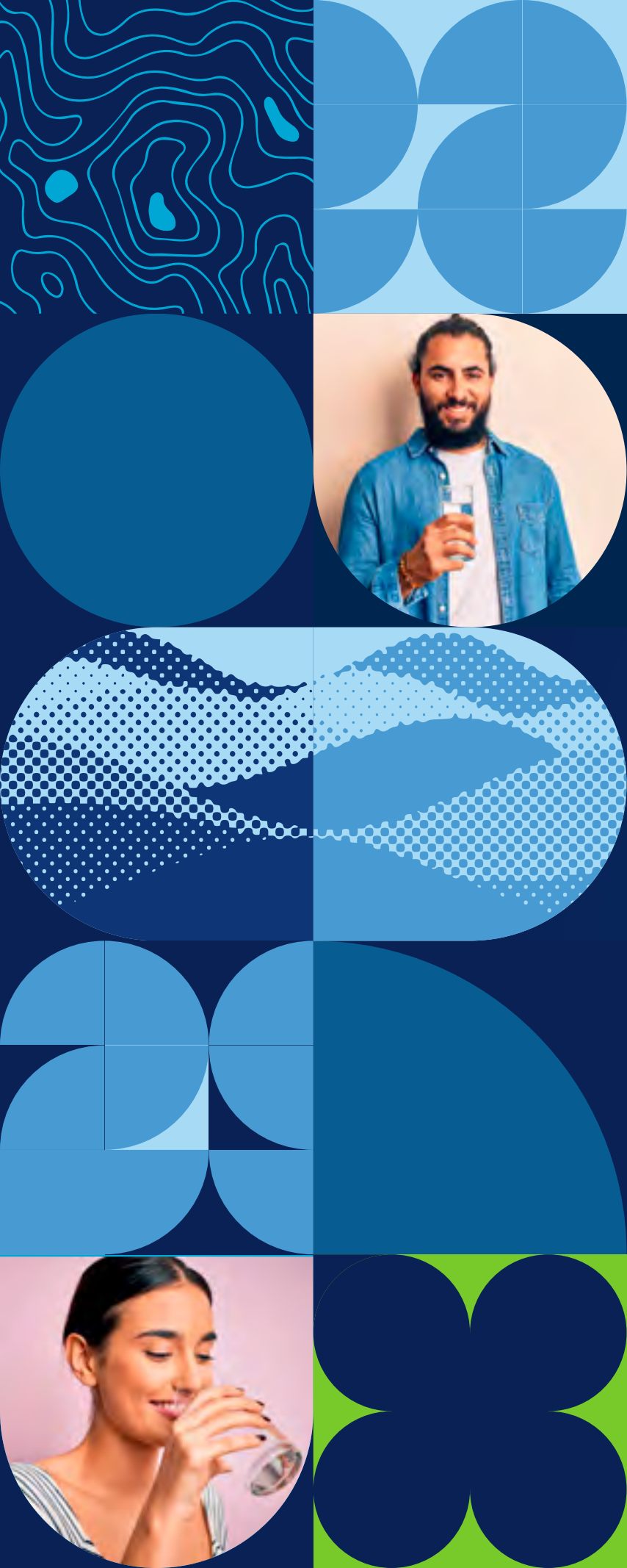


## 10 new solutions

launched in 2022 to  
continue transforming  
the industry

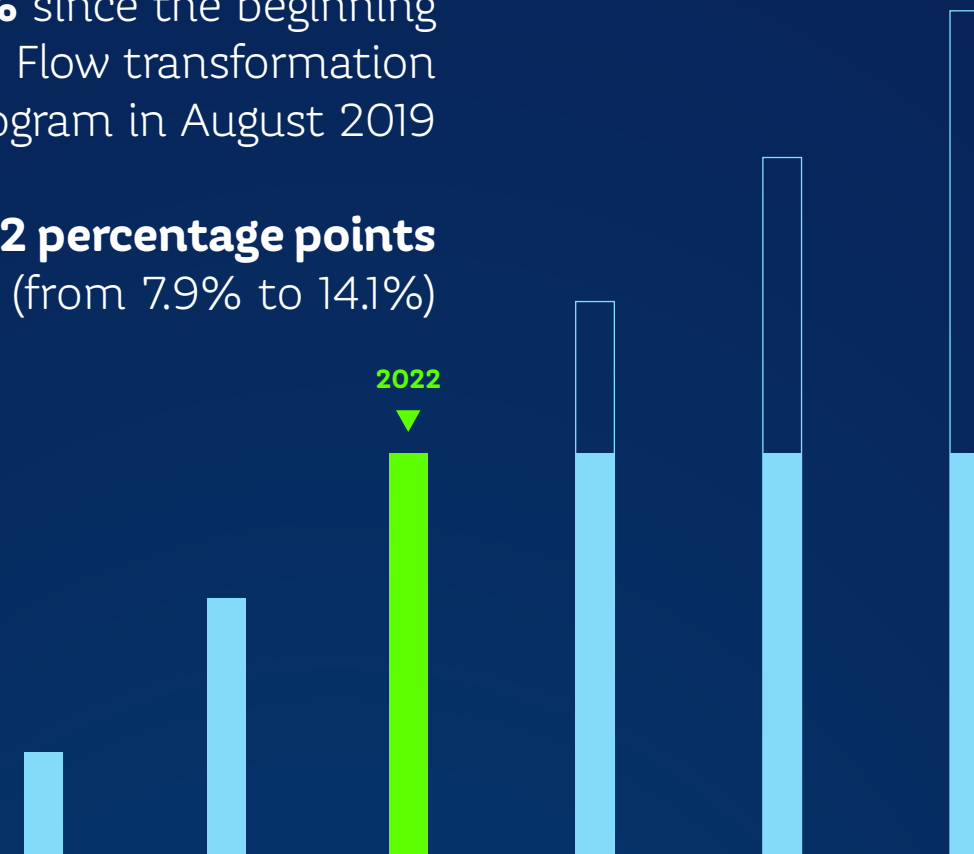


→  
**WE CONSTANTLY INNOVATE,  
RESPONDING TO WATER  
CHALLENGES**



Our ROIC<sup>1</sup> has increased by **78%** since the beginning of the Flow transformation program in August 2019

↑ **6.2 percentage points**  
(from 7.9% to 14.1%)



**WE CONTINUE WITH THE  
TRANSFORMATION TO  
DELIVER SOLID RESULTS**

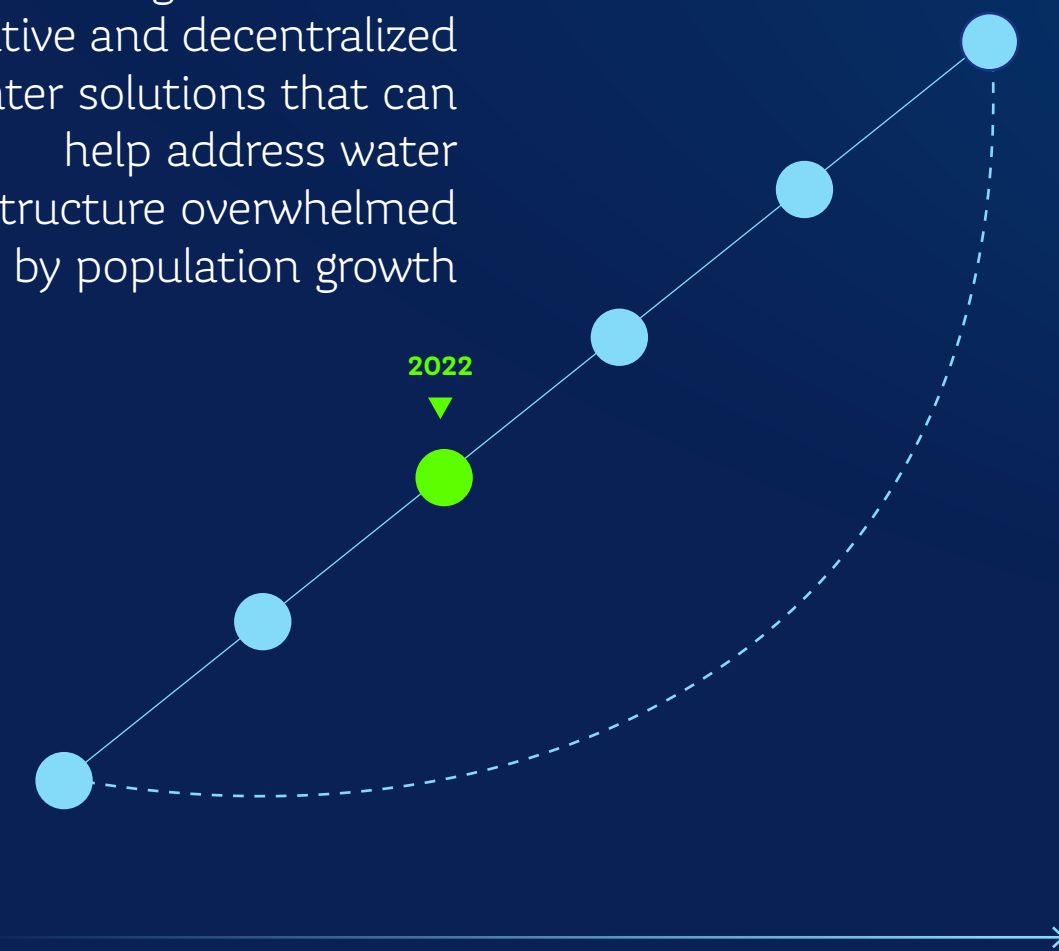
<sup>1</sup> ROIC: NOPAT L12M/Average Invested Capital t, t-1.  
Invested Capital: Total Assets – Cash and Cash Equivalents – Short-Term Liabilities.





**We have  
significant potential  
to continue growing**

There is a high demand for innovative and decentralized water solutions that can help address water infrastructure overwhelmed by population growth



**WE CONTINUE OUR GROWTH  
SO THAT PEOPLE HAVE MORE  
AND BETTER WATER**



INDEX

<b>ABOUT THIS REPORT</b>	<b>10</b>
Highlights in figures and events	12
Message from the Chairman of the Board	14
Message from the CEO	17

<b>WHO WE ARE</b>	<b>20</b>
Products, services and channels	23
Markets	27

<b>STRATEGY</b>	<b>29</b>
Operating Model	29
Sustainability Strategy	31

<b>RISK MANAGEMENT</b>	<b>37</b>
Risks and opportunities of climate change	43
Information security and cybersecurity	48

<b>RESULTS THAT GENERATE TRUST</b>	<b>51</b>
Relevant financial data	51
Distribution of Economic Value	55
Sustainable Bond Agua 17-2X	57



<b>CORPORATE GOVERNANCE AND ETHICS</b>	<b>58</b>
Strength of the structure and operation	59
Culture of ethics and compliance	65

<b>ACCESS TO SOLUTIONS</b>	<b>69</b>
Supply and distribution	70
Installation and maintenance	75
Digital Transformation	77
Innovation	79

<b>USER'S QUALITY OF LIFE</b>	<b>82</b>
User experience	83

<b>WATER AVAILABILITY</b>	<b>86</b>
Participation of the public agenda	87
Water awareness	88
Social contribution, water access and sanitation	91
Environmental footprint of our solutions	96

<b>CIRCULARITY AND CLIMATE CHANGE</b>	<b>97</b>
Life cycle management approach	98
Operating efficiency	105
Commitment to biodiversity	108
Climate commitment	109

<b>TALENT EMPOWERMENT</b>	<b>111</b>
Workforce description	114
Diversity, equality and inclusion	117
New hires and turnover	122
Talent development	126
Occupational health and safety	130
Wellness and Work Environment	132

<b>Appendices</b>	<b>135</b>
Appendix I: Detail of ESG results	136
Appendix II: Materiality	149
Human Rights Due Diligence	153
Appendix III: Contribution to Global Initiatives	159
Progress on the Global Compact Principles	164
CEO Water Mandate Application	165
Appendix IV: Reporting frameworks and standards	171
Table of GRI contents	171
SASB parameter index	178
Stakeholder Capitalism	186
TCFD recommendations	187
Sustainable Bond Certification Letter	191
External verification	194

# ABOUT THIS REPORT

GRI 2-2, 2-3, 2-4, 2-5, 2-14



Like every year, at Grupo Rotoplas S.A.B. de C.V.<sup>1</sup> we continue to publish our sustainability report, which covers the performance of our activities and the notable results of our economic, social, environmental and corporate governance management for the period between January 1, 2022 and December 31, 2022<sup>2</sup>.

- Prepared under the standards of the Global Reporting Initiative (GRI) in its latest update, and the Sustainability Accounting Standards Board (SASB) guidelines for the construction products, chemicals and water services industries.
- It addresses critical issues that emerged from our dual materiality exercise, which has been the basis for our 2021-2025 Sustainability Strategy.
- It constitutes our Communication of Progress (COP) by reporting on the progress made in the implementation of the 10 Principles of the Global Compact, as well as managing our commitments related to global water challenges from the CEO Water Mandate.
- In addition, it includes details of our contribution to the Sustainable Development Goals (SDGs) of the United Nations (UN).

We have aligned our financial reporting with the International Financial Reporting Standards (IFRS), keeping abreast of evolving reporting trends, adopting early on the sustainability standards of the International Sustainability Standards Board (ISSB), which were launched as a draft in March 2022 and are still in the process of validation for final publication.

The information contained in this report has been collected and reviewed internally by the persons responsible for each Department, and then validated as a whole by the Sustainability Committee and the Corporate Practices and Strategy Committee, which in turn reports to the Board of Directors.

In addition, this report has been externally verified by an independent third party [see verification letter](#).

We also indicate that there has been no restatement of information or changes in the preparation of the report compared to last year.

<sup>1</sup> Information is included for all the entities that are part of Grupo Rotoplas, which are considered for the audited Consolidated Financial Statements.  
<sup>2</sup> The last report was prepared with information from January 1 to December 31, 2021. Our reports are prepared on an annual basis.

# HOW TO READ THIS REPORT?

## THE FRONT PAGE OF EACH CHAPTER INCLUDES

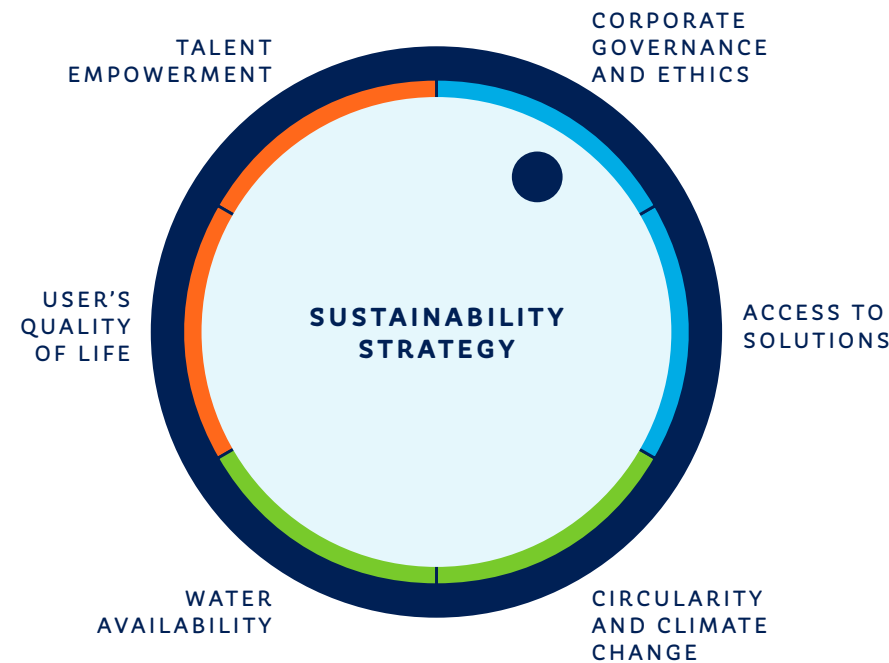
A reference to the SDGs and to the lines of action of the Sustainability Strategy.

## AT THE BEGINNING OF EACH SECTION

GRI contents, SASB parameters and TCFD Recommendations are included as they are addressed.

## IN APPENDICES

The indexes corresponding to each standard used (GRI, SASB, TCFD) are included, as are the metrics of Stakeholder Capitalism (WEF), the contributions to the Principles of the Global Compact, the CEO Water Mandate, and the SDGs.



### Governance

The organization's governance regarding risks and opportunities related to the climate.



### Strategy

The real and potential impacts of the climate-related risks and the opportunities related to the organization's business, strategy, and financial planning.



### Risk management

The processes used by the organization to identify, evaluate, and manage climate-related risks.

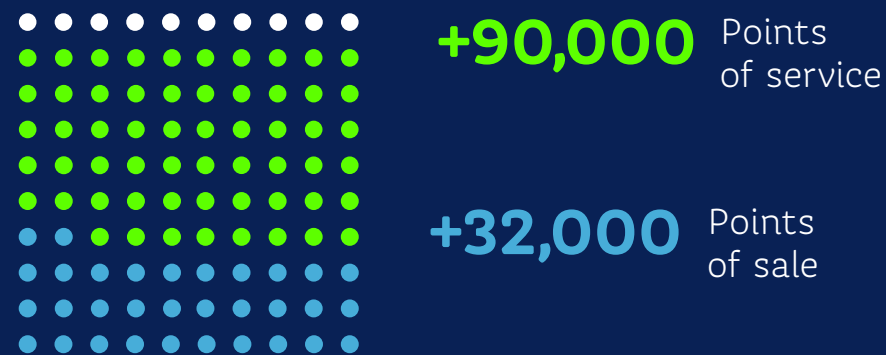
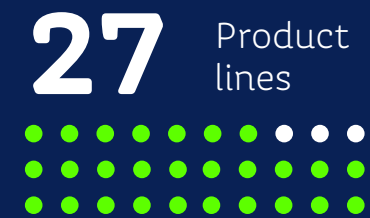


### Metrics and objectives

The metrics and objectives used to assess and manage the relevant risks and opportunities related to the climate.

- 1 No poverty
- 2 Zero hunger
- 3 Good health and well-being
- 4 Quality education
- 5 Gender equality
- 6 Clean water and sanitation
- 7 Affordable and clean energy
- 8 Decent work and economic growth
- 9 Industry, innovation, and infrastructure
- 10 Reduced inequalities
- 11 Sustainable cities and communities
- 12 Responsible consumption and production
- 13 Climate action
- 14 Life below water
- 15 Life on land
- 16 Peace, justice, and strong institutions
- 17 Partnerships for the goals

# HIGHLIGHTS



MXN SALES

**12.77 bn**

MXN EBITDA

**1.98 bn**

We closed 2022 with record revenues, EBITDA and net profit

We have made people, planet and our profit our priorities, holding them at the same level of importance.

In 2017, we were the first issuer of a sustainable bond in Latin America. (AGUA 17-X & AGUA 17-2X).

AS PART OF OUR SUSTAINABILITY GOALS, WE ARE COMMITTED TO:



Member of  
**Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA

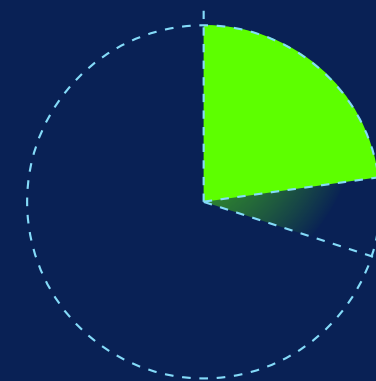
## 2020-2025 SUSTAINABLE GROWTH PLAN

**2x**  
sales vs 2020

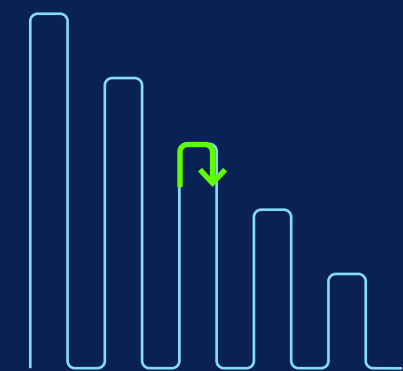
EBITDA Margin  
**≥20%**

**~20%**  
ROIC

Net Debt/EBITDA leverage  
**≤2.0x**



**Increase the share of women** in the workforce from 23% **to 30%** by 2025



**Be a carbon neutral company** (scopes 1 and 2) **by 2040**



## EVENTS IN 2022

### FEBRUARY

- Rotoplas is included for the first time in The Sustainability Yearbook 2022 by S&P Global for demonstrating Environmental, Social and Governance (ESG) leadership in the building products industry

### MARCH

- Apalache Analisis initiating coverage of AGUA\* with a Buy recommendation and price target of \$39.40 pesos

### APRIL

- The new Señorial water heater plant was inaugurated in Argentina

### JUNE

- For the twelfth consecutive time in Mexico and the fifth in Peru, the Company obtained the Socially Responsible Company badge
- S&P Global Ratings confirmed Grupo Rotoplas' 'mxAA-' rating with a stable outlook



### JULY

- AGUA\* is included once again in the sample of the ESG index of the Mexican stock exchange (BMV)

### AUGUST

- Reforestation volunteering for the restoration of the Tarango Ravine in Mexico

### SEPTEMBER

- Strengthening of the Sustainability team by making sustainability a joint responsibility of 2 of the Group's 6 Vice-Presidencies
- acciona.org Mexico and Rotoplas form an alliance to promote initiatives that improve the quality of life of families in Oaxaca
- Through Innwai, we announced the calls to work collaboratively on projects related to plastic materials

### OCTOBER

- Rotoplas renews the Market Shaper contract with BTG Pactual
- Rotoplas is recognized by HSBC with the Leading Companies in Sustainable Innovation Award in the Governance category
- Fitch reiterated Grupo Rotoplas' 'AA(mex)' rating; stable outlook
- Corporate Volunteering in Argentina



### DECEMBER

- AGUA Day 2022 took place
- Rotoplas remains for the sixth consecutive year in the DJSI MILA Pacific Alliance
- Grupo Rotoplas obtains "B" for management in CDP Climate Change Questionnaire 2022

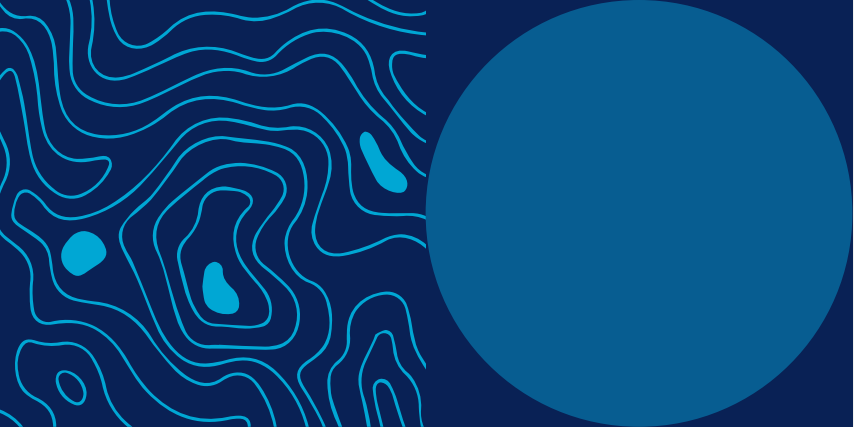




## MESSAGE FROM THE CHAIRMAN OF THE BOARD

“In 2022, we achieved record figures in the Company’s history in revenues, EBITDA and net profit ”





Dear Investors,

During 2022, Grupo Rotoplas faced important challenges derived from the new normal of the post-pandemic period, global impacts to supply chains, inflation, exchange rates, the environment, as well as the social context. However, despite the uncertainty and volatility, we demonstrated the financial strength and adaptability of our business, standing firm in the face of adverse contexts. We succeeded in enhancing our positive impacts thanks to a broad portfolio of solutions and a business model strengthened by 3 years of executing the Flow transformation program.

It gives me great pleasure to present to you our 2022 Annual Report, where we showcase the Group's performance and the main financial and non-financial results of the year.

First, I must emphasize that the continuity of the business would not be possible without the more than 3,200 employees, investors, distributors, plumbers, and suppliers who have placed their trust in us so that operations can continue to make progress; it is thanks to their effort and commitment that we can remain as a benchmark in the industry, providing solutions so that people can have **more and better water**.

Each year, the growing need to obtain quality water and to search for solutions that guarantee the conservation of water resources becomes more evident; this has increased the demand for our solutions, prompting us to strengthen our response to unexpected changes, such as the increase in productive capacity in northern Mexico due to the drought experienced throughout the year.

We are very proud to report that, despite challenges with the supply chain, imports and exports, and increased costs, we have achieved record figures in revenues, EBITDA and net profit. We are moving steadily toward the fulfillment of the Sustainable Growth Plan by 2025.

In 2022, we achieved record figures in the Company's history in revenues, EBITDA and net profit

The consolidation of the Flow program has allowed us to work continuously on identifying opportunities that are aligned with our business strategy and that can become successful projects, providing the company with agility and discipline.

We are committed to promoting a culture of innovation, developing new products and services, while continuing to improve existing ones. During the pandemic, the technological transition and digitalization of our business accelerated. We have strengthened our digital channels for a better customer experience, mainly in businesses such as Acuantia in the United States and *bebbia* in Mexico. We will continue to invest in technology and in the development of new solutions to remain at the forefront.

*bebbia* ended the year with more than 88 thousand active subscribers, maintaining its position as a high-growth business with good potential to continue positioning itself in the Mexican market. In addition, the omnichannel strategy in the United States has allowed us to reach more people.

In terms of our Sustainability Strategy, it is important to highlight that this year we met all the goals established in the three pillars: people, planet and profit.





In this report, we address each of the key points of our strategy, as well as reiterate our commitment to international initiatives such as the United Nations Sustainable Development Goals (SDGs), our adherence to the Global Compact and its 10 principles to promote sustainable development, and the CEO Water Mandate initiative.

We know that the road to sustainability is a shared responsibility with our stakeholders. For this reason, we have sought to establish relationships of dialog and trust with each of them to achieve sustainable development together.

We participate in commissions and civil organizations that promote different environmental and social causes, such as gender equality and inclusion, sustainable development of natural resources, and industry development in the various markets where we operate.

**We increased 8 points in the Bloomberg GEI Score in 2022**

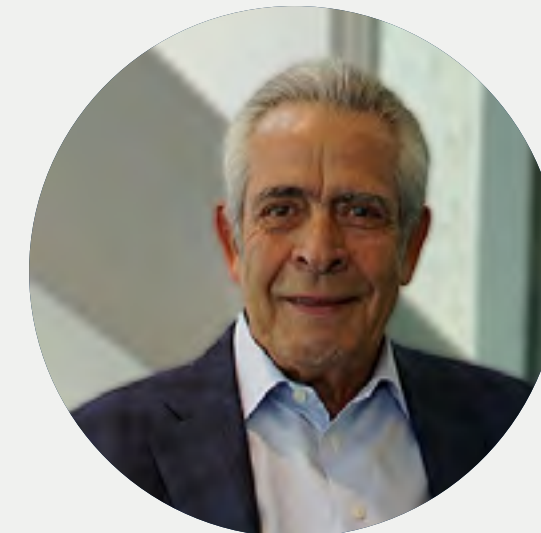
For the sixth year, we continue to be part of the DJSI Mila Pacific Alliance and, for the fourth consecutive year of the S&P/BMV Total Mexico ESG Index. In addition, in 2022, we increased our S&P Corporate Sustainability Assessment rating, which allowed us to be included as a member of the S&P Global Sustainability Yearbook in the construction products category.

For the third year, we continued to participate in the CDP Climate Change questionnaire, using the TCFD recommendations to identify risks and opportunities related to climate change.

This annual report is an example of our commitment to transparency and accountability; it has been prepared under the GRI and SASB reporting standards, with the goal of communicating the results of our management in an effective and comparable manner including, for the second year, the metrics index proposed by the World Economic Forum's Stakeholder Capitalism.

I am proud to share with you the annual report of Rotoplas, a company that has been on a path of constant transformation since its beginnings in the 1970s.

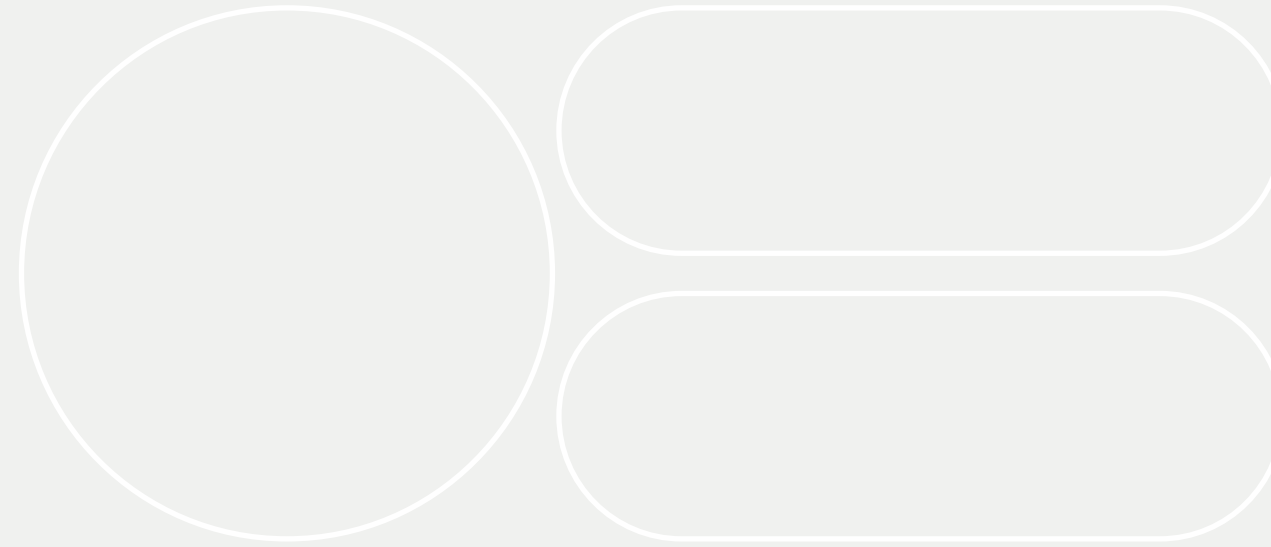
I have witnessed its evolution, and it fills me with satisfaction to see its achievements. I invite you to read in the pages of this report the initiatives and projects that prove our commitment to remain relevant and create value for all our stakeholders.



**CARLOS ROJAS MOTA VELASCO**  
**CHAIRMAN OF THE BOARD**



—  
GRI 2-22

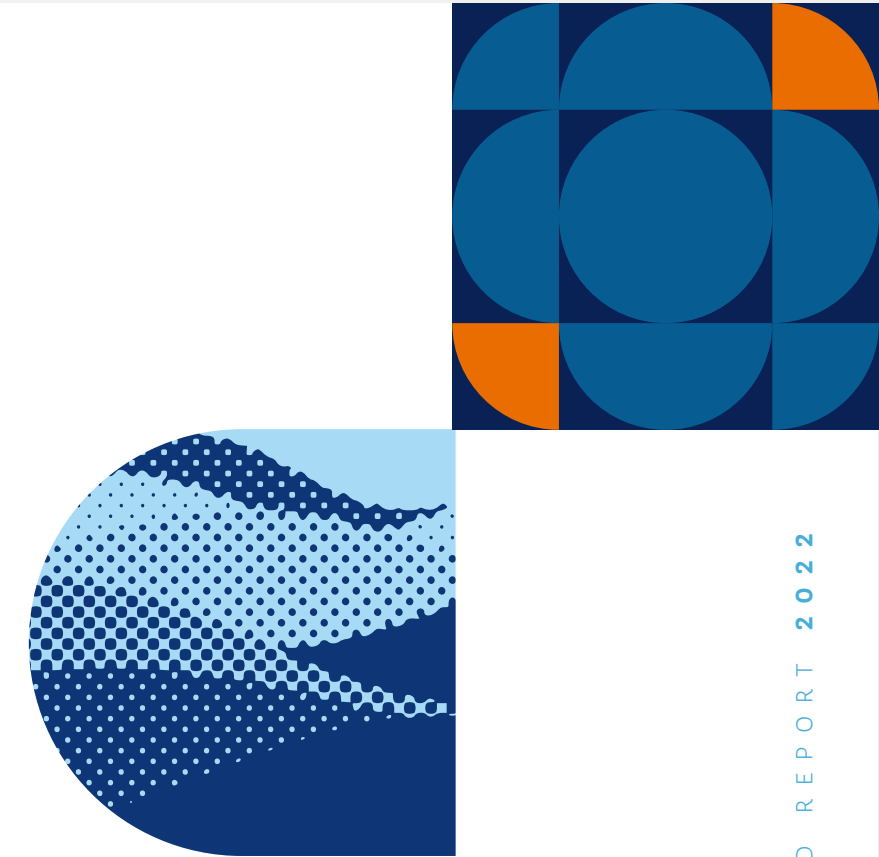


## MESSAGE FROM THE CEO

**“ We fulfilled 100% of the  
financial guidance and 100%  
of the ESG goals ”**



We continue to fulfill our Sustainable Growth Plan towards 2025, exceeding our revenue growth rate. If we continue at the current pace, we could reach the goal one year earlier than initially estimated



Dear readers,

During 2022, we focused on maintaining growth and profitability in the face of a volatile environment in the geographies where we operate. We continue to prove our resilience by solidifying our operations in constantly changing environments.

This was reflected in our financial results, as we were able to meet the 4 goals of the guidance: growth in revenues, EBITDA margin, Net Debt/EBITDA leverage and economic value creation with a spread between ROIC and the cost of capital of more than 100 bps. We also achieved 100% of the environmental, social and governance goals set for 2022.

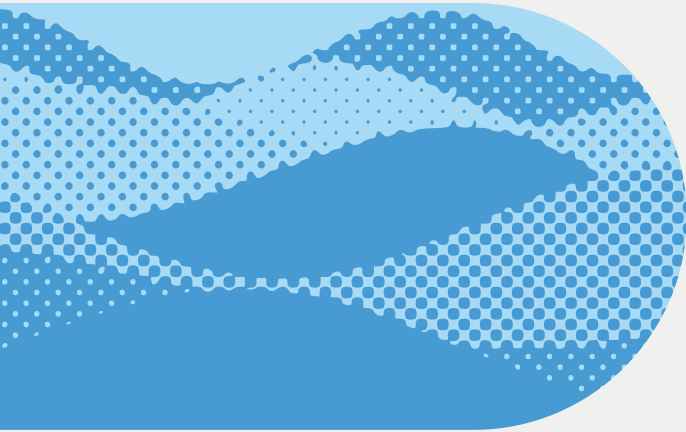
## We fulfilled 100% of the financial guidance and 100% of the ESG goals

We are confident that the investment we have made over the past three years will translate into profitability and sustained growth over time. In 2022, Capex was focused on the technological upgrade of the manufacturing process of the traditional storage business in Mexico. This strategic move is aimed at maintaining our brand positioning and ensuring steady cash flow generation, which will enable us to continue developing new businesses.

Likewise, this technological substitution aims to reduce the environmental impact related to production by reducing gas and water consumption.

We are passionate about providing increasingly relevant solutions for both climate change adaptation and mitigation. Thanks to the discipline that Flow has given us, we have been able to drive cutting-edge initiatives and reduce risks through strict capital allocation.

Flow is an essential part of our operating and business culture



# The most important aspect is the design of a business that will allow for virtuous cycles where, the greater the business growth generated, the greater the positive impact on society and the environment

We contribute to the sustainable growth of the business through the achievement of the objectives of the Sustainability Strategy, generating a positive impact in its three dimensions: people, planet and profit.

In the **people** dimension, we continue to develop and promote the innovation of products and services that meet the needs of our customers.

As for our workforce, we created round tables focused on gender, LGBTIQ+ and disability, and they were charged with promoting a culture of inclusion, equity and respect. Likewise, through the gender round table, we seek to develop the necessary capabilities within the Company to increase the share of women to 30% by 2025.

In the **planet** dimension, we continue to contribute through our solutions to reducing the water and carbon footprint of our users. In addition, we continue to implement internal measures to become a carbon neutral company<sup>1</sup> by 2040.

For this purpose, in 2022, we completed the greenhouse gas emissions inventory by extending the calculation to all

applicable categories within Scope 3. Moreover, we are making progress towards the validation of our targets by SBTi (Science Based Target Initiative).

In terms of circular economy, we have managed to increase by 34% the tons of recycled resins that we incorporate into our products, reaching 16% of recycled resins out of the total resins used.

In the **profit** dimension, we have a solid corporate governance model, which we seek to strengthen every year, aligning with the best national and international practices. In 2022, we began evaluating our suppliers in terms of ESG and started to design an interrelation strategy to improve the practices of our value chain.

In addition, we have built a strong ethical culture, which dictates our way of being and projects our values and principles to our stakeholders.

I believe the industry maintains a good growth outlook as water consumption increases, infrastructure problems become more present and climate change becomes more evident.

Thank you for continuing to be part of the Rotoplas story and for giving us your vote of confidence to continue with our mission. We are ready to face new challenges, encourage creativity, prioritize the creation of value for all stakeholders and achieve the goals set for 2025.



**CARLOS ROJAS ABOUMRAD**  
CEO

<sup>1</sup> Considers Scope 1 and Scope 2 emissions.

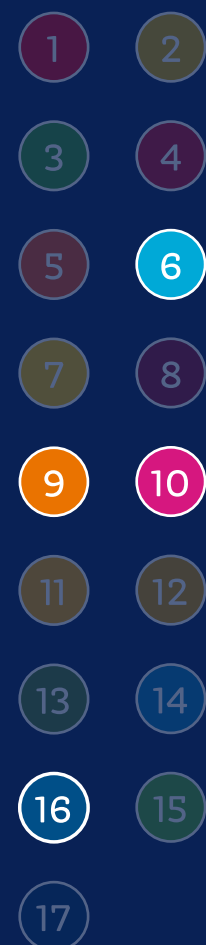
# WHO WE ARE

GRI 2-1, 2-2, 3-3

## TCFD



## SGD



Since our inception in 1978, Grupo Rotoplas has established a clear objective that is part of our business model, which is to **improve the relationship of humans with water**.

As the years go by, we see how this essential resource for life is impacted by the effects of climate change, its mismanagement, and the lack of awareness of how to care for it. In particular, during 2022, we witnessed major droughts that impacted different geographic areas worldwide, affecting various industries as well as people's quality of life.

To address present and future water-related challenges, Grupo Rotoplas offers a diverse portfolio of products and services aimed at mitigating the water impact in the societies where we are present.

We offer solutions that serve to increase the availability of this resource through storage, waterflow, improvement, purification, treatment, recycling and irrigation, among others.

Under this line, we have consolidated our position in the market as a leading company in the development and distribution of water and sanitation solutions in Latin America and the United States. Geographic expansion has driven the strengthening of our operations, as well as the culture of innovation and sustainability that characterizes us.

Always looking to the future, we have a technological platform that is part of the company's digitalization trend, which allows us to remain at the forefront in identifying new solutions, as well as in creating and executing initiatives.

At Rotoplas, our mission is for people to have **more and better water**

Our vision is to **offer non-centralized and sustainable water solutions**, with relevant benefits for our customers, within the Rotoplas Way

## VALUES

Collaboration

Service-oriented attitude

Social and Environmental Responsibility

Humility

Passion for Business

Integrity

1 Grupo Rotoplas is listed on the Mexican Stock Exchange (BMV) under the ticker AGUA\*.



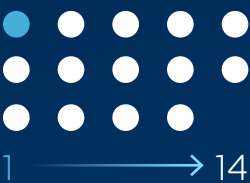
Storage products

● 1994

Water market leader

● 2022

COUNTRIES



POINTS OF SERVICE

+90,000

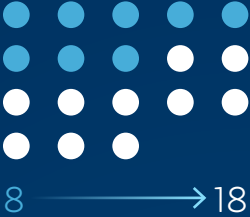
POINTS OF SALE

+32,000

E-COMMERCE CLIENTS USA

+22,400

PLANTS



EBITDA MXN MM



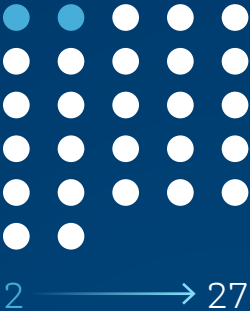
REVENUES MXN MM



INNOVATION AND DEVELOPMENT CENTER

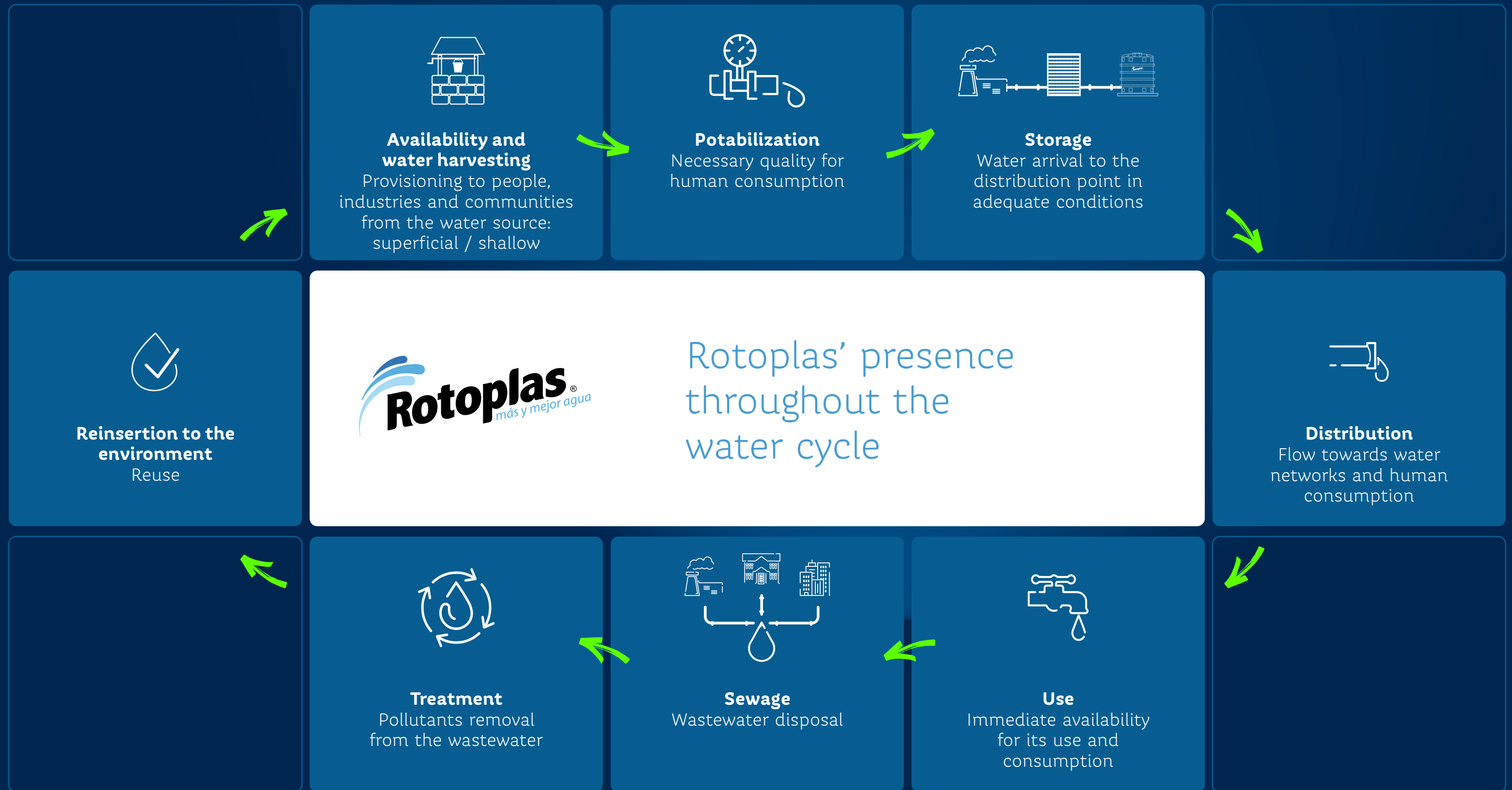


PRODUCT LINES



EMPLOYEES





# PRODUCTS, SERVICES AND CHANNELS

GRI 2-6

We offer a variety of solutions for better water management, adapted to urban and rural environments

We use a B2D (business to distributor) marketing and e-commerce model, reaching the end users of our brands. Our distributor network comprises home improvement stores, hardware stores, construction companies, government agencies, and non-governmental organizations (NGOs).

B2B: business to business  
B2C: business to consumer  
B2D: business to distributor

## BUSINESS MODEL / NON-CENTRALIZED WATER SOLUTIONS

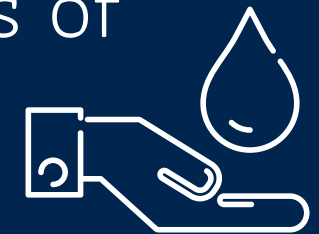
### PRODUCTS

+32,000  
points of sale



### MAINTENANCE AND SERVICE

+90,000 points of  
treatment,  
recycling and  
purification



### B2D / e-commerce

- Storage
- Water flow
- Treatment & Heating



### B2C

- Water purification
- Residential
- Commercial
- Schools

### B2B / B2C

- Water treatment and recycling
- Irrigation



# PRODUCTS

Our brands provide a wide range of innovative water and sanitation solutions, improving people's quality of life in rural and urban areas

## STORAGE

Designed to meet different water storage and supply needs.

- **Water tanks**
- **Tanks**
- **Cisterns**
- **Industrial and agricultural storage:**  
Tanks for water and chemicals, Inductor tanks, Horizontal tanks, Feeders, Drinking fountains
- **Accessories**
- **Industrial Accessories**



## WATERFLOW

It is intended to cover all the needs of a hydraulic installation in single-family, affordable-entry-level and residential housing, high-rise buildings, industries, and others. We guarantee zero leakage.

- **Pipes:** Hydraulic, Fortech (High pressure, Ultraflex PEX-a, Air conditioning, Firefighting, Thread, Fusion, Gas, Drainage, Agro
- **Flexible hoses**
- **Plastic bolts and connectors**
- **Heavy duty tools**
- **Valves:** Check valve, Corner valve, Ball valve, Globe Valve
- **Pumps:** Hydropneumatic systems, Pressurized pump, Centrifugal pump, Peripheral pump, Submersible pump
- **Inspection chambers**



## WATER IMPROVEMENT

**Purification:** It provides purified, crystalline water, free of particles, soil, sediments, and heavy metals, for drinking, cooking, and preparing food.

**Treatment:** It promotes hygiene in areas of backwardness, along with favoring the development of small production units, such as the Family Gardening Agricultural Irrigation System.

**Heating:** It proposes solutions for water heating and energy and gas savings.

- **Filters:** Standard, jumbo, washable
- **Purifiers:** On sink, below sink, Reverse Osmosis, Water purifier and alkalizer
- **Family-orchard-type agricultural irrigation system**
- **Biodigester**
- **Domestic wastewater treatment**
- **Residential septic tanks**
- **Heaters:** Gas water heater, Electric water heaters, Dual solution water heaters, Accumulation heaters, Instant heaters, EcoShower, electric showerhead



## SELF-SUSTAINABLE

A comprehensive solution that combines the water storage, waterflow, and improvement products to meet specific needs in rural and urban environments.




- **Rural rainwater harvesting**
- **Urban rainwater harvesting**
- **Outdoor toilet with biodigester**



## SERVICES

The services we offer address the most complex water and sanitation needs throughout the water cycle. With these solutions, we seek to build long-term relationships with our clients, and we are involved from the custom design and installation process of the solutions to their operation, maintenance, and training of the people involved.

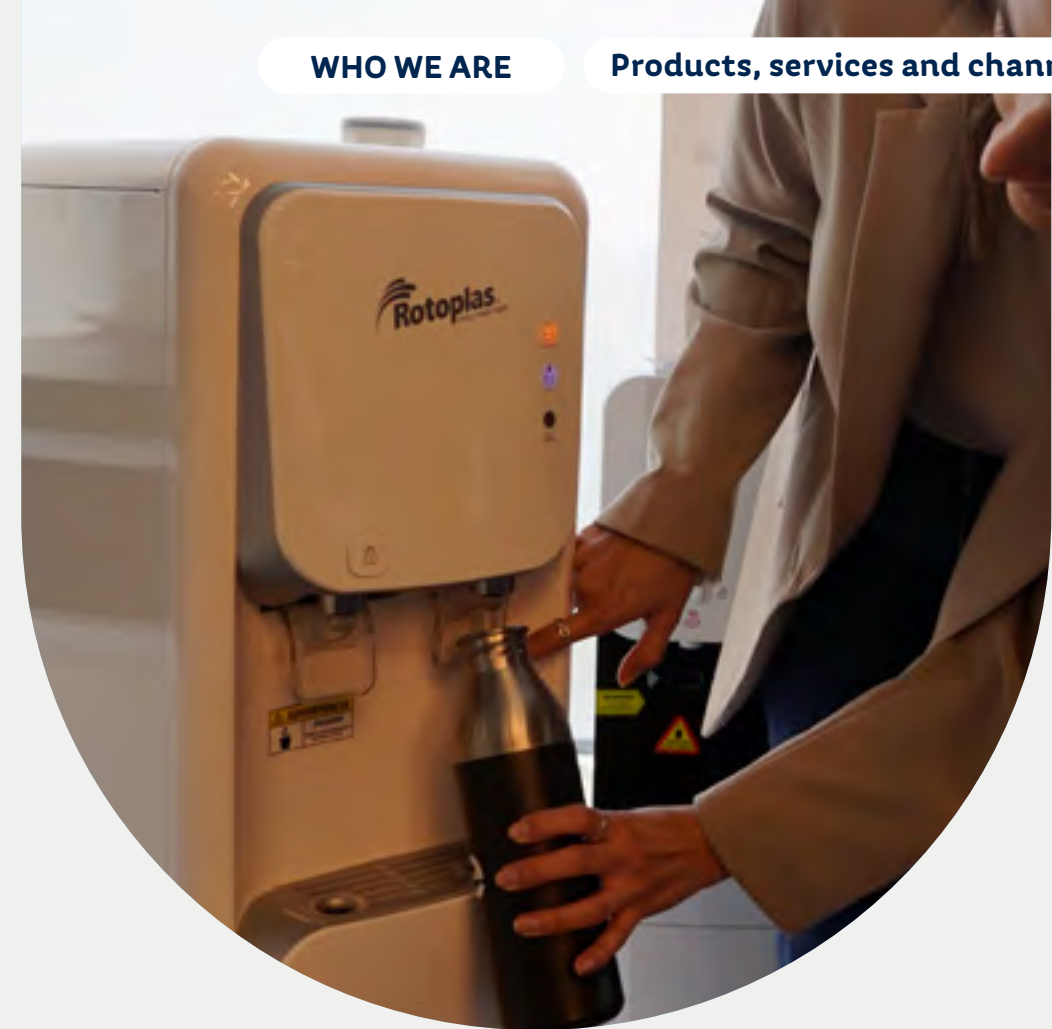
Through the direct sale of services and B2B (business to business) and B2C (business to consumer) marketing models, we reach private, industrial, and commercial clients, as well non-governmental organizations, which develop water and sanitation projects.

 rsa Rotoplas servicios de agua	 bebbia®	 rieggio®
<p><u>WATER TREATMENT AND RECYCLING</u></p> <p>Water treatment and recycling plants designed for industries, both for pre-consumption through purification and desalination, and for post-consumption or residual, through treatment and recycling.</p> <ul style="list-style-type: none"> <li>• Rainwater Harvesting</li> <li>• Water treatment plants, Post-industrial water, and Pre-consumption water</li> <li>• Water purifying plant</li> <li>• Water desalinating plants</li> <li>• Rainwater harvesting systems for industries (complement for water treatment plant)</li> </ul>	<p><u>RESIDENTIAL AND COMMERCIAL WATER PURIFICATION FOR DRINKING</u></p> <p>Pre-consumption water treatment for homes, offices, and schools, through filtration and purification with dispensers and purifiers.</p>	<p><u>WATER MANAGEMENT FOR AGRICULTURAL USE</u></p> <p>Intelligent irrigation systems for agriculture. Water treatment and recycling solutions can be added to the business of water treatment and recycling plants.</p>

Our experience allows us to offer a wide range of solutions to meet complex needs

## CHANNELS

Our distribution channels and sales points, both physical and digital, allow us to reach farther and increase access to our solutions



### ORGANIZED SALES

Including **self-service and department stores**, price clubs, convenience stores and as of this year, hypermarkets.



### RETAIL

Sales to **retailers, including hardware, plumbing, finishes, materials**, and retail stores.



### DIRECT

Marketing of our products and solutions through **Rotoplas direct sales teams**.



### DISTRIBUTORS

Points of sale devoted to **marketing products for construction in general** (government and construction company sales).



### E-COMMERCE

Marketing through **online platforms**, whether our own, or our distributors, or third-party marketplaces.



# MARKETS

We have a service platform and a portfolio comprising 27 product lines

## CROSS-SELLING OPPORTUNITIES

● Mature market    ● Expanding market    ● Emerging market    ● Plan    🔑 Explore

## PRODUCTS

	USA	MEXICO	CENTRAL AMERICA*	PERU	BRAZIL	ARGENTINA
Storage	Acuantia.  ●	Rotoplas  ●	Rotoplas  ●	Rotoplas  ●	 ●	Rotoplas  ●
Waterflow		Tuboplus  ●	Tuboplus 	Rotoplas  ●		 ●
Improvement	 ●	Rotoplas  ●	Rotoplas  ●	Rotoplas  ●		SEÑORIAL  ●
SERVICES						
Purification		Rotoplas bebbia  ●		 🔑	 🔑	
Treatment and recycling	Acuantia.  ●	rsa  ●		 🔑	Acuantia.  ●	
Irrigation		rieggo  ●				

\* Central America includes Guatemala, El Salvador, Costa Rica, Honduras and Nicaragua.

# MAIN STRATEGIC LINES BY GEOGRAPHY

## MEXICO

- Update and strengthen of the traditional business
- Growth of the service platform
- Maintain market leadership

## UNITED STATES

- Increase conversion rate on websites
- Increase profitability
- Penetrate the septic tanks business

## ARGENTINA

- Maintain brand leadership
- Discipline in the execution of the pricing policy
- Promote a platform for exporting products to Mercosur, the Caribbean and Africa
- Maintain self-sustaining cash flow

## PERU

- Maintain leadership in storage and improvement
- Develop the waterflow segment
- Maintain profitability

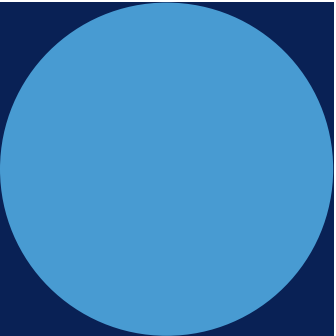
## BRAZIL

- Continue with the development of the service platform through water treatment and recycling plants

## CENTRAL AMERICA\*

- Maintain leadership in storage and improvement
- Leveraging synergies resulting from a regional presence
- Incorporate new products into the solutions portfolio

\* Central America includes: Guatemala, El Salvador, Costa Rica, Honduras, and Nicaragua.



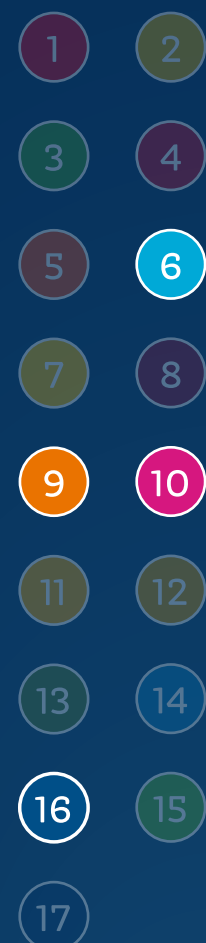
# STRATEGY

—  
GRI 3-3

TCFD



SGD



## OPERATING MODEL

With the goal of strengthening the business model and focused on creating economic value to maintain a positive social and environmental impact, our organizational transformation program, Flow, began in 2019.

**Flow** has shaped a new work discipline that fosters the creation and continuous monitoring of growth and profitability initiatives through a digital platform, ensuring the sustainability of the business over time. The Steering Committee, the Transformation Office, and the Capital Allocation Committee are responsible for monitoring the timing and achievement of milestones within the business cases of each initiative.

During 2022, one of the most relevant initiatives consisted in updating the manufacturing processes in the storage solutions plants in Mexico, replacing machinery to achieve greater operating efficiency and reduce the environmental impact of the process. By yearend, the complete technological replacement had been carried out in three plants in Mexico. The remaining plants in the country will undergo the same process during 2023 and 2024.

Likewise, during the year, we continued to adopt the Agile methodology, formalizing efforts through the creation of an office specialized in monitoring this methodology, focusing on priority businesses for future growth. With the support of the Agile coach and the scrum masters we have been able to go faster and better coordinate the interaction of the departments.

Capex related to the growth initiatives within the Flow program amounts to 49.5% of the total, while the remaining represents maintenance Capex

### 2020-2025 SUSTAINABLE GROWTH PLAN

**2x** sales (vs. 2020)

Adj. EBITDA Margin **≥20%**

ROIC **~20%**

Net Debt/Adj. EBITDA leverage **≤2.0x**



## MAIN MILESTONES BY COUNTRY



“With the discipline Flow has given us, we will continue to focus on protecting the traditional business to drive cutting-edge initiatives, while maintaining profitability and reducing risk”

**CARLOS ROJAS ABOUMRAD**  
CEO



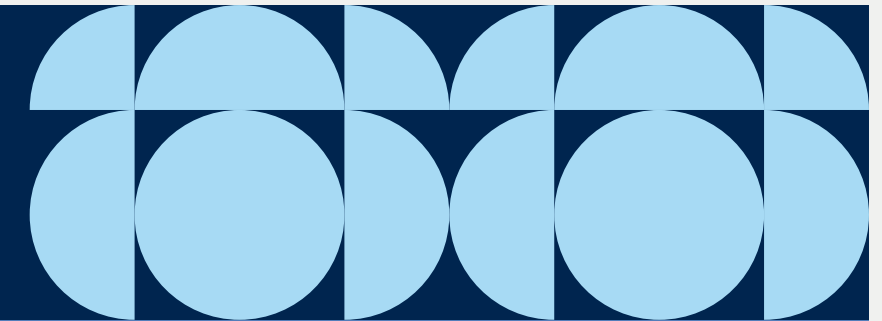
### MEXICO

- Droughts in the northwest of the country accelerated the demand for products, mainly water storage solutions.
- Launches of new products and accessories to complement our offer of storage and waterflow solutions.
- Investment in technological upgrading of storage plants.



### ARGENTINA

- Development of synergies between the storage, waterflow and improvement businesses.
- Launching of “We are water”, the first comprehensive campaign in mass media comprising the 3 brands: Rotoplas, Señorial and IPS.



### UNITED STATES

- Improved omnichannel strategy through websites, call center and brick & mortar stores.
- Development of the septic solutions business and strengthening of synergies between the retail e-commerce platform and the provision of peripheral services related to septic tanks.

### OTHERS

- Peru: sales affected by the slowdown in demand due to political instability and slow economic growth.
- Central America: slowdown in the construction sector in the region and hydro-meteorological effects during some months of the year.
- Brazil: the project portfolio benefited from the new legislation, which drives the migration from a state-run to a private-run water model. Continuity in the construction of commercial competencies and projects, as well as the development of field services to serve existing contracts.

# SUSTAINABILITY STRATEGY

GRI 2-9, 2-12, 2-13, 2-23, 2-24  
SASB RT-CH-210a.1

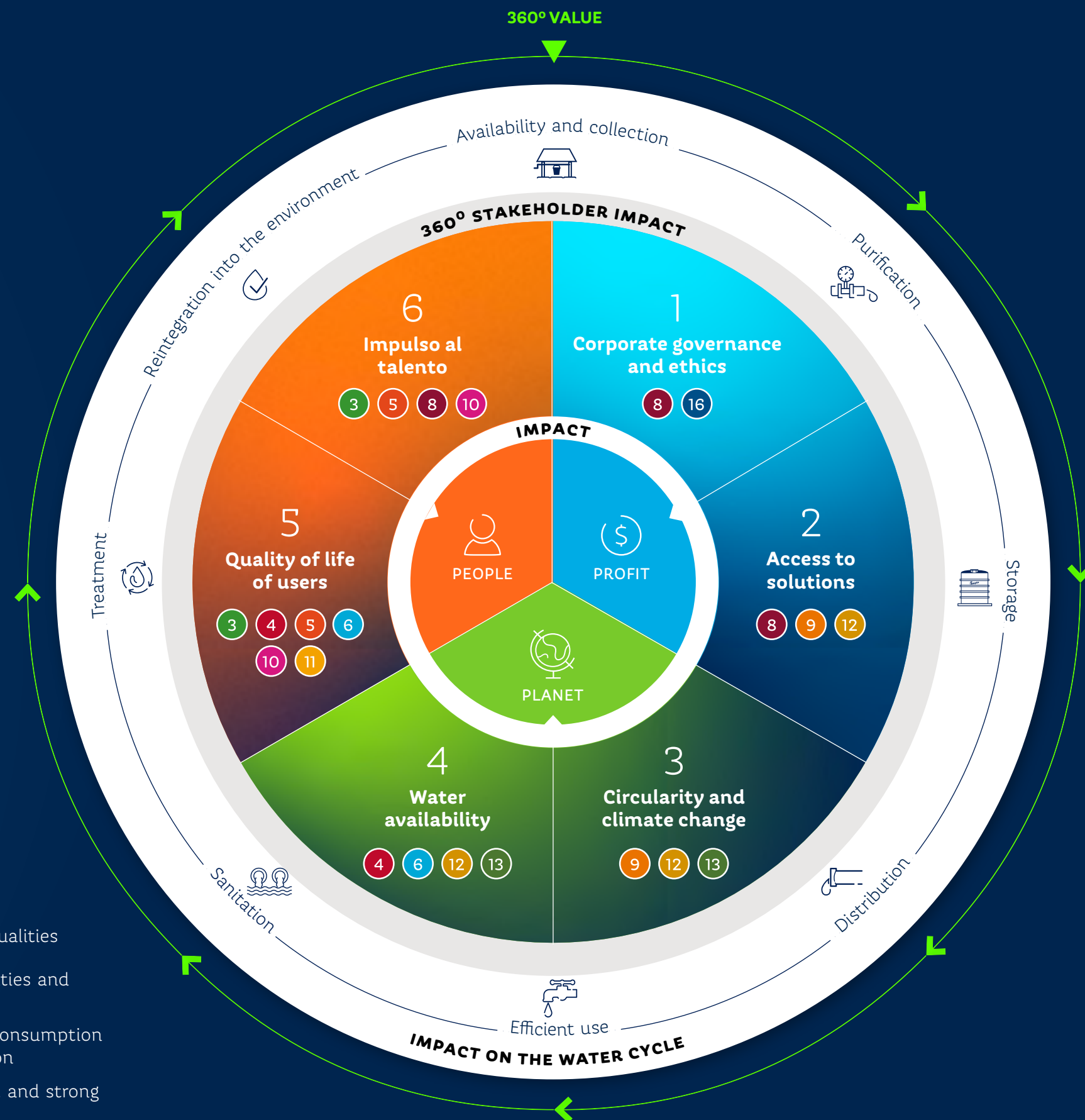
- |  |   |
|--|---|
| <p><b>1</b></p> <ul style="list-style-type: none"> <li>• Structural and operational strength</li> <li>• Culture of ethics and compliance</li> <li>• Integrity in the value chain</li> </ul>      | <p><b>2</b></p> <ul style="list-style-type: none"> <li>• Digitalization and omnichannel</li> <li>• Development of distributors and plumbers</li> </ul>                      |
| <p><b>3</b></p> <ul style="list-style-type: none"> <li>• Lifecycle-focused management</li> <li>• Sustainable sourcing</li> <li>• Operational efficiency</li> <li>• Climate commitment</li> </ul> | <p><b>4</b></p> <ul style="list-style-type: none"> <li>• Customer environmental footprint</li> <li>• Water culture</li> <li>• Participation of the public agenda</li> </ul> |
| <p><b>5</b></p> <ul style="list-style-type: none"> <li>• User experience</li> <li>• Alliances for access</li> <li>• Social advancement</li> </ul>  | <p><b>6</b></p> <ul style="list-style-type: none"> <li>• Diversity, equality and inclusion</li> <li>• Growth</li> <li>• Health, safety and well-being owth</li> </ul>       |

## 360° STAKEHOLDER IMPACT

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Employees</li> <li>• Clients and users</li> <li>• Suppliers</li> </ul> | <ul style="list-style-type: none"> <li>• Investors and financial community</li> <li>• Authorities</li> <li>• Academia</li> <li>• Communities</li> </ul> |
|---|---|

## CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

- |  |   |  |
|--|---|--|
| <p><b>3</b> Good health and well-being</p> <p><b>4</b> Quality education</p> <p><b>5</b> Gender equality</p> | <p><b>6</b> Clean water and sanitation</p> <p><b>8</b> Decent work and economic growth</p> <p><b>9</b> Industry, innovation, and infrastructure</p> | <p><b>10</b> Reduced inequalities</p> <p><b>11</b> Sustainable cities and communities</p> <p><b>12</b> Responsible consumption and production</p> <p><b>16</b> Peace, justice, and strong institutions</p> |
|--|---|--|





# RELATIONSHIP BETWEEN MATERIAL ISSUES AND THE SUSTAINABILITY STRATEGY

1



## CORPORATE GOVERNANCE AND ETHICS

- Corporate Governance
- Ethics, integrity and anti-corruption
- Transparent ESG communication
- Culture and risk management

2



## ACCESS TO SOLUTIONS

- E-commerce and omnichannel strategy
- Relationship with distributors, plumbers and other partners
- Technological transformation of processes and solutions

3

## CIRCULARITY AND CLIMATE CHANGE

- Contribution to climate change (energy and emissions)
- Sustainable supply chain management
- Waste management and circularity
- Climate change risks and opportunities
- Innovation with socio-environmental criteria
- Technological transformation of processes and solutions



## WATER AVAILABILITY

- Water culture
- Innovation with socio-environmental criteria

4



5



## USER QUALITY OF LIFE

- User focus
- Quality and safety of water solutions
- Access to water and sanitation
- Innovation with socio-environmental criteria
- Investment in the community

6



## BOOSTING TALENT

- Health, safety and well-being of employees
- Attraction and retention of talent
- Purpose, environment and organizational culture
- Workforce diversity, equal opportunities and inclusion



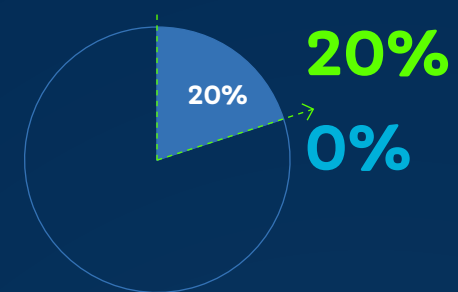
## PROGRESS 2022

● Target   ● Results 2021   ● Results 2022

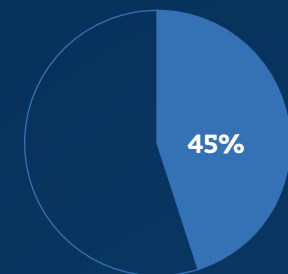
## PROFIT

Direct Suppliers evaluated with ESG criteria

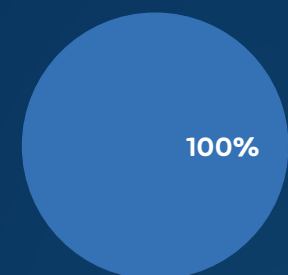
## Target 2022



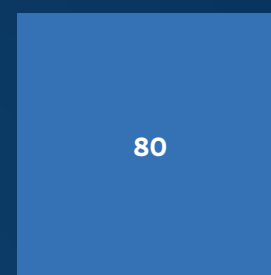
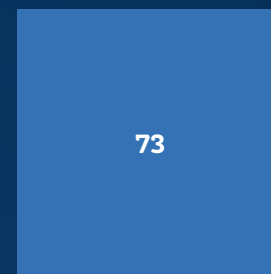
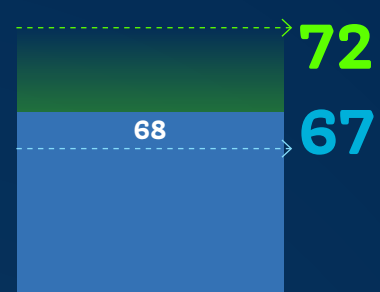
## Target 2023\*



## Target 2025\*

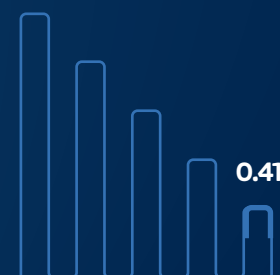
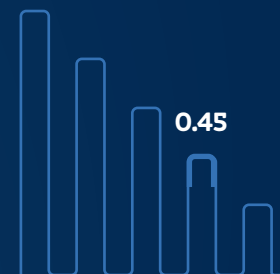
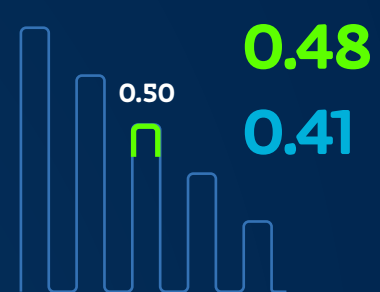


Customer Satisfaction (NPS)

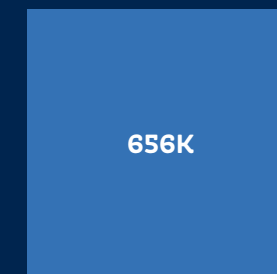
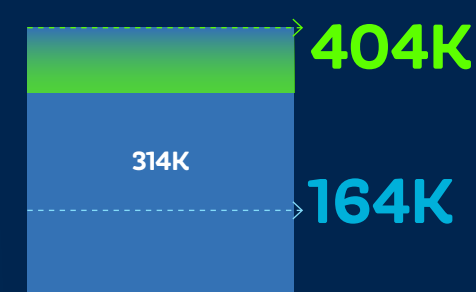


## PLANET

CO<sub>2</sub> Intensity (scopes 1 and 2) per ton of processed resin

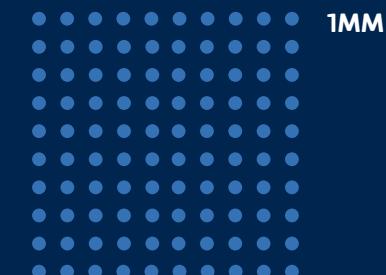
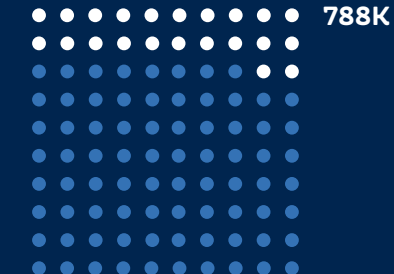
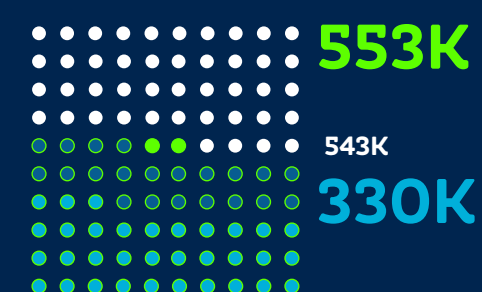


m<sup>3</sup> of water purified by our solutions

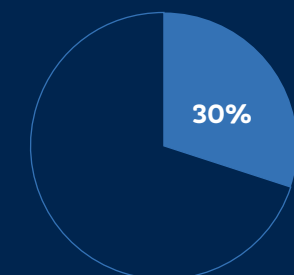
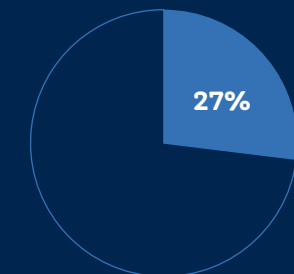
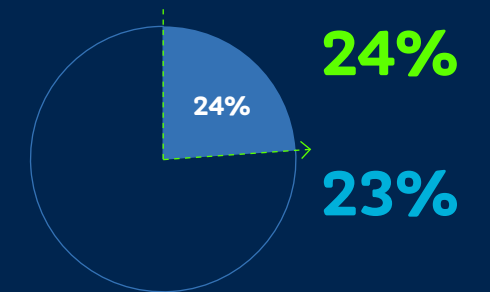


## PEOPLE

People with access to sanitation (cumulative since 2021)



Women in the workforce



\* % of suppliers classified as critical level 1.



Sustainability is fundamental to the Rotoplas Way, forming part of our DNA and defining the way we operate. In 2021, we launched our **Sustainability Strategy**, which adopts a 360° approach that considers all stakeholders throughout the water cycle. We are committed to maximizing the positive effects and reducing our environmental footprint without compromising our ability to generate and distribute value to investors and all our stakeholders.

Our strategy is based on the **dual materiality** study we conducted in 2020, through which we defined Rotoplas' main impacts on our stakeholders. A broad spectrum of executives, employees, investors, suppliers, distributors, end users and civil organizations participated, resulting in the definition of the global matrix, as well as the matrices for Mexico and Argentina.

To incorporate the financial point of view into the process, we added to investors' vision the information requirements of recognized indexes, guides, and questionnaires on the subject.

The strategy positions the dimensions of people, planet, and profit at the same priority level, defining goals and proposing concrete actions on 6 lines of action

In 2022, the decision was made to strengthen the implementation and execution of the Sustainability Strategy by giving joint responsibility for the follow-up to the Vice-Presidency of Sustainability and Human Capital, and the Vice-Presidency of Administration and Finance.

They were united to combine the vision and action capacity of the Sustainability area with the knowledge of the external market, global trends and the ESG focus of investors acquired by the Finance area.

This multidisciplinary team works in line with the **Sustainability Committee**, which is in charge of reporting the most relevant ESG issues to the Corporate Practices and Strategy Committee. In turn, this Committee is the communication channel with the Board of Directors to follow up on the fulfillment of the 2025 goals in the pillars of people, planet and profit.



# SUSTAINABILITY COMMITTEE

—  
GRI 2-14, 2-16  
TCFD GOB-A

The Sustainability Committee is an executive and multidisciplinary body, comprised by the Strategy, Human Capital, Institutional Relations, Government Relations, Legal, Investor Relations, Quality, Marketing, Communication, Innovation, and other areas.

The Committee is responsible for promoting, coordinating, and monitoring initiatives related to the Sustainability Strategy, policies and other matters related to environmental, social, and corporate governance (ESG) issues.

To facilitate the execution of sustainable initiatives, in 2022, the **workgroups** on which the Sustainability Committee relies were redefined, totaling 9 workgroups:



PROFIT

- Corporate Governance
- Transparency and Communication
- Value Chain

PEOPLE

- Health and Well-being
- Talent Promotion
- Diversity and Inclusion with 3 sub-groups: Gender, LGBTIQ+, Disability

PLANET

- Circularity and Climate Change
- Renewable Energy
- Safety and Environment



## ASSOCIATIONS, INDEXES AND AWARDS

GRI 2-28

### WE PARTICIPATE IN THE FOLLOWING ASSOCIATIONS:

- Mexican Business Council
- Brazilian Association of Sanitation Materials Manufacturers (Associação Brasileira dos Fabricantes de Materiais para Saneamento) (ASFAMAS) (Brazil)
- Guatemalan Construction Chamber (Cámara Guatemalteca de la Construcción) (CGC) (Guatemala)
- National Chamber of Industry (Cámara Nacional de la Industria de la Transformación) (CANACINTRA) (Mexico)
- Argentine Mexican Chamber (Cámara Argentino Mexicana) (CAMEX)
- Argentine Chamber of Plastic Industry (Cámara Argentina de la Industria Plástica) (CAIP)
- Argentine Chamber of Gas Artifact Manufacturers (Cámara Argentina de fabricantes de artefactos a gas) (CAFAGAS)
- Association of Argentine Importers and Exporters (Asociación de Importadores y Exportadores Argentinos) (AIERA)
- Argentine small and medium metal industry chamber (Cámara de pequeña y mediana industria metalúrgica argentina) (CAMIMA)
- IDEA – Institute for Business Development of Argentina (Instituto para el Desarrollo Empresarial de la Argentina)
- FUNDECE

During 2022, we obtained **recognitions and awards** related to the company's sustainability, in addition to being present in **ESG indexes** worldwide

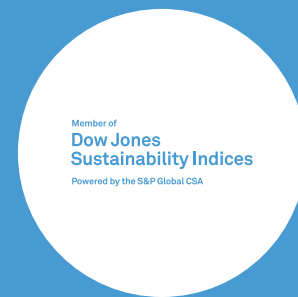
### AWARDS AND RECOGNITIONS



- Leading Companies in Sustainable Innovation Award by HSBC in the Governance category.



- We were included in the S&P Global Sustainability Yearbook in the building products industry for the first time.



- For the sixth consecutive year, AGUA\* remained in the DJSI MILA Pacific Alliance.



- AGUA\* was included for the fourth consecutive year in the sample of the Mexican Stock Exchange's ESG index.

### INDEXES AND RATING AGENCIES

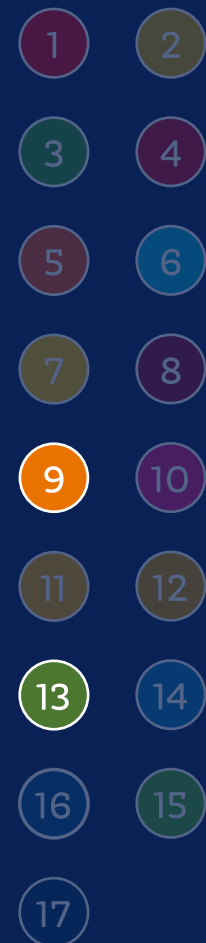
	2020	2021	2022
DJSI MILA Pacific Alliance	61	67	69
S&P Global Sustainability Yearbook	-	-	Yes
CDP Climate Change Questionnaire	B	B	B
MSCI	BB	BBB	BBB
S&P Global Ratings	'mx AA-'	'mx AA-'	'mx AA-'
Fitch Ratings	AA(mex)	AA(mex)	AA(mex)

# RISK MANAGEMENT

TCFD



SGD



As a company with a clear purpose, we are aware of our responsibility to society

We recognize that the efficiency of our operations and the quality of our solutions are fundamental to contribute to the care and management of water. In recent years, we have considered it essential to include factors related to climate change and the due diligence on human rights in our risk analysis.

The identification of business and environmental risks is a necessary activity for the evaluation and mitigation of impacts, as they are a part of a conscious and fundamental exercise for the Strategic Planning process in Rotoplas.

**Comprehensive risk management** is a shared responsibility across our organization. However, the Vice-Presidency of Administration and Finance (CFO) has the primary responsibility for risk management, including risk identification, monitoring, mitigation, and reporting plans. This function operates independently for each of our business units in different countries.

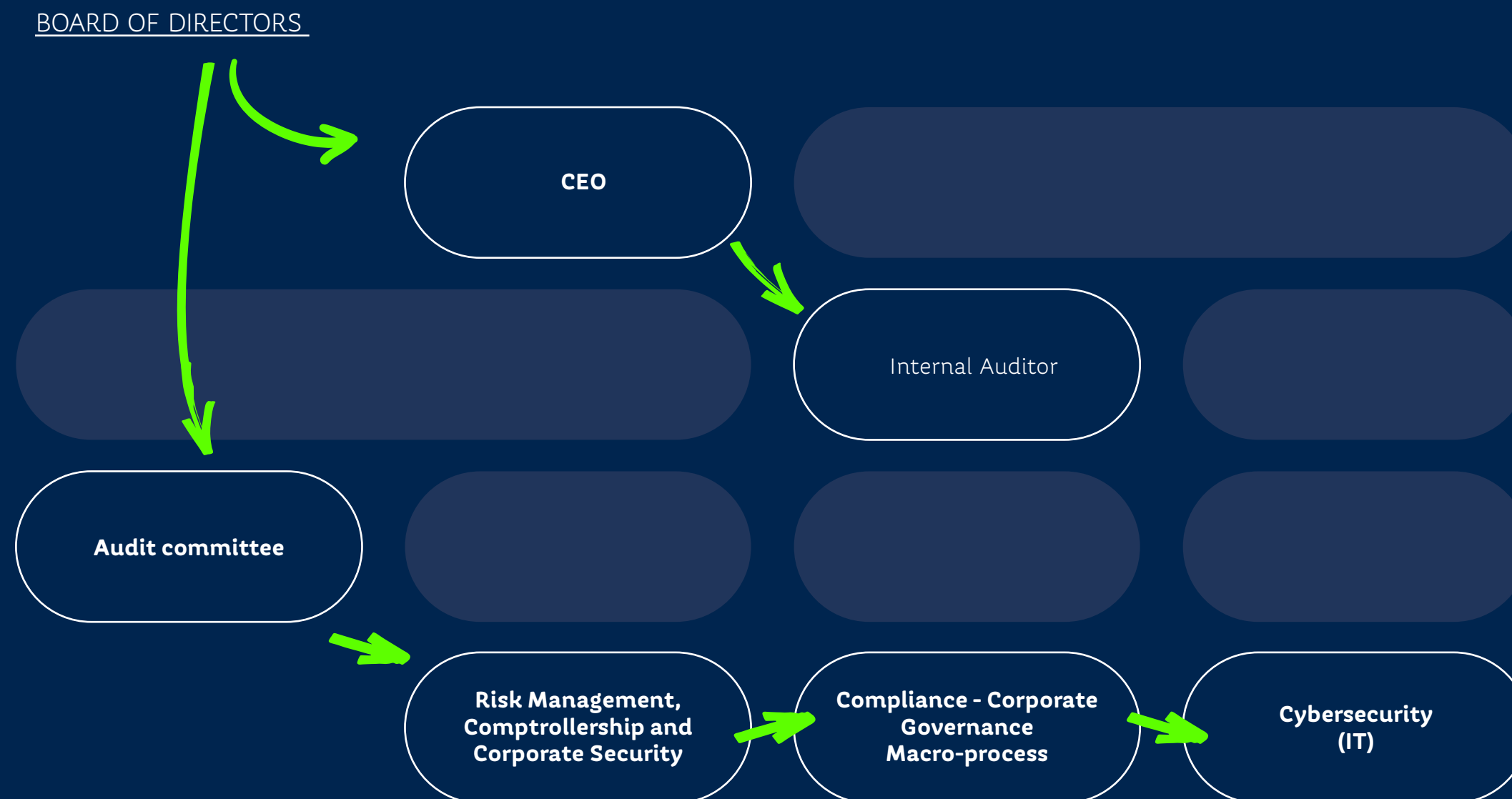
The Vice-Presidency of Administration and Finance is supported by the areas that report directly to it: Risk Management, Legal Compliance, Comptrollership and Corporate Security. In addition, the CIO (Chief Information Officer), who reports to the Vice-Presidency of Transformation and Technology, oversees cybersecurity issues.

Risk management is supervised and monitored by the Audit Committee, which is in turn responsible for informing the Board of Directors, so that the latter, through the experience and knowledge of its members, can contribute to the early identification and implementation of preventive and corrective measures to protect the interests of the company and its stakeholders.

Similarly, the responsibility for supervising and auditing risk management, including operational risks, falls to the internal auditor, who reports directly to the Chief Executive Officer.

In addition, the Risk Management and Legal Compliance areas are responsible for determining risk appetite and tolerance at Group level.

In 2022, the Board of Directors underwent training on climate governance and Net Zero provided by Chapter Zero Mexico to enhance Grupo Rotoplas' identification of risks and opportunities in response to the climate emergency



As we do every year, we update the **risk map** with the participation of the different businesses through a process in which, in addition to identifying the risk, they are asked to submit a proposal for solutions and prevention. Moreover, we request the validation and evaluation of risks by our financial and socio-environmental risk specialists, under the internal control system. Lastly, we have the support of independent external advisors, if necessary.

Sensitivity and stressed scenario analyses are performed for various risks. Specifically for financial risks, the possible impacts of changes in interest rates, inflation and exchange rates are analyzed.



# ESG RISKS

Within our risk matrix, key aspects related to the environment, social aspects and corporate governance are considered.

Since 2019, we have developed a **climate change risk** analysis based on TCFD recommendations. This analysis allows us to identify the risks and opportunities associated with climate change, assess its impact on our operations and stakeholders, and develop preventive and corrective measures to protect the sustainability and success of our business.

On the other hand, we started in 2022 and ended in 2023 our **Human Rights Due Diligence** exercise, which identifies those operational processes where there may be any type of violation to these rights.

## KEY PROCESSES:

Manage business risk	Manage and report compliance	Manage business continuity	Build relationships with investors	Manage institutional relations
Manage relations with the Board of Directors	Manage ethical issues	Manage public relations program	Manage legal and compliance issues	Manage ownership security

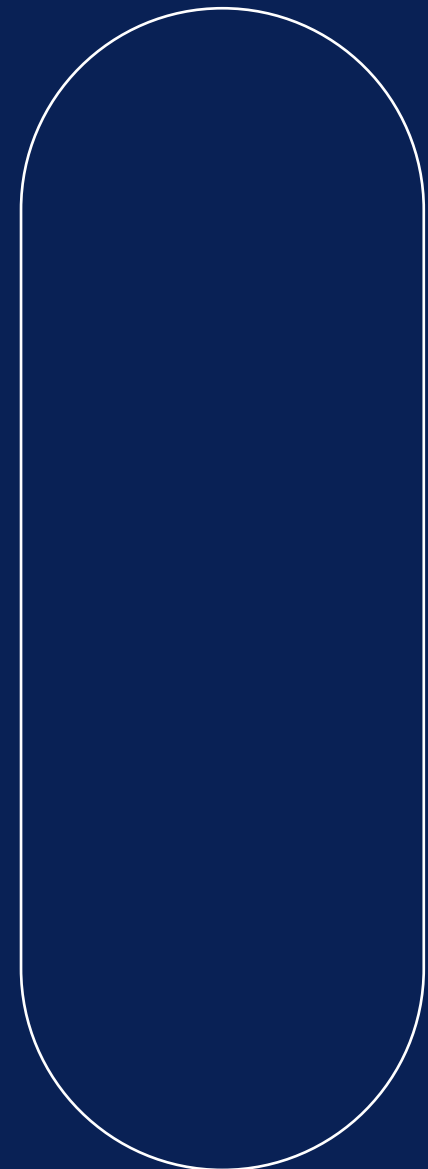
In relation to the management of ethical and corruption risks, we have an **Ethics Committee** comprising members of senior management, who are responsible for identifying risks in this arena and implementing preventive and corrective measures. The Confía Rotoplas hotline allows employees to report potential risks in the business units.

Regarding corporate governance risks, we emphasize that we remain aligned with national and international best practices, complying with local regulators and maintaining high ethical and transparency standards. Likewise, through the **Corporate Governance macro-process**, compliance with the company's key processes is monitored to mitigate possible risks affecting operations or business continuity.

In 2022, an exercise was carried out, in which an external consultant provided risk training to each macro-process owner, helping them to do a complete mapping related to their activities. We worked on the identification, analysis and mitigation of reputational, legal, operational, technological and financial risks for each key process.



# ROTOPLAS RISK MATRIX



CATEGORIES	RISKS	DESCRIPTION	MORE DETAIL
MARKET	Increase in raw material prices	<ul style="list-style-type: none"><li>The main raw materials we use are oil derivatives, whose prices vary based on market conditions</li></ul>	
	Supply chain limitations	<ul style="list-style-type: none"><li>Supply problems, delays, and cost increases in raw materials under local and global external conditions</li></ul>	Relevant financial data
	Variations in consumers' income and changes in their preferences	<ul style="list-style-type: none"><li>We are exposed to customers' disposable income and the economic conditions of each country in a changing environment, consumer confidence can become affected, and they may modify their preferences for one type of solution or other, particularly faced with an increasingly more global competition</li></ul>	User experience
	Macroeconomic conditions that affect the sectors comprising our market	<ul style="list-style-type: none"><li>Demand for our solutions in sectors such as construction or agriculture is influenced by short- and medium-term macroeconomic conditions</li></ul>	
	Decrease in the return on investment destined to increase and improve production capacity, given the changes in the macroeconomic environment and in the cost of capital	<ul style="list-style-type: none"><li>The water solutions business requires a significant capital investment to design and build plants near the points of sale and distribution</li><li>Increased exposure to local sales, and thus, to the economic conditions of the country where we are operating, makes it difficult to sell that production in markets with better trends</li></ul>	
REGULATORY	Changes in the rules of foreign trade operations	<ul style="list-style-type: none"><li>We are exposed to disruptive measures on matters of imports and exports in the countries where we operate, as well as those from where we import and/or to which we export</li></ul>	
	Unforeseen costs of complying with environmental, labor, and security laws	<ul style="list-style-type: none"><li>We are subject to various laws and regulations on environmental, labor, and safety issues that can be modified. Said modifications may represent additional costs, as well as penalties for noncompliance</li></ul>	Relevant financial data



# ROTOPLAS RISK MATRIX

CATEGORIES	RISKS	DESCRIPTION	MORE DETAIL
OPERATIONAL	Operations affected by extreme weather conditions and/or natural disasters	<ul style="list-style-type: none"><li>• Extreme weather conditions and/or natural disasters could hamper our operations or damage the infrastructure, including production plants and distribution centers</li></ul>	Risks and opportunities of climate change
	Stoppage and temporary shutdown of plants and/or distribution centers	<ul style="list-style-type: none"><li>• Substantial interruption at production plants, supply chain, distribution centers, or distribution network for reasons beyond our control, such as weather phenomena, pandemics or geopolitical situations</li></ul>	Risks and opportunities of climate change
	Inability to develop sustainable, high quality and innovative products and solutions	<ul style="list-style-type: none"><li>• The strength of our brand could face difficulties if we are unable to provide sustainable innovative and quality solutions</li></ul>	Innovation
FINANCIAL	Inability to manage the Company's growth effectively	<ul style="list-style-type: none"><li>• We could be subject to a lack of own resources, sources of financing, processes, controls, and adequate systems to manage the company's growth</li><li>• Increases in the interest rate would increase the cost of money for investments in future growth</li><li>• Volatility in exchange rates and inflation in the countries where we operate could impact financial results</li></ul>	Relevant financial data





## EMERGING RISKS

The depletion of surface water and groundwater, increasingly more stringent regulations, social pressures and rising treatment costs are some of the realities that the water industry is currently facing. Considering industry trends, we have identified emerging risks that could affect our operations in the medium and long term.

Emerging Risk	Description	Mitigation Actions
<b>Water availability and quality for our operations</b>	Certain technologies that we use require water for the processes. Depending on the region where our operations are located, the availability, supply, and quality of water may vary as a result of weather phenomena, pollution, and other external factors, whether environmental, social, or political- legislative	<ul style="list-style-type: none"> <li>• Technological replacement of machinery for the manufacturing of more water-efficient storage products</li> <li>• Water recirculation and recycling initiatives in manufacturing processes</li> <li>• Installation of rainwater harvesting systems</li> <li>• Construction of water treatment and recycling plants</li> </ul>
<b>Cybernetic vulnerability</b>	We are exposed to cyberattacks and data leaks in the corporate information security. This risk also applies to the internet sales business line and the offer of services contracted by phone	<ul style="list-style-type: none"> <li>• Acquisition of insurance policies</li> <li>• Training of employees at group level on cybersecurity issues</li> <li>• New security schemes where two-factor authentication is required</li> <li>• Creation of Pentest and vulnerability analyses</li> <li>• Contingency plan update</li> </ul>
<b>Political instability</b>	Political and social movements are experienced in all the countries where we have operations, and they could generate unstable situations. This may affect several of our processes, from the operation to the sale of products and services	<ul style="list-style-type: none"> <li>• Monitoring of macroeconomic situations</li> <li>• Monthly follow-up of business unit managers and the leadership team with specialized economists</li> <li>• Contingency and business continuity plans</li> </ul>
<b>Transition to low-carbon economies</b>	The risks and opportunities of climate change, as well as the effects that it is already having on companies and the population, trigger new measures by both governments and companies, changing the scenarios of production costs, sales, logistics, etc.	<ul style="list-style-type: none"> <li>• Inventory calculation of Scope 1, 2 and 3 greenhouse gas emissions for the preparation of mitigation plans</li> <li>• Sensitization for the creation of a sustainable supply chain</li> <li>• Renewable energy transition plan and energy efficiency initiatives (gas and electricity) in the plants</li> <li>• Life cycle analysis of the main products</li> <li>• Creation of a process for the calculation and payment of taxes related to the emission of carbon into the atmosphere</li> </ul>

During 2022, we strengthened the knowledge of our board members on emerging risks and trends. In October, training was provided to the Board of Directors and the Audit Committee on **cybersecurity and personal data**

# RISKS AND OPPORTUNITIES OF CLIMATE CHANGE

—  
GRI 201-2, 3-3, SASB RT-CH-530a.1, IF-WU-450a.4  
TCFD EST-A, EST-B, GDR-A, GDR-B, GDR-C

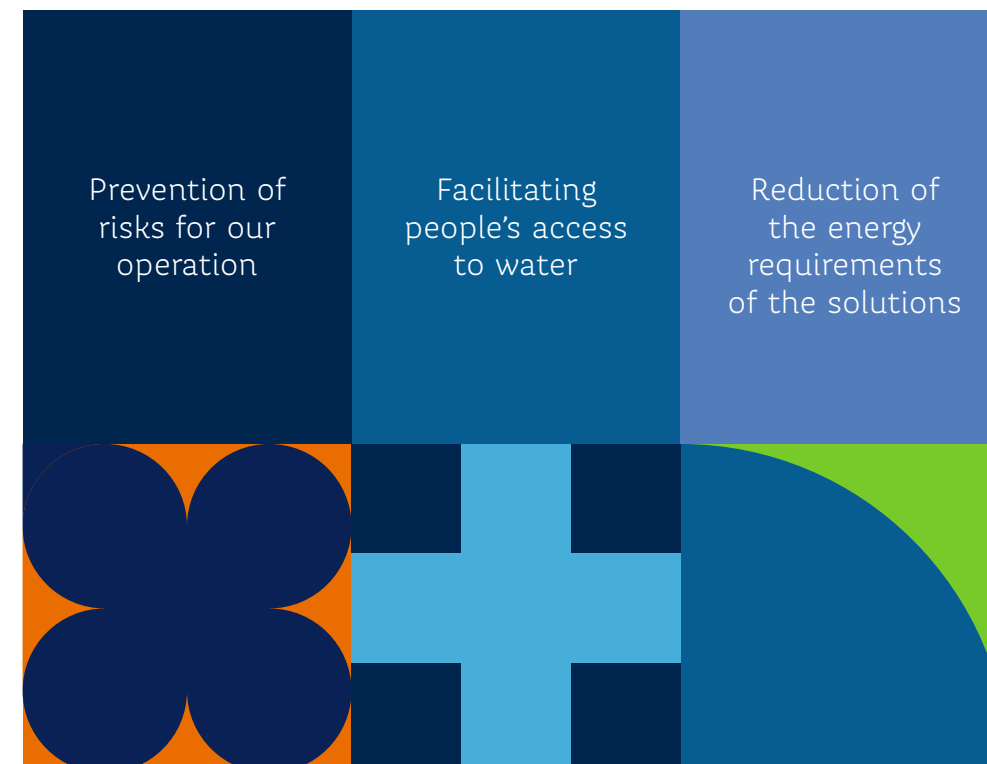
Due to the nature of the operation and business model, we are exposed to a series of risks and opportunities linked to climate change, which were first identified in 2019, through a broad survey that incorporated different internal and external views.

From that moment on, the survey is periodically reviewed and updated with prevention and mitigation measures, considering the views of the plants and the operation. The latter are collected by the risk, commercial, operations, and sustainability departments. The monitoring of these measures is carried out through the internal control system and the support of third parties.

At Rotoplas, we seek to **mitigate the risks and capitalize on the opportunities** posed by climate change for both the business and our stakeholders

Within the framework of our **Sustainability Strategy, the Climate Change Policy**, and the process of identifying our main risks and opportunities, we develop operational processes and innovate in our portfolio of products and services to mitigate the effects that accelerate climate change.

## OUR FOCUS IS ON:



Our goal is to achieve carbon neutrality (scopes 1 and 2) by 2040

As part of this shared responsibility, we have specific lines of action for our stakeholders and their relationship with climate change.





Here are the main identified risks, referencing the nomenclature established in the TCFD recommendations.

MAIN **IDENTIFIED RISKS**, REFERENCING THE NOMENCLATURE ESTABLISHED IN THE TCFD RECOMMENDATIONS:

TYPE OF RISK <sup>1</sup>	DESCRIPTION	TIME HORIZON	FINANCIAL IMPACT	CLIMATE CHANGE STRATEGY INITIATIVES
<b>Physical, acute</b>	Exposure of facilities to affectations by more frequent and severe hydrometeorological events (hurricanes, floods, etc.)	Short <b>Medium</b> Long	Total loss of the facility, inventory, and/or interruption of the business	<ul style="list-style-type: none"> <li>Structural reinforcement and preventive maintenance of plants and distribution centers</li> <li>Analysis of the risk of flooding of the facilities and property, as well as proposal of response measures</li> </ul>
<b>Transition, regulation</b>	Publication of new environmental regulations (waste management, emissions, rainwater harvesting, sanitation law, plastics, circular economy, etc.)	Short <b>Medium</b> Long	Fines for breaches of the law	<ul style="list-style-type: none"> <li>Incorporation of environmental practices of excellence, above the required legal minimum</li> <li>Promotion of environmental practices in the supply chain by incorporating criteria into supplier selection processes</li> <li>Elimination of expendable packaging without affecting the integrity of the product and study of alternative materials for the remaining packagin</li> </ul>
<b>Transition, market</b>	Increased cost of raw materials due to shortages of materials, of resources to obtain them, or vendor difficulties to comply with regulations	Short <b>Medium</b> Long	Orders not covered due to high demand  Additional cost of raw material	<ul style="list-style-type: none"> <li>Development of local suppliers of recycled resin, our main input</li> <li>Availability of alternatives for critical raw materials</li> <li>Increase in the reincorporation of own post-industrial material</li> </ul>
<b>Transition, reputation</b>	Inability to meet consumers' socio-environmental expectations, or having products that become obsolete on the market	Short <b>Medium</b> Long	Inability to sell obsolete products  Market value of lower-impact products not developed by the company	<ul style="list-style-type: none"> <li>Incorporation of recycled resins into storage products</li> <li>Development of drinking water service as an alternative to plastic bottles for consumers</li> <li>Development of rainwater harvesting and post-use water treatment systems for industries</li> <li>Development of lower-impact versions in the updating of purifiers and dispensers (also of treatment plants)</li> <li>Other investments in product improvement and development with less environmental impact</li> </ul>

<sup>1</sup> Transition risks are those associated with changes on the path to a low-carbon economy, such as legislation or consumer preference. Physical risks are those associated with higher intensity natural events, such as a hurricane (acute) and/or long-term (chronic) changes in weather patterns, such as temperature. They can cause infrastructure damage, and affect operational continuity, among other consequences.

MAIN **IDENTIFIED OPPORTUNITIES**, REFERENCING THE NOMENCLATURE ESTABLISHED IN THE TCFD RECOMMENDATIONS

TYPE OF OPPORTUNITY	DESCRIPTION	TIME HORIZON <sup>1</sup>	FINANCIAL IMPACT	CLIMATE CHANGE STRATEGY INITIATIVES
<b>Products and services</b>	Development of new products and services with lower-impact components, through R&D and innovation (e.g., macroproject of recycled resins)	<div>Short</div> <div><b>Medium</b></div> <div>Long</div>	<p>Savings on materials</p> <p>Projected sales of product lines with lower environmental impact (e.g., with recycled resins)</p>	<ul style="list-style-type: none"> <li>Investment in product development (research, testing, etc.)</li> <li>Development of recycled resin suppliers as an alternative to searching in a limited market</li> <li>Collaboration with universities and research centers</li> <li>Development of drinking water services as an alternative</li> </ul>
<b>Markets</b>	Access to emerging markets; increasing demand for water storage, purification, treatment, and sanitation, due to the increase in extreme weather events that exacerbate water stress (quality and quantity)	<div>Short</div> <div><b>Medium</b></div> <div>Long</div>	Projected gains from solutions	<ul style="list-style-type: none"> <li>Commercial action in schemes that allow communities to access to water (alliances with CSOs, government programs, other companies' social responsibility, etc.)</li> <li>Diversification of the marketing network to improve access for end consumers (e.g., online commerce).</li> <li>Development of the <i>rieggio</i> business unit to meet the water requirements of crops</li> </ul>
<b>Markets</b>	Access to new markets created by emerging regulations that seek to reduce the vulnerability of the population to droughts and floods caused by climate change, such as the National Water Program, through decentralized solutions for storage, treatment, water purification, and reutilization	<div>Short</div> <div><b>Medium</b></div> <div>Long</div>	Projected gains from solutions	<ul style="list-style-type: none"> <li>Commercial action in schemes that allow communities to access water (alliances with CSOs, government programs, other companies' social responsibility, etc.)</li> <li>Development of solutions for medium-low segments, complementing the portfolio and facilitating access, either by direct purchase by the individual or in third-party programs (CSOs, government) (e.g., storage, portable and low-cost water treatment plants, low-cost rainwater harvesting kit, etc.)</li> </ul>
<b>Resource efficiency</b>	Efficient use of energy and fuel in production processes, purchase of renewable energy at a lower cost, and on-site generation	<div>Short</div> <div>Medium</div> <div>Long</div>	<p>Savings from on-site generation of renewable energy and due to energy efficiencies</p>	<ul style="list-style-type: none"> <li>Efficiency projects through a change in technology</li> <li>Installation of solar panels at the plants</li> </ul>

<sup>1</sup> Short term: < 2 years; Medium Term: 3-10 years; Long term: > 11 years

In addition, in 2020, we conducted quantitative studies at 10 of the 17 plants we had at that time to determine physical risks in the countries where we operate. For the remaining 7 plants, a qualitative study was carried out following the same methodology

#### INDICATORS LINKED TO RISKS AND OPPORTUNITIES OF CLIMATE CHANGE

	
RISKS	OPPORTUNITIES
<ul style="list-style-type: none"> <li>• Cost of insurance</li> <li>• Investment in plant maintenance</li> <li>• CapEx with sustainability criteria</li> <li>• % of plants and DCs evaluated on climate risks</li> <li>• Value of sanctions for environmental breaches</li> </ul>	<ul style="list-style-type: none"> <li>• <i>bebbia</i> sales</li> <li>• Number of <i>bebbia</i> subscribers</li> <li>• Number of people benefited by rainwater harvesting solutions</li> <li>• Projected sales for <i>rieggio</i></li> <li>• Investment in recycled resins (third parties)</li> <li>• % of recycled resin used as raw material</li> <li>• Reduced energy consumption</li> <li>• % of sourcing from renewable energies</li> </ul>



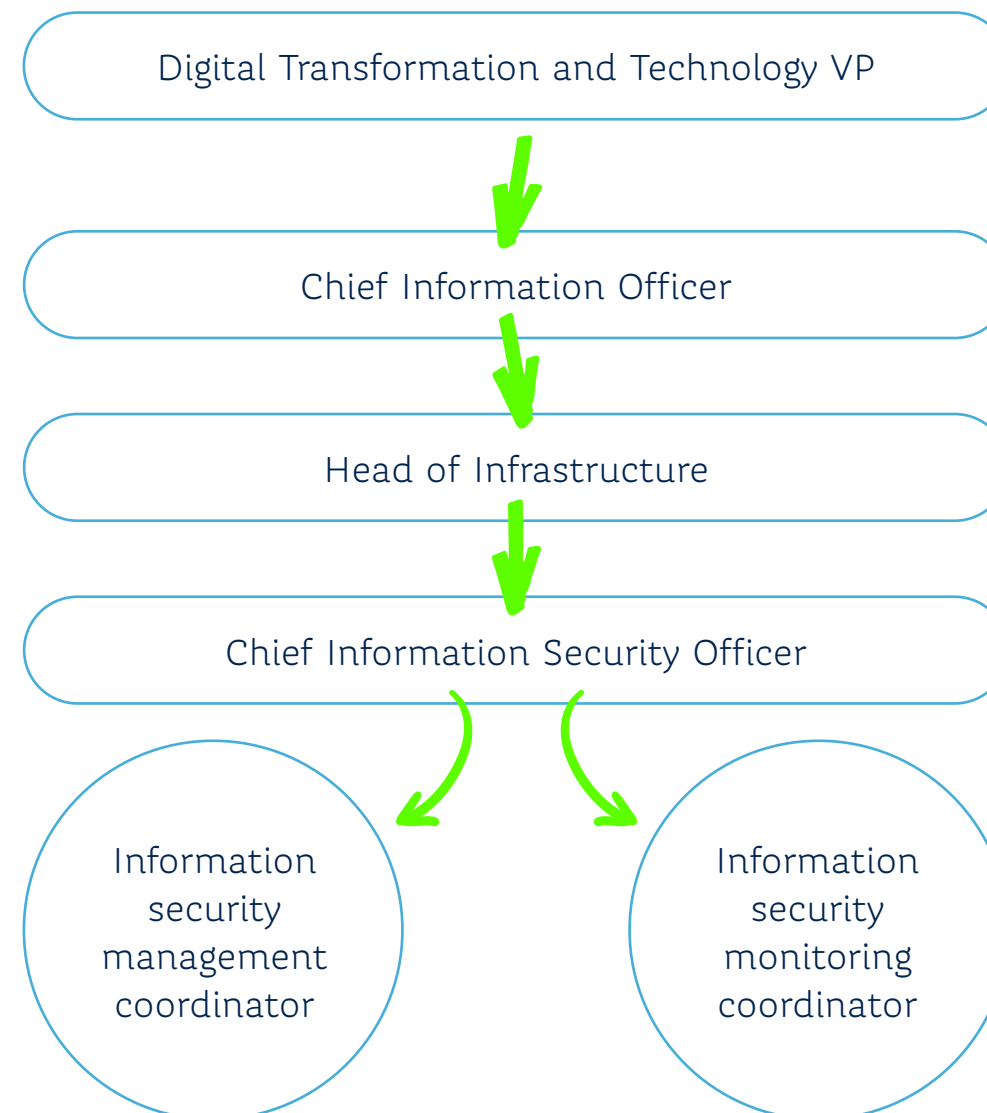
# INFORMATION SECURITY AND CYBERSECURITY

—  
GRI 418-1

Because of the digital transition and the strengthening of our online business channels, we recognize that the risk of cybersecurity and data leakage must be addressed with preventive and reactive measures to avoid any damage to our systems and ensure the continuity of our operations, as well as the **security of our customers' and other stakeholders' data**.

We have an effective internal **self-regulation system** consisting of a crisis committee, a secure protected network structure on the cloud, and support and monitoring by cybersecurity consultants.

## INTERNAL STRUCTURE RESPONSIBLE FOR CYBERSECURITY





The Audit Committee is responsible for quarterly monitoring of the Information Security Strategy and the evaluation of risks related to digital systems and platforms.

During 2022, we developed the **Information Technology Risk Policy**, continuing to strengthen our management by updating and creating policies and procedures. This has allowed us to become certified under the ISO 38500:2015 standard for Information Technology (IT) Governance, ensuring the effective and efficient use of IT at the Rotoplas Group level.

In addition, during the year, we carried out a cybersecurity campaign at a Group level and conducted **Pentest and vulnerability analyses** of infrastructure and the code of some businesses whose digital strategy is relevant.

98% of administrative employees were certified in cybersecurity through the “Information Security” e-learning program

We have also implemented security measures in our systems, working together with the Microsoft Windows Defender tool, which allows us to have control over our computer equipment, as well as the information that can be downloaded to mobile devices.

We have sent communications to our plumbers and distributors with information on how to manage potential cyber attacks, as well as on the importance of keeping customer information secure

Through our **Information Security Policy**, we address issues such as information confidentiality, integrity, and availability, based on best practices regarding security, applicable to both the Group and our customers. Moreover, we have the **Access Control Policy**, applicable to our employees and suppliers to ensure the protection of our customers' data.

## Our Information Security Strategy is based on the NIST (National Institute of Standards and Technology) and ISO/IEC 27001 International Information Security Standard

On our website we share the **Data Privacy Policy** where we inform the public of how we handle such data, as well as the procedure to enforce ARCO rights. In *bebbia*, we pay special attention due to the digital nature of the business, so we constantly reinforce security systems and ensure transparency regarding the proper treatment of our customers' data.

We base our security control update on ISO 27001 and NIST frameworks, and personal data regulatory requirements, as well as the Business Continuity Plan and the strengthening of the Disaster Recovery Plan

The **Disaster Recovery Plan** is evaluated at least once a year. All these measures and our management systems are replicated in a multi-cloud infrastructure.

During the year, we did not have any significant penalties related to the security and privacy of customer information.





# RESULTS THAT GENERATE TRUST

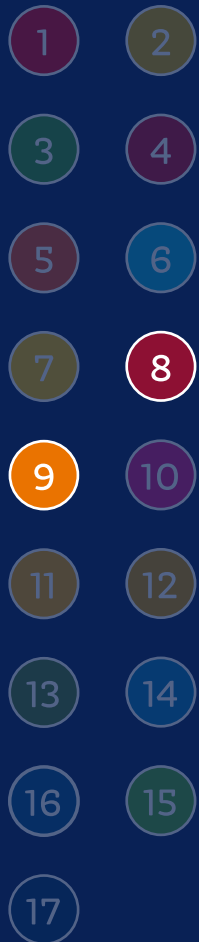


GRI 3-3

TCFD



SGD



## RELEVANT FINANCIAL DATA

The growth outlook of the water industry has benefited from:

- The effects of climate change and water scarcity
- The population increase that generates high demand for decentralized water solutions in the face of exceeded water infrastructure

2022 was marked by a challenging and uncertain economic environment that helped underscore the strength of our business, as we achieved historic record results. In addition, different hydro-meteorological events, such as droughts and heat waves, drove the demand for water solutions to help ensure a stable supply. This represented a challenge for the company, as it had to increase production to cope with these events.

Investment in new businesses (climate change mitigation solutions), such as the septic business in the United States and *bebbia* and treatment plants in Mexico, generated temporary pressure on margins; however, thanks to the solid performance of the traditional business (climate change adaptation solutions) their development has been financed. These investments are expected to support growth and profitability in the medium term, diversifying revenue streams and expanding Rotoplas' scope in the water market.

Throughout the year, we continued to focus on the execution of initiatives within the **Flow program**. In addition, a detailed analysis was conducted to identify the initiatives with the greatest impact and potential for generating value, which allowed us to remain agile and adapt the pace of spending and investment as needed.

We also continued with the investment process for the **modernization of the storage business in Mexico**, paid dividends to shareholders and maintained a sufficient level of working capital to guarantee the supply of raw materials in an environment of unstable supply chains.

Likewise, throughout the year, we continued to focus on the digitalization of water, developing technologies to improve information gathering and offer intelligent solutions that adapt to customers' needs. Agility, operating discipline, and a focus on value generation through the Flow program, as well as talent, innovation and business profitability, were key elements for Rotoplas' performance in 2022.

We posted record figures in net revenue, EBITDA and net profit, meeting 100% of our earnings guidance to the market

INCOME STATEMENT

(FIGURES IN MILLION MEXICAN PESOS)

	2022	2021	%
Net revenues	12,774	10,915	17.0%
Cost of sales	7,331	6,761	8.4%
Gross profit	5,444	4,153	31.1%
Margin %	42.6%	38.1%	450 bps
Operating expenses	3,859	3,089	24.9%
Operating profit	1,584	1,064	48.9%
Margin %	12.4%	9.8%	260 bps
Comprehensive Financial Result	(768)	(623)	23.3%
Taxes	26	132	(80.1%)
Net Profit	791	312	NA
Margin %	6.2%	2.9%	330 bps
EBITDA	1,982	1,443	37.3%
Adjusted EBITDA <sup>1</sup>	1,982	1,764	12.4%
Margin %	15.5%	16.2%	(70 bps)

<sup>1</sup> Adjusted EBITDA considers: operating profit, plus depreciation and amortization, plus non-recurring expenses (donations and Flow implementation expenses). In 2021, it considers \$301 million of Flow expenses and \$19 million in donations. During 2022, no adjustments were made for Flow expenses and there were no donations.

**Net revenue** benefited from double-digit growth in Mexico, as well as strength in products sales, which offset the services division.

- **Product revenues** grew 18%, driven by double-digit increases in all three categories: storage, waterflow, and improvement.
- **Service revenues**, which represent 3.4% of total revenues, showed a 10% decrease due to lower sales of water treatment and recycling plants in Mexico. *bebbia* continued to grow at double-digit rates; however, as it is a developing business, it is not yet able to offset the other businesses.

**Gross margin** expanded 450 bps, settling at 42.6%, due to the strength of leading brands, which allowed us to maintain an agile pricing strategy.

**Adjusted EBITDA** reached \$1.98 billion, representing a 12.4% increase with a 15.5% margin. However, new business development expenses impacted EBITDA by \$288 million, causing the margin to contract year over year.

As for **operating income**, it reached \$1.58 billion, a 48.9% increase, despite the recognition of expenses related to the development of new businesses.

The **Net Debt/Adj. EBITDA ratio** closed at 1.7x and the cash conversion cycle increased 12 days, settling at 73, which reflects the strategy to secure raw material supply in the face of a volatile supply chain environment.

In terms of **Capex** for the year, our focus has been on investing in the long-term sustainability of the business. The investments made during 2022 amounted to 5.2% of revenues, representing a 28% increase from 2021.

- \$414 million were invested in new technology for the production of storage solutions and in machinery to increase the productive capacity of the waterflow business in Mexico.
- \$37 million and \$9 million were used for the construction of water treatment and recycling plants in Brazil and Mexico, respectively.
- Capex related to the growth initiatives within the Flow program amounts to 49.5% of the total and the remainder represents maintenance Capex.

Aligned with our 2025 goals, we are committed to providing returns to our shareholders, as well as maintaining a solid capital structure. At Rotoplas, we have paid out a dividend yield of over 6% in the last 3 years. On April 29, 2022, the Shareholders' Meeting authorized the payment of a capital reimbursement to the Company's stockholders through a reduction in share capital in the amount of MXN 215 million at a rate of MXN 0.45 per share.

**ROIC<sup>1</sup>** closed at 14.1%, 140 bps above the cost of capital and in line with the strategy of creating sustainable economic value with a positive environmental and social impact. However, it contracted by 40 bps versus the previous year despite a 48.9% improvement in operating profit. This effect is due to the exclusion of implementation expenses from the Flow program in 2021, an adjustment that was no longer made in 2022.

<sup>1</sup> ROIC: NOPAT L12M/Average Invested Capital t, t-1.  
Invested Capital: Total Assets – Cash and Cash Equivalents – Short-Term Liabilities.

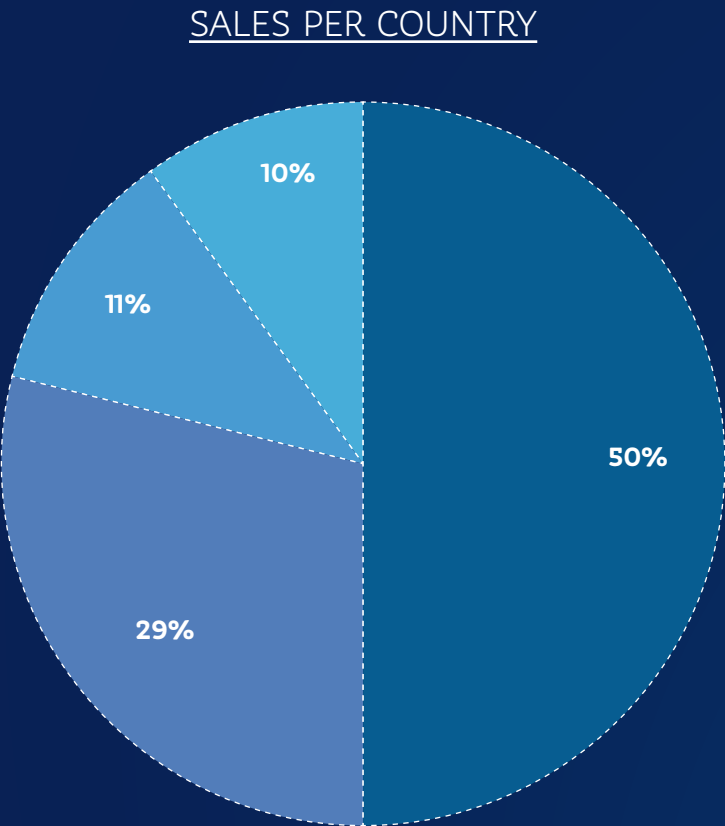




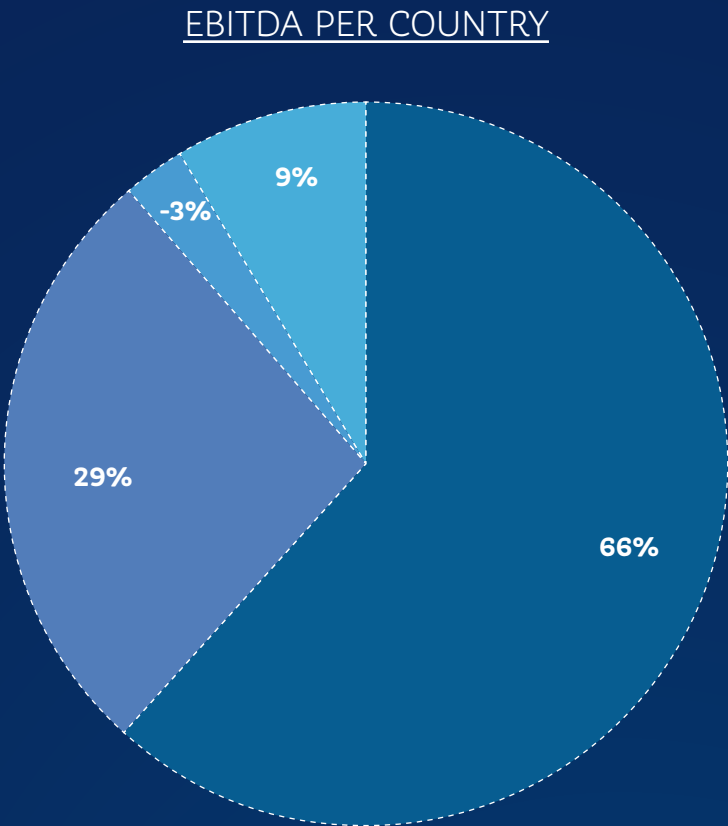
MAIN RESULTS BY COUNTRY 2022

(FIGURES IN MILLION MEXICAN PESOS)

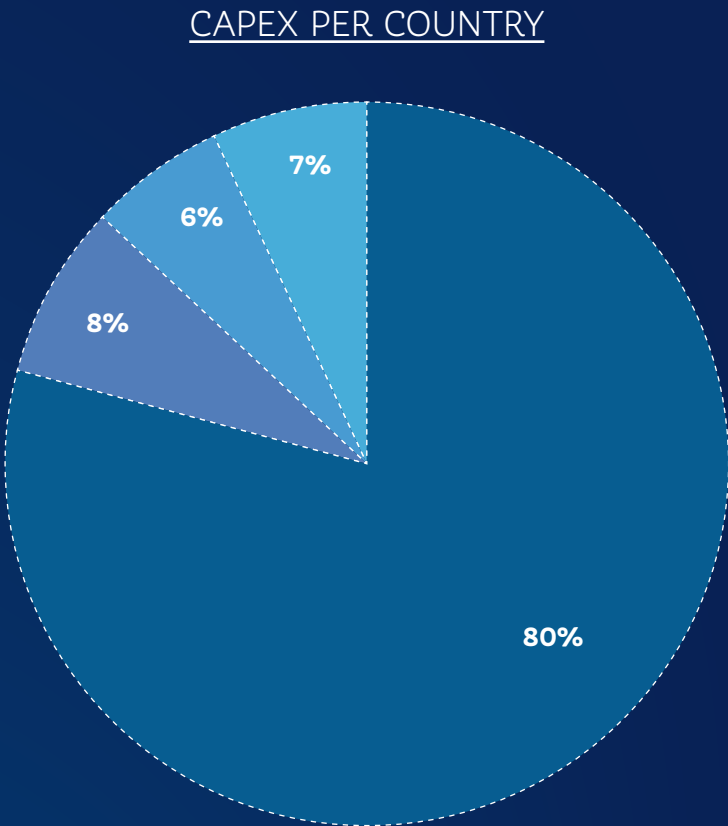
Mexico Argentina USA Other Total



\$12,774



\$1,982



\$659



# DISTRIBUTION OF ECONOMIC VALUE

GRI 3-3, 201-1

The economic value generated by the business is redistributed in line with our **360° sustainable value creation approach**, which considers all our stakeholders, contributing to the economic growth and development of the societies where we operate.

For example, service payments are made to suppliers and taxes are contributed to the tax coffers, employees receive remuneration for their work and investments are made in research and development, among other aspects, as shown in the following table.

ECONOMIC VALUE GENERATED AND DISTRIBUTED (EVG AND EVD)  
(FIGURES IN MILLION MEXICAN PESOS)

	2020	2021	2022	Variation 2022 vs. 2021
Revenues (Economic Value Generated, EVG)	8,644.0	10,914.5	12,774.3	17%
Costs and Expenses (Economic Value Distributed, EVD)	8,720.0	11,472.9	12,622.6	10%
Operating Costs and Expenses	5,714.0	8,550.8	9,367.1	10%
Salaries and benefits (for collaborators, COGS + G&A)	1,192.0	1,299.3	1,822.7	40%
Payment to capital suppliers (not considering purchase and/or sale of shares)	1,196.0	831.3	613.5	(26%)
Payments to government (taxes and contributions)	243.0	131.9	61.3	(54%)
Investment in Research and Development	73.0	70.5	98.9	40%
Acquisitions	-	65.2	-	-
Infrastructure investments	291.0	515.0	659.0	28%
Donations (community)	10.0	19.3	-	-
Retained (EVG-EVD)	-75.0	-568.8	151.7	NA

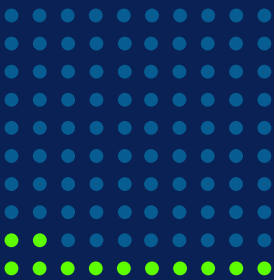


# MAIN RESULTS BY COUNTRY

(FIGURES IN MILLION MEXICAN PESOS)

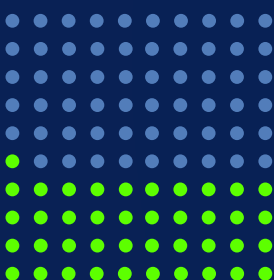
● Mexico ● Argentina ● USA ● Other ● % Growth 2022 vs 2021

Sales



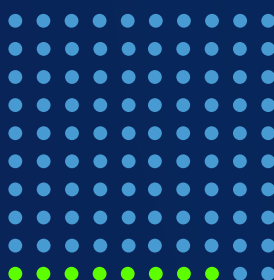
+12.5%

Product growth offsets slow recovery in services



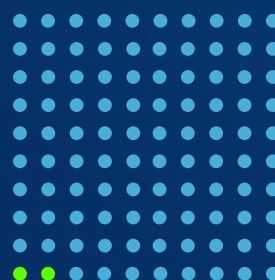
+40.7%

Commercial strategy and pricing discipline



+8.4%

Execution of one-stop-shop strategy for the septic business



-2.1%

**Brazil:** building of commercial and field services capabilities

**Central America:** slowdown in the construction sector in the region and hydro-meteorological effects during some months of the year

**Peru:** slowdown in demand due to political instability and slow economic growth

Adjusted EBITDA

\$1,302 million

20.4% margin

\$570 million

15.4% margin

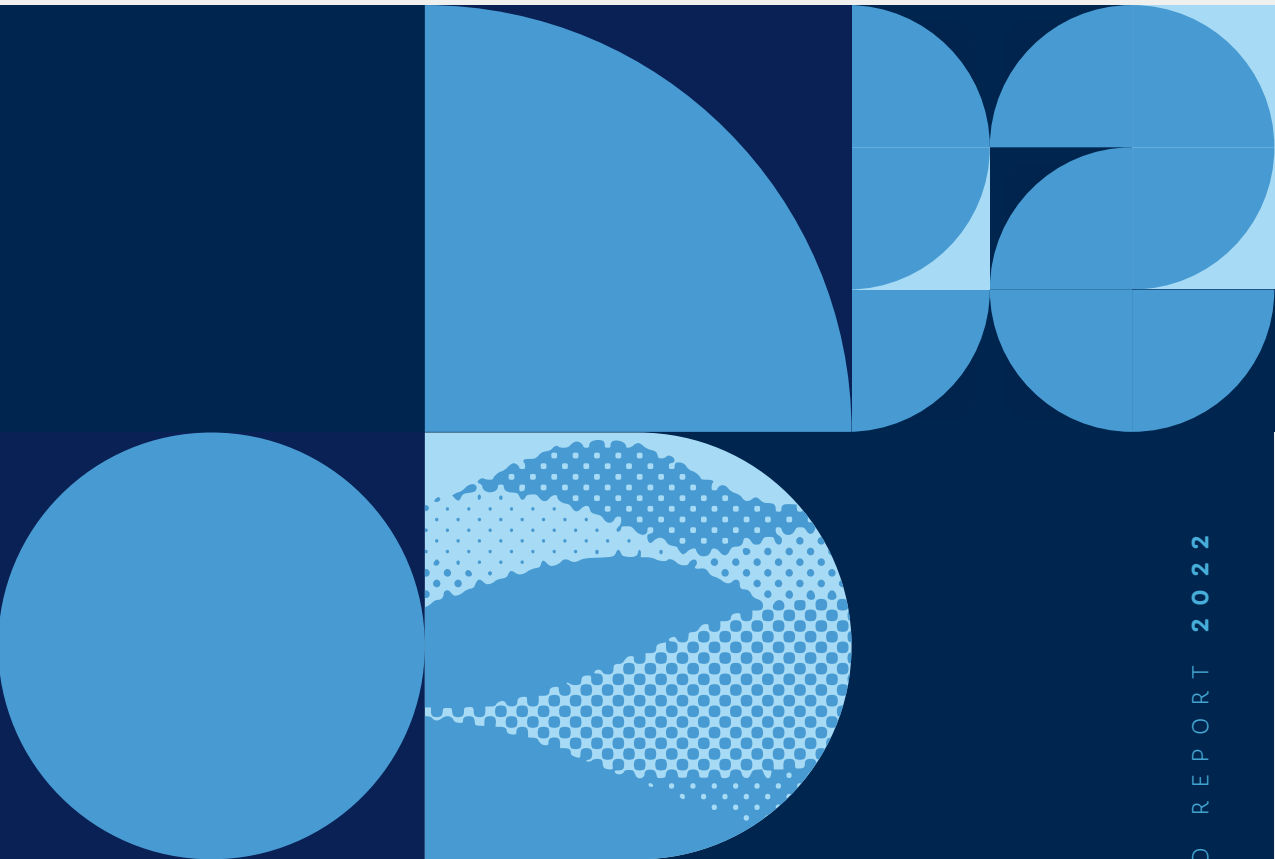
(\$64) million

margin (4.5%)

\$174 million

13.4% margin





# SUSTAINABLE BOND AGUA 17-2X

—  
TCFD EST-B  
SASB IF-WU-000.C

Our sustainable bond aims to **finance and refinance sustainable initiatives that improve access to water and sanitation**, developing solutions that contribute to social development, health and environmental protection. The bond’s framework is aligned with the Principles of Green and Social Bonds, as well as with the ICMA guidelines for Sustainable Bonds and was validated by Sustainalytics as the independent third party.

In 2017, we issued the **first sustainable bond in Latin America**, which had two issues: (AGUA 17-X & AGUA 17-2X). The first one was for \$600 million pesos, with a 3-year term that expired in June 2020, and it was prepaid in February 2020. The second, AGUA 17-2X, was for \$1.40 billion pesos with a 10-year term and maturing in June 2027. Subsequently, two reopenings of this issuance have been made; the first in 2018 for \$1.0 billion pesos, and the other in 2020 for \$1.6 billion pesos, totaling \$4.0 billion pesos.

**By the end of 2022, 83.3% of the net resources obtained through the issuances of the Sustainable Bond had been used.** Of the total resources, 62.5% was destined to wastewater treatment (category 4), 20.8% to drinking water solutions (category 1), and the remaining resources are still unused.



# CORPORATE GOVERNANCE AND ETHICS

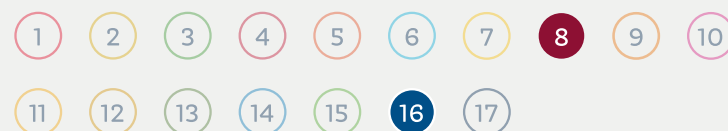
**Our values and ethical standards ensure that operations are maintained within a framework of integrity and transparency.** We work hand in hand with our employees, customers, suppliers, and other stakeholders, promoting the best ethical and corporate governance practices.



## TCFD



## SDG







## STRENGTH OF THE STRUCTURE AND OPERATION

—  
GRI 3-3, 2-9, 2-10, 2-11, 2-23

At Grupo Rotoplas<sup>1</sup>, we understand the significance of having a strong and reliable corporate governance to achieve the objectives we have as a company

We comply with the Securities Market Act (LMV, for its Spanish acronym) and adhere to the best international corporate governance practices. We have set this forth in our **Corporate Governance Policy**, which ensures the exercise of fiduciary duty in the interests of our investors and other stakeholders, as well as due diligence in decision-making.

Our governance structure is headed by the **General Shareholders' Meeting**, the body that approves and ratifies all the Company's acts and transactions. In addition, the General Shareholders' Meeting annually appoints the Board of Directors and establishes their compensation by majority vote, taking into account their experience and alignment with the business. Furthermore, a capability and suitability evaluation is

conducted based on the medium-term strategy for the selection and/or ratification of the members of the Board<sup>2</sup>. This list of skills is contained in a matrix that is reviewed annually.

We remain in compliance with current regulations; therefore, our decision-making process has never been detrimental to the interests of our minority shareholders.

<sup>1</sup> Grupo Rotoplas is listed on the Mexican Stock Exchange (BMV) under the ticker AGUA\*, with a free float of 26%.

<sup>2</sup> Our process for selecting and ratifying members of the Board of Directors is based on objective criteria, aligned with future business expectations. The candidate selection process is carried out by members of the Board of Directors, as well as by people who make up the leadership team (C-suite).





# BOARD OF DIRECTORS

GRI 2-12, 2-13, 2-15, 2-16, 2-17, 2-18, 2-19, 2-20, 405-1  
TCFD GOB-A

● Committee member   ● Committee chairman

		Role and specialization	PARTICIPATION IN COMMITTEES		
			Audit	Corporate Practices and Strategy	Compensations
Carlos Rojas Mota Velasco	Executive President   Chairman of the Board	Founding Partner Commercial expert			
Carlos Rojas Aboumrad	CEO   Board member	Services and Innovation			
Mario Romero	Vice-President of Finance and Administration  Board member	Finance and Sustainability			
Gonzalo Uribe	Vice-President of Business, North and Central America   Board member	Operations / Water-related products			
Alfredo Elías Ayub	Board member	Energy			
Pablo Iturbe	Board member	Marketing / Water technology			
John G. Sylvia	Independent Board member	Energy and Materials, U.S. Representative	●	●	
Francisco Amaury Olsen	Independent Board member	Expert in waterflow and water-related products, Brazil Representative			●
José María Tomás González	Independent Board member	Appliances	●		●
Luis Fernando Reyes	Independent Board member	Human Resources		●	●
Marina Díaz	Independent Board member	E-commerce, Argentina and United States Representative	●		
Alberto Esteban Arizu	Independent Board member	Exports, Argentina Representative			
Jerónimo Marcos Gerard Rivero	Independent Board member	Allocation of Capital and Real Estate		●	
Xavier García de Quevedo	Independent Board member	Finance and operations in the United States			
Mauricio Romero	Secretary, non-member				

The Board of Directors is responsible for defining the company’s strategy, monitoring its proper execution by management, and approving the business management. Additionally, it establishes internal control and auditing guidelines, appoints the CEO, and approves the compensation policies of top executives.

The Board of Directors has 14 members, 8 of whom are considered independent

The Board of Directors has a strong commitment to diversity and inclusion, which is reflected in its composition, as it includes directors from different countries aside from Mexico, representatives of different generations and with experience in various sectors, as well as the presence of a female member. We recognize that there is still much to be done to achieve a better gender parity on our Board and we are committed to continue moving in this direction.

## CHARACTERISTICS OF THE BOARD OF DIRECTORS



57%

independent Board members



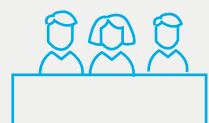
7%

women



5

Board members who are not Mexican



Board comprised by  
**three different generations:**  
Baby Boomers, Gen X,  
Millennials



10.8

Board members average years of seniority

We have a higher percentage than the minimum limit established in the **Corporate Governance Policy** of 30% of independent members. Moreover, the policy defines the requirements for a member to be considered independent.

We hold regular Board meetings at least once per quarter, ensuring that the members receive all the information they need to make informed decisions. In addition, to keep our board members abreast of relevant topics related to their functions and the business, at least once a year, they receive training especially focused on risks or cybersecurity and emerging trends related to the context of our activity and business.

We have a digital platform that allows us to guarantee the security of information and improve control in decision-making and voting at Board meetings. This tool provides us with greater efficiency in our processes and allows us to make decisions in an agile and secure manner, supporting transparency in our operations.

**To foster continuous improvement and enhance the professionalization of business decisions, each of our Board members undergoes an annual self-assessment. In 2022, we achieved a participation rate of 93%.**

The compensation received by Board members is established by the Compensations Committee and approved by the General Shareholders' Meeting, taking into account the economic situation, responsibility of the position, and market standards for comparable companies.

The independent Board members have the experience that contributes to the correct decision-making, with an external perspective. Throughout the years, they have remained abreast of the trends in the sector and industry from a point of view strengthened by their experiences outside the organization. Ratifying independent members with more than 5 years of seniority requires considering and reviewing their attendance, the value of their contribution to the business, and their continued compliance with the requirements of independence in accordance with the Securities Market Act (LMV, for its Spanish acronym) and the Corporate Governance Policy.

For those independent Board members who are part of more than 3 Boards, in addition to that of Grupo Rotoplas, an evaluation is made within a skills matrix that also considers the availability factor. Both attendance and the quality of their participation in Board meetings are verified to ensure their active and effective engagement in their role.

SKILLS MATRIX

As part of our matrix, we seek to continue evolving the Board of Directors and committees towards a value generation and change catalyst approach

We are committed to continuously strengthen the composition and capabilities of the Board to ensure effective leadership in decision-making.

CLASSIFICATION OF SKILLS



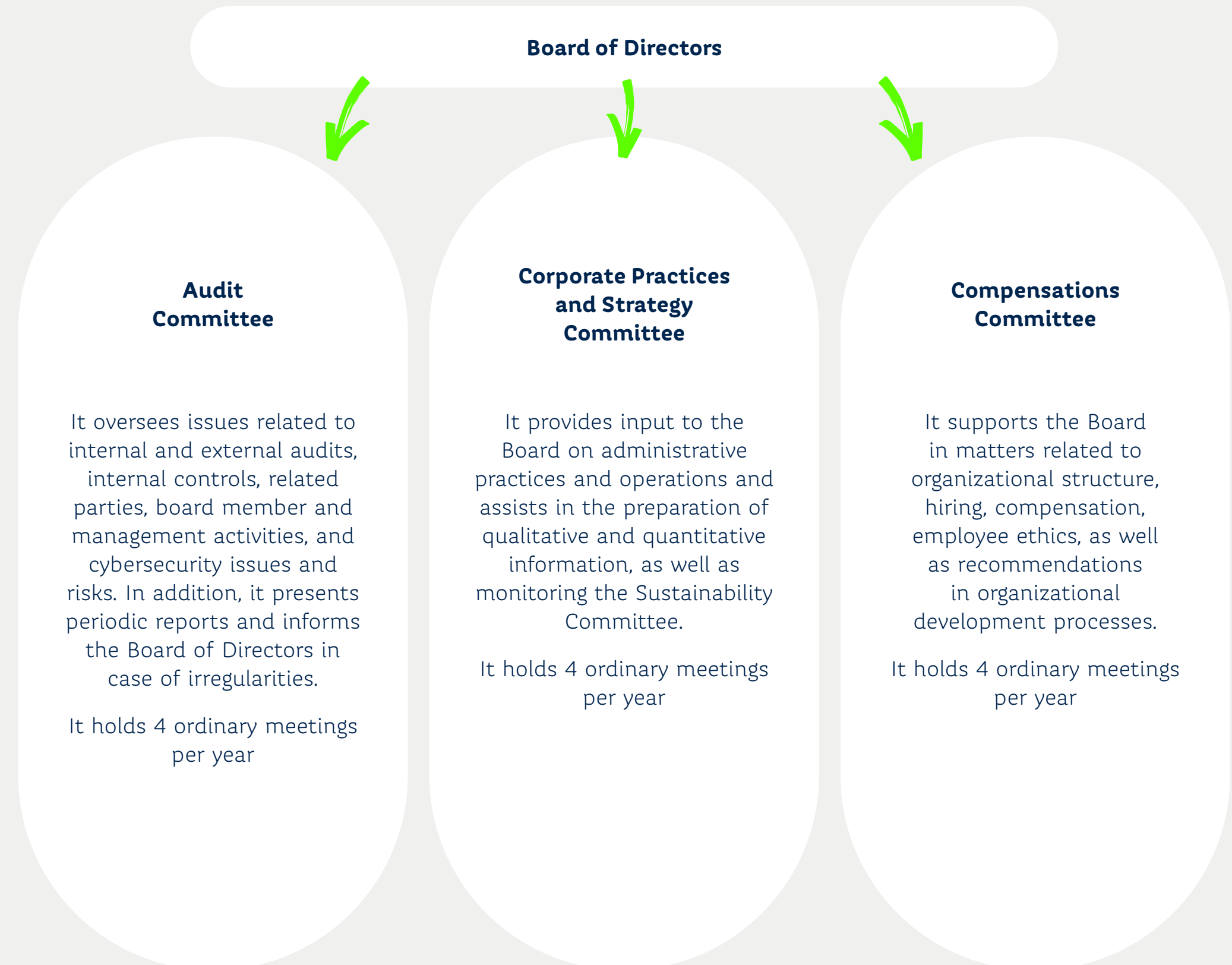


## COMMITTEES

The Board has three committees comprised by independent Board members

During 2022, the sessions of the Board of Directors and Committees were held on site and/or remotely

There were four Board meetings and attendance was 98%. Members were paid three *centenarios* (gold bullion coins) for each Board meeting and one *centenario* for each Committee meeting. Board members do not receive variable compensation.





# LEADERSHIP TEAM

Our management team has vast experience and is composed of the CEO, 6 male vice presidents, and 17 directors, of which 2 are women. The CEO is responsible for managing, leading, and executing the Company’s business and its subsidiaries according to the approved strategy and guidelines set by the Board.”

Coordination and monitoring of the work of the different vice-presidencies and directorates is carried out through strategic alignment meetings where ongoing projects are presented, and the Sustainability Strategy and the status of the organizational transformation program, Flow, are reviewed.

Compensation, in general terms, is determined considering accurate risk management, the company’s business strategy and values, as well as a comparison with other companies in the industry or of similar size. The **compensation of the leadership team**, including the CEO, is established by the Compensations Committee in accordance with the policies approved by the Shareholders’ Meeting.

The CEO’s compensation is calculated on financial metrics that condition the variable part: revenues 40%, EBITDA 40%, ROIC 20%, and the weight that these metrics have on the OKR variable part. The following are the parameters for the calculation of said compensation:

PERCENTAGE	COMPENSATION TYPE	OKRs (OBJECTIVES AND KEY RESULTS)	MODALITY	VESTING PERIOD
(40 – 45%)	Fixed		Cash	
(20 – 35%)	Short-term variable part	*Talent and Culture *Sustainability *Performance of products and services	Cash	
(40 – 20%)	Long-term variable part	ROIC spread over cost of capital	Stock Plan and Referenced Value Units (UVR)	4 years

With regard to the variable compensation of the Vice-Presidents, it follows the same structure as for the CEO, but with adjustments within the short-term variable part related to the achievement of key objectives, based on their level of responsibility within each pillar.

In addition, some vice-presidents also have a Referenced Value Unit (UVR) Allocation Plan and/or a Stock Option Plan (SOP) that is associated with the evolution of indicators such as ROIC and shareholder value generated.





## CULTURE OF ETHICS AND COMPLIANCE

—  
GRI 3-3, 205-2, 2-12, 2-15, 2-23, 2-24, 2-25, 2-26, 2-27, 205-1, 205-2, 205-3, 206-1, 415-1, 417-2, 417-3

The businesses and subsidiaries of Grupo Rotoplas operate under strict compliance with laws, regulations and sound practices.

Our ethical principles are the foundation of our culture and guide our actions at all times. We are committed to operating optimally in the social environment, complying in an indispensable and compulsory manner with rules and regulations.

Adherence to ethical principles speaks of a sense of respect, honesty and integrity; values that are essential for the harmonious performance of work

These principles are consolidated in our **Code of Ethics and Conduct**, addressed to all our employees at every level of the company, as well as to the members of the Board, all the Group's subsidiaries, and our value chain.

As part of our Sustainability Strategy initiatives within the profit pillar, in order to work with a supplier, the supplier must first sign their adherence to the Code of Ethics and Conduct to ensure that they operate following the principles we promote within the company.

In addition, each new employee is trained on the standards of ethics and conduct as part of their onboarding process and must annually reiterate their commitment. In addition, every time any aspect of the Code is integrated or updated, training is reactivated for all employees.



The induction program for new employees includes a module on the Code of Ethics and Conduct, as well as the use of the whistleblowing channel. In 2022, we had 1,020 new hires

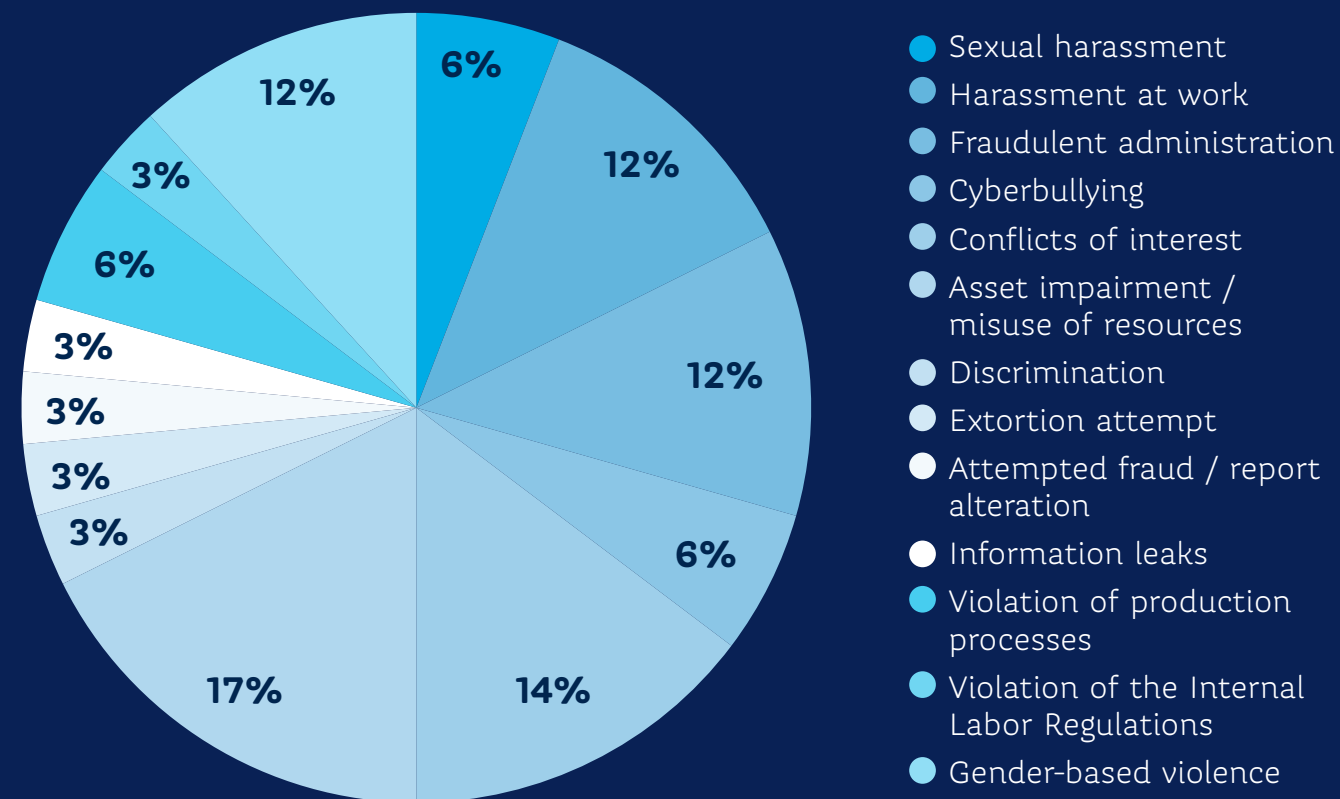
To strengthen our Code and allow employees and other stakeholders to report violations, we have the “**Confía Rotoplas**” platform. This platform allows complaints to be handled anonymously and confidentially through an independent third party in a scrupulous process.

Complaints related to violations of the Code are referred to the **Ethics Committee**, which has been restructured to ensure gender equity, with 1 chairperson, 4 female members and 4 male members. Once received, cases are submitted to the Human Capital or Corporate Security areas for resolution. This resolution is returned to the Committee for validation and implementation. Likewise, the Committee also evaluates and responds to the observations of internal audits in the workplace, thus reinforcing the culture of compliance and corporate responsibility.

**This year, we generated the Ethics Committee Integration and Operation Manual, as well as the Ethics Committee and Complaints Channel Management Policy**



During the year, a total of 34 complaints were received, and the Ethics Committee intervened in 10 of them:



In addition to the cases reported in Fraudulent Administration and Conflict of Interest, we did not have significant sanctions related to Corruption-related issues during the year.

We did not receive any significant fines or sanctions in the economic, social or governance arenas, nor did we have any legal actions regarding unfair competition, monopolistic practices or free competition

Origin of the complaint	Non-compliance / Segmentation	Number of cases	Addressed by the Ethics Committee	Resolution
Ethics Point Report	Sexual harassment	2	yes	Formal complaint before the authority
Ethics Point Report			x	Addressed by Human Capital
Ethics Point Report			x	Internal correction
Ethics Point Report	Harassment at work	4	yes	Official report
Ethics Point Report			x	Termination of employment relationship
Ethics Point Report			x	Addressed by Human Capital
Internal scaling	Fraudulent administration	4	x	Addressed by Human Capital
Internal scaling			x	Addressed by Human Capital
Internal scaling			x	Internal correction
Ethics Point Report	Cyberbullying	2	x	Internal correction
Internal scaling			yes	Termination of employment relationship
Ethics Point Report			yes	Termination of employment relationship
Internal scaling	Conflicts of interest	5	x	Internal correction
Ethics Point Report			yes	Inadmissible
Ethics Point Report			yes	Official report
Ethics Point Report	Conflicts of interest	5	yes	Official report
Ethics Point Report			x	Internal correction
Internal scaling			x	Internal correction
Internal scaling	Asset impairment / misuse of resources	6	x	Internal correction
Internal scaling			x	Internal correction
Internal scaling			x	Internal correction
Internal scaling	Asset impairment / misuse of resources	6	x	Internal correction
Internal scaling			x	Termination of employment relationship
Internal scaling			x	Addressed by Human Capital
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Internal scaling			x	Addressed by Human Capital
Ethics Point Report	Asset impairment / misuse of resources			

## COMPLIANCE

In 2022, it was decided to create a compliance system with internal participation through the Corporate Governance macro-process. For its launching, an analysis of the most relevant risks was carried out, creating a heat map that allows the prioritization of their attention over time. Together with the system we are working on the establishment of **compliance champions** for the different process groups within the macro-process, and they are in charge of reporting to the compliance team and the macro-process committee their action plan and progress in the monthly sessions. This body, in turn, reports to the Audit Committee.

In 2023, we aim to extend this compliance system to the plants, monitoring the securing of permits and their compliance with the support of a member of the legal team. In addition, we seek to incorporate environmental and social aspects into the compliance system and monitoring.

Moreover, we developed the Integrity Policy, which seeks to expand on the topics described in the Code of Ethics and Conduct to strengthen them. We have noted that the knowledge of our policies and procedures related to ethical and compliance issues is permeating throughout the organization and stakeholder groups, starting with our highest governing body.

We have the **Crime Prevention Manual**, which provides the bases for our corporate system of management, monitoring, and analysis of prevention, as well as mitigation of the main crimes to which the company is exposed. The prevention model, together with the “Confía Rotoplas” reporting channel, the investigation and audit processes, and the Ethics Committee, are the pillars that enable the organization to be in compliance.

## We do not make monetary contributions to political parties, government officials or candidates

In terms of **representation and lobbying activities**, we are part of sector organizations to which we contribute financially. Some of these are: the Mexican Business Council, CANACINTRA Nacional and, in different states, the Water Advisory Council (Consejo Consultivo del Agua), Coparmex in different states, and CAINTRA Nuevo Leon. Our total contribution to these organizations in 2022 amounted to \$6.2 million pesos. However, we do not make monetary contributions to political parties, government officials, or candidates.

### PROTOCOL FOR COMPLAINTS OF SEXUAL HARASSMENT

In cases of sexual harassment reports, we take immediate action, providing specialized consultants on the administrative mechanisms and legal scope applicable to their handling. We make sure to prioritize and safeguard the rights and obligations of all parties involved, always respecting the will of the victim. We provide them with information on the relevant legal parameters and avoid any actions or treatments that could re-victimize the individuals and violate their dignity.

As a preventive measure, all employees are required to complete the **course on “How to deal with gender-based violence”**, which can be found on the Aprender portal. At present, 457 individuals have already completed the course, which corresponds to 28% of total progress. The course remains open, and we expect to achieve 90% in 2023, as part of our ongoing efforts to promote a safe work environment free of gender-based violence.



# ACCESS TO SOLUTIONS

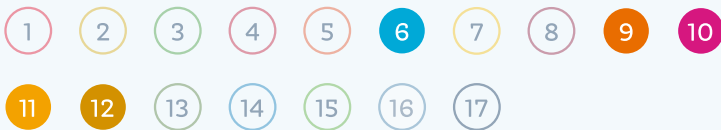
An essential part of our purpose is to facilitate access to our products and services through the development of new channels, as well as with the support of distributors and plumbers, to ensure an optimal shopping experience.



TCFD



SDG





## SUPPLY AND DISTRIBUTION

GRI 2-6, 204-1, 3-3, 308-1, 308-2, 414-1, 414-2

At Rotoplas, it is essential to recognize each of our stakeholders such as our distributors, plumbers and suppliers, whose efforts and commitment have allowed us to deliver quality products and services in a constantly changing environment, where their support and belief in our purpose have allowed people to have more and better water.

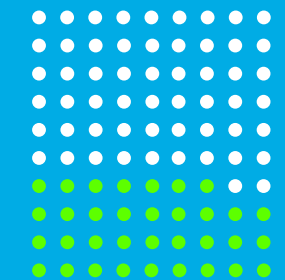
That's why we aim to develop top-quality products by carefully selecting and interacting with our suppliers. We focus on innovating our raw materials to ensure the best possible outcome.

During 2022, we continued to face the challenge of timely sourcing of raw materials and increased costs in the supply chain; however, we are increasingly better prepared to face these situations in the coming years through the diversification of our supplier base.

More than 3,700 suppliers make up our supply chain, and in 2022, they were paid a total of \$7.74 billion

### DIMENSIONS OF THE SUPPLY CHAIN:

All suppliers we work with are Tier 1 suppliers.



**3,742**  
tier 1 suppliers



**104**  
critical suppliers



These represent  
**49% of annual  
supplier spending**

### IDENTIFICATION OF CRITICAL SUPPLIERS

As part of our company-wide risk management process, we annually identify critical suppliers by considering the volume of raw materials they provide for the manufacture of key products, whether they are unique, indispensable or non-replaceable due to the specific nature of the material/service they provide, or the production capacity we require, as well as when they are the only players with the necessary technology for the development of our solutions.

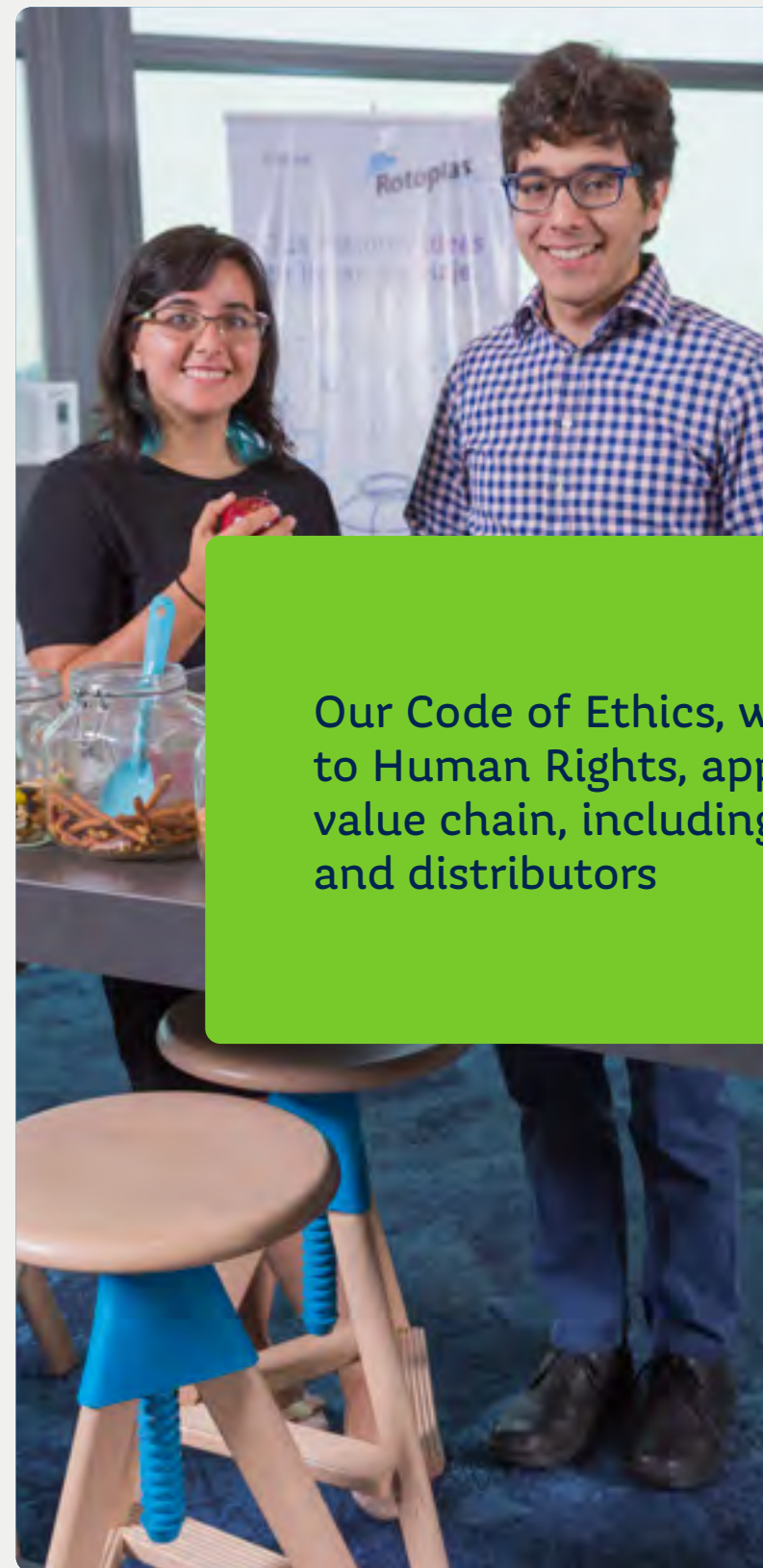


## PROMOTION OF ESG PERFORMANCE

We work upstream and downstream with all the members of our value chain to generate opportunities for mutual learning and to promote good environmental, social, and corporate governance practices.

Upstream, we find our suppliers, who provide us with the right quality of raw materials needed for production. Downstream are our distributors, installers and maintenance providers for solutions such as *bebbia*, treatment plants and septic tanks.

We have a **Sustainable Procurement Policy** in which we have established the social, environmental, and corporate governance requirements for suppliers, thus ensuring that our supply chain is aligned with our principles, values and commitments to sustainability. The sustainability criteria guide the process to reduce or eliminate negative externalities that we may be generating directly or in the value chain; for instance, fostering the incorporation of recycled resins, developing products with lower energy consumption at the usage stage, or performing evaluations on human rights.



Our Code of Ethics, which also refers to Human Rights, applies to our entire value chain, including our suppliers and distributors



Suppliers



Rotoplas



Distributors



Maintenance  
suppliers

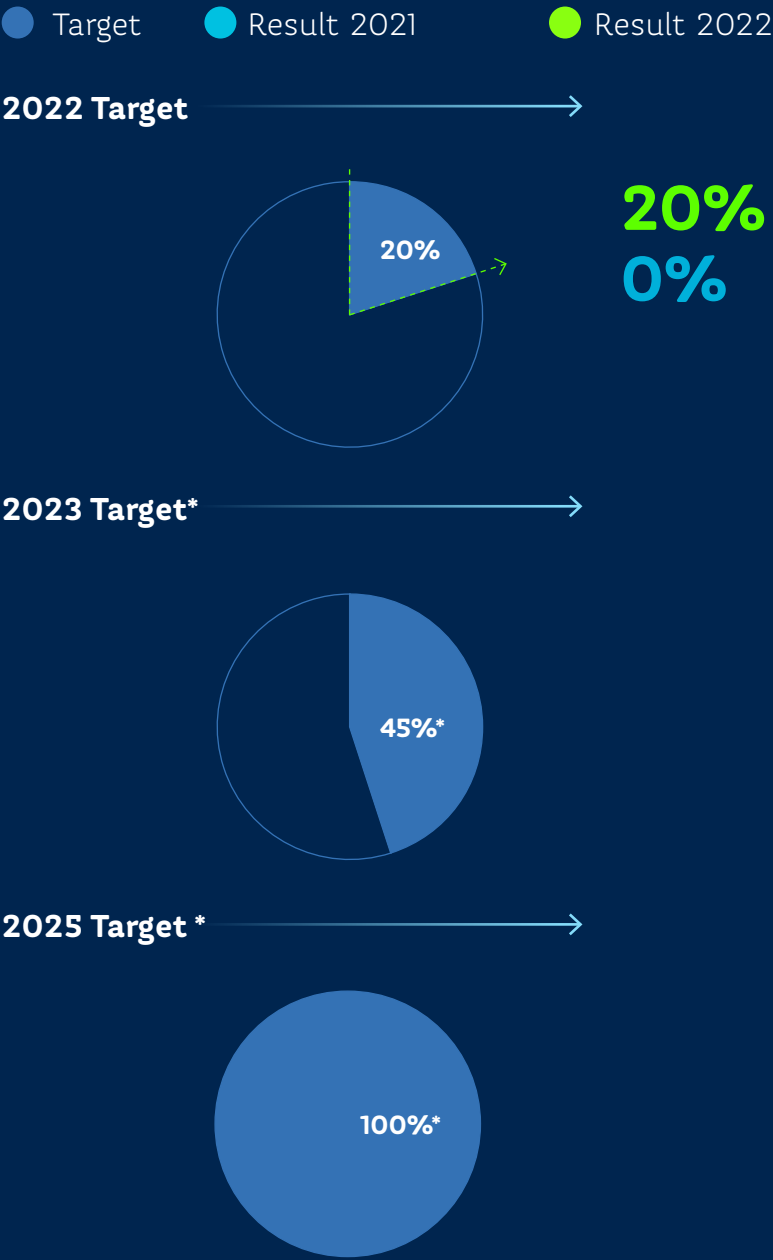


Installers





SUPPLIERS EVALUATED WITH ESG CRITERIA



\* Target on level 1 critical suppliers.

During 2022, more than 700 suppliers were evaluated on ESG topics to meet the target of 20% of the Group’s total suppliers. The evaluation consisted of a questionnaire of best practices in each of the three dimensions and laid the groundwork for the development of an engagement strategy with those suppliers. By 2023, the target is to evaluate 45% of the suppliers classified as critical, and by 2025, the ambition is to cover 100% of these critical suppliers.

As a joint effort between the quality and procurement departments, an **audit program** was initiated to **certify suppliers** and guarantee the quality of both the manufacturing and shipment processes of purchased parts. In 2022, hand in hand with an external party and through a visit format, 26 suppliers were certified, and more than 20 audits are scheduled for 2023.

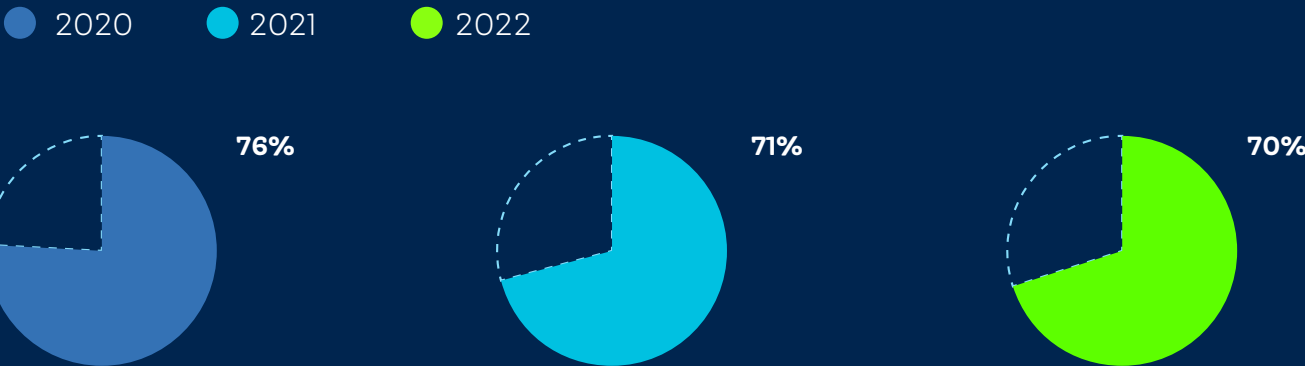
In addition, during the year the procurement department adopted the platform of a company that is part of the World Compliance Association for the review and identification of risks in supply chains through technology based on data science and machine learning. We seek to ensure that all our suppliers have the VP360 certification of this platform, as it covers issues such as money laundering, financing of terrorism, drug trafficking, anti-corruption, human rights violations, arms control, terrorism, hiring of minors, and environmental violations, among others.

By the end of 2022, 100% of our active suppliers at Grupo Rotoplas level were validated by VP360 as “reliable suppliers”

# OUR COMMITMENT TO NATIONAL SUPPLIERS

At Rotoplas, we are committed to the local development of the suppliers in each of the countries where we operate, and we allocate 70% of our spending to domestic suppliers.

SPENDING ON LOCAL SUPPLIERS



PERCENTAGE OF SPENDING ON SUPPLIERS BY CATEGORY





We have optimized routes, achieving a 7% reduction in kilometers traveled, equivalent to 584 thousand liters of fuel saved and avoiding the emission of 1,566 tCO<sub>2</sub>e

## DISTRIBUTION

Since 2021, we have implemented a new **Financial Forecast** that allows us to have optimized planning for raw materials and product inventory, as well as for transportation.

For transportation we rely on Oracle Transportation Management (OTM), which helps us optimize routes and loads, improving delivery and costs per route. Moreover, it provides us with real-time information on the location of the units, communicating it to clients. Starting in 2023, we will be implementing it in all the Group's units.

In the case of Mexico, our delivery routes are designed based on proximity to manufacturing plants. In addition, we continued with the **Rotoplas Transportation Management System (RTMS)**, the system for our clients to place orders and monitor their deliveries.



## INSTALLATION AND MAINTENANCE

We have a service platform that includes the installation and maintenance of our solutions by our own employees, as well as by specialized third parties. We seek to be closer to the customer, accompanying them at every stage of the purchase and post-sale process

## DEVELOPMENT OF DISTRIBUTORS AND PLUMBERS

—  
GRI 203-2, 3-3, IP 4

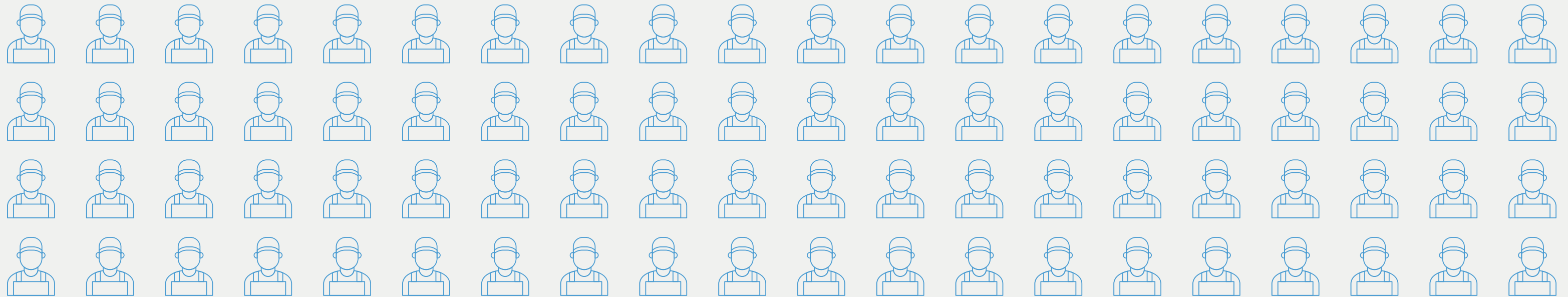
To ensure a good customer experience, we maintain a close relationship with our plumbers through our loyalty programs, as well as ongoing training. We inform them about the solutions that are part of the product and service portfolio, their benefits and competitive advantages, as well as the procedures for proper installation and maintenance of the solutions.

During 2022, 5,916 plumbers were offered training in Mexico and Central America, registering a total attendance of 16,848. Several of the plumbers and installers participated in more than one course.

**During 2022, we provided 13,400 hours of training to plumbers and installers in Mexico and Central America.**

In addition, in Mexico, we offer training with curriculum value through the certification provided by the federal authority through the **Conocer program**. In this way, we develop a network of highly trained plumbers, which allows us to ensure the quality of the service delivered to the customer.





600 plumbers in Mexico obtained the ECO 079 “Water Solutions Advisor” certificate that provides the Ministry of Public Education in Mexico (SEP)

Starting in 2019, with the **Gana Más con Rotoplas program (Earn more with Rotoplas)**, we seek to reward the loyalty of our most important allies: plumbers, retail sellers and distributors. We reward their purchases and sales of Rotoplas products with Rotopoints that they can exchange for different prizes and rewards.

A total of 18,765 plumbers are currently enrolled in the program, 12% more than at the end of 2021

In Argentina, the loyalty program is called **Club A** and, like the *Gana Más con Rotoplas* program, it transforms each purchase of Rotoplas, Señorial or IPS brand products into points to gain access to different prizes from the catalog. By the end of 2022, we had 6,462 installers and 1,590 stores participating in the program.



# DIGITAL TRANSFORMATION

GRI 3-3, IP 2

Aligned with technological trends, we continue our focus on the digitalization of water, evolving the product and service portfolio towards smart solutions that incorporate data & analytics for a more efficient use of the resource. In addition, we continue to strengthen our online and digital commercial channel, which allows us to be closer to our customers.

This transformation represents new potential risks in terms of information security and cybersecurity, which has led us to strengthen our policies, procedures and contingency plans.

In 2022, we redoubled our efforts to **train our employees in Information Security**, making it mandatory for all employees to read and understand the Security Policy and the Information

Classification Policy, through an e-learning that includes a brief knowledge assessment at the end of the course. This digital course covers topics such as: phishing, secure e-mail use, malware, information risks, etc.

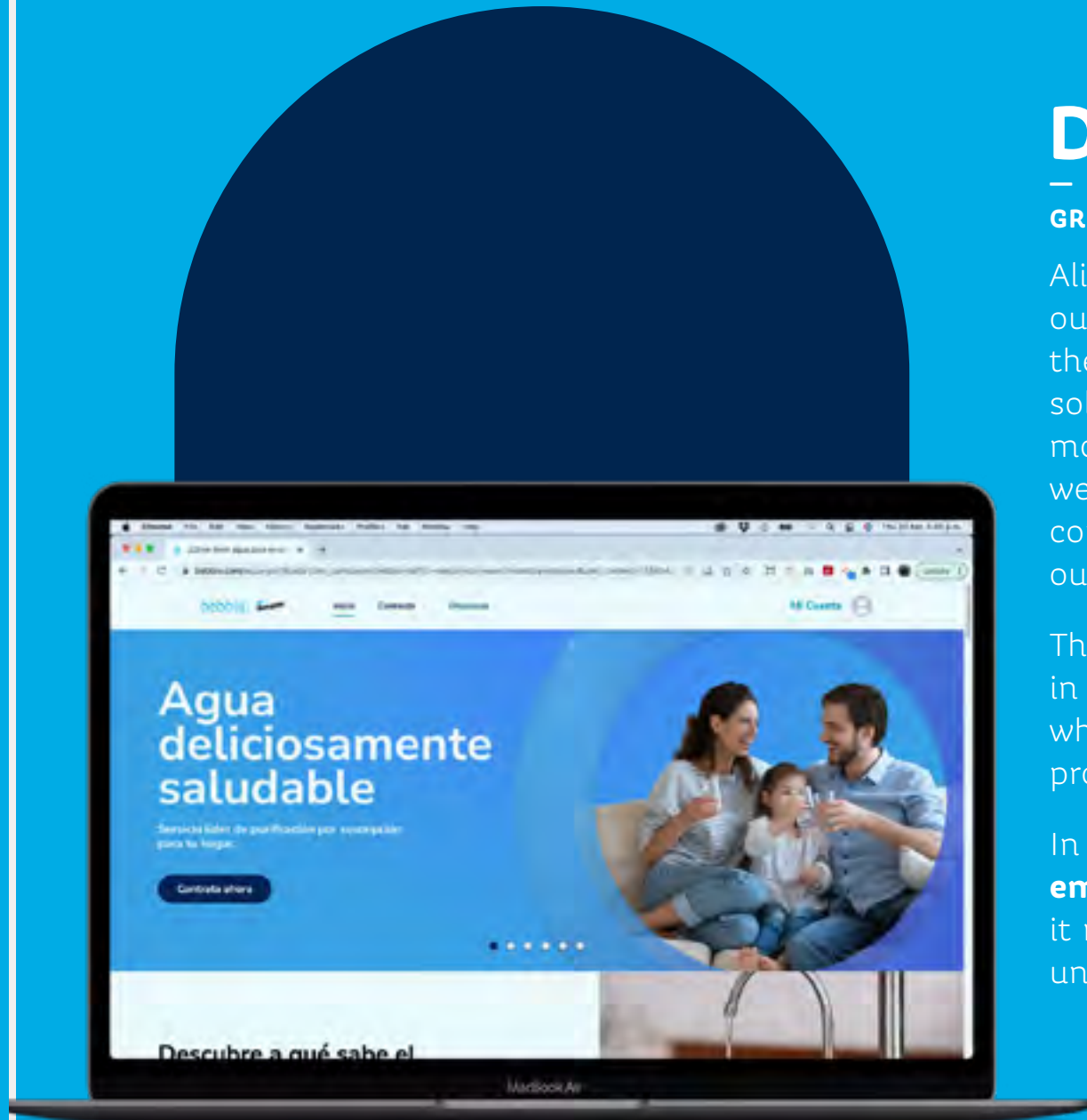
In addition, there are two related courses on the Aprender platform, **Cybersecurity: data protection and privacy**, and Cybersecurity: you can reduce the risks.

## E-COMMERCE

SASB IF-WU-000.A

Our digital transformation focuses on streamlining processes and strengthening the innovation strategy, improving the website and e-commerce platforms' service level, as well as digitalizing the *bebbia* business in Mexico and Acuantia in the United States.

This has produced direct effects on the year's sales, mainly in the United States, where they increased due to better visit-to-sale conversion rates on websites and the development of the septic business. During the year, sales through digital or e-commerce channels at the Group level amounted to more than 11% of total revenues.





## BEBBIA

We continue with an omnichannel strategy that includes different ways of approaching customers; however, we have developed and strengthened our digital capabilities to provide an experience that adapts to the times and needs of our customers. All types of interactions can be performed on the new platform, from contracting, to scheduling the installation or maintenance of the purifiers.

Likewise, we have improved customer proximity through instant messaging for appointment confirmations and reminders.

With *bebbia*, we offer a practical and efficient solution to guarantee pure, reliable and quality water in homes, businesses and offices

Since the end of 2021, we have been working on building a **tailor-made platform** that adapts to the client's needs, focusing on:

1

Simpler and more minimalist purchasing process

2

Comprehensive online account management by the customer: change of payment method, billing data, viewing of payment history, among others

3

Installation and maintenance scheduling

*bebbia* users:  
+88,000 in 28 states of  
the Mexican Republic



# INNOVATION

GRI 3-3, 2-28, IP 2, IP 5

## In September, Grupo Rotoplas was recognized by HSBC with the Leading Companies in Sustainable Innovation Award in the Governance category

We are known for being a company of innovative solutions and for being at the forefront in matters of water use and management. We seek to foster a creative and participatory culture within the company that allows us to create and provide better solutions through innovation and technology.

We promote the generation of incremental and/or disruptive impact initiatives through inter-area collaboration at Rotoplas, which allows us to have a broad vision aligned with the company's value proposition.

Under this scheme, we have an **Innovation Policy** that dictates the guidelines to increase our competitive advantages by improving production processes and solutions.

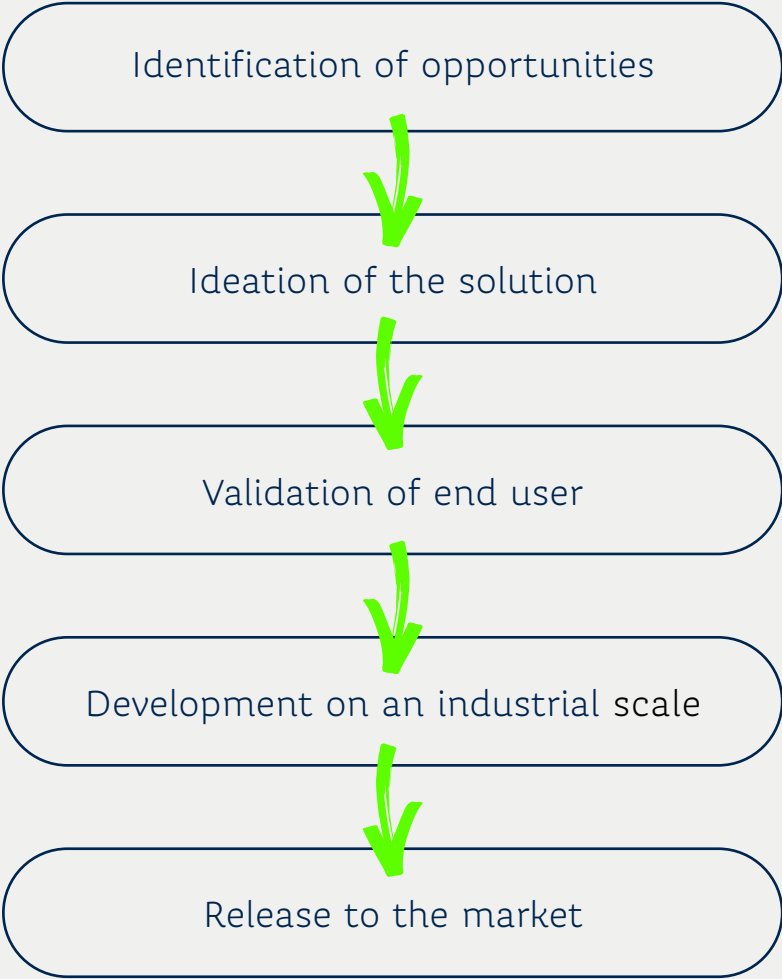
We have an **Innovation Committee** that meets on a quarterly basis. It is chaired by the CEO and comprised by representatives from the following departments: Finance, Products, Services, R&D, and Marketing, and it has the support of the Sustainability, Digital, and Supply Chain teams.

The Committee defines the innovation strategy and is in charge of approving initiatives and the assigned budgets, and bases its decisions on a scorecard that includes the percentage of revenue and EBITDA generated by new products and services, the potential value in revenue and profitability of projects under review, the proportion of innovations with inter-area collaboration, and the percentage of opportunity-to-launch conversion.



# INNOVATION PROCESS

OUR INNOVATION PROCESS



As part of the innovation process, we encourage the integration of our own developments with technologies already available in the market, as well as working together with **specialized research centers:**

- Mexican Institute of Water Technology (IMTA, for its Spanish acronym) for the development of a desalination system
- CONACYT’s Center for Applied Chemistry Research (CIQA, for its Spanish acronym) for the development of formulations and test protocols for Rotoplas products with post-consumption material
- Tecnológico de Monterrey, with whom we convened the Rotoplas-Tec de Monterrey Challenge for students of Industrial Design to develop, as part of their academic activities, the design of a filter for a rainwater harvesting system
- National Autonomous University of Mexico (UNAM, for its Spanish acronym), with a Collaboration Agreement which has produced some technological services for different initiatives and the revision of UNAM patents
- The Autonomous University of Sinaloa with whom, in the context of the activities of the Innwai Hub of Open Innovation, we are developing filtration membranes manufactured from fish waste to replace traditional components in purification systems

- Network of Transfer of Technology Offices (OTT Network) in Mexico, which strengthens the innovation ecosystem
- CICY (Yucatan Center for Scientific Research) and CONACYT (Research Center of the National Council of Science and Technology)
- Coahuila University for materials innovation
- Research and Advanced Studies Center of the National Polytechnic Institute (CINVESTAV, for its Spanish acronym) for the development of an advanced electrochemical oxidation system for the treatment of polluted waters





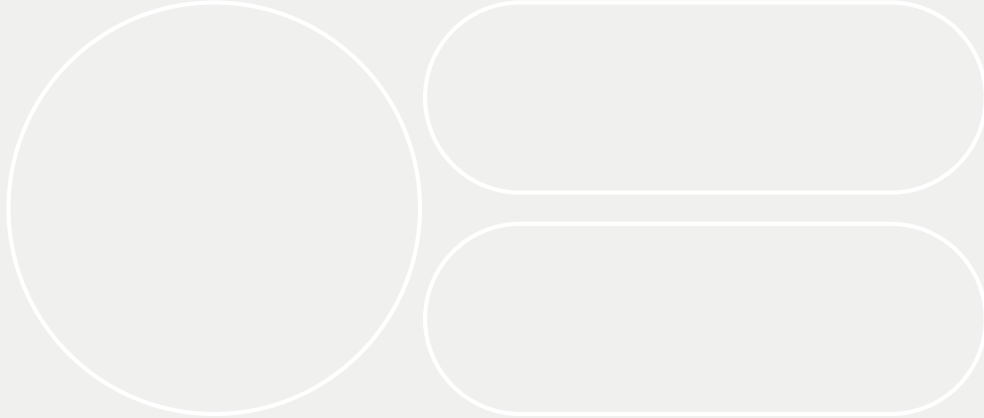
Through our open innovation platform **Innwai** we seek to raise awareness and contribute to the generation of ideas that can be materialized to address the challenges of access, availability, management, sanitation and heating of water in the world.

In this way, we contribute directly to the Sustainable Development Goals (SDGs). **6. Clean water and sanitation** and **9. Industry, innovation, and infrastructure**.

At Rotoplas, we believe that collaboration with different stakeholders is key to solving the challenges present in the water cycle

Through the company's sense of innovation and with the drive of Flow and the Transformation Office, we promote the development of new solutions and/or their improvement.

For 2023, the goal is to invest 3% of EBITDA in R&D and thus continue to offer relevant solutions to water stress and climate change.



In 2022, we made a total investment of \$98.9 million in innovation and development, which contributed to the development of new products, representing 5% of EBITDA

MAIN NEW SOLUTIONS LAUNCHED 2020-2022

MEXICO

- Plumbing fittings: flexible connector hoses
- Fire protection pipes
- Air conditioning pipes
- Plastic pipe supports
- Hermetic silo for grain storage
- Tank installation kit
- Filter 2.0

ARGENTINA

- New capacity cistern
- Automatic Heater
- Stormwater pipe, various diameters
- Line of mid-range water heaters

PERU

- Strengthening of instant water heaters
- Flexible connector hoses
- Tank installation kit
- Industrial line tank, 15,000 liters

CENTRAL AMERICA

- Tuboplus, various diameters
- Plumbing accessories: flexible hoses
- Corner valve
- Expansion of the electric showerhead portfolio
- Larger capacity tanks

# USER'S QUALITY OF LIFE

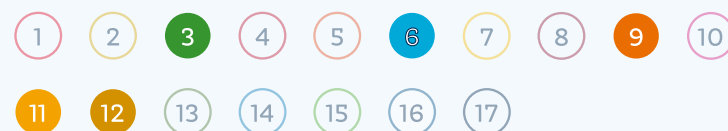
**We always put our customers at the center,** focusing on their needs and offering the best quality in our products and services, maintaining a culture of open listening and service that allows us to identify areas of opportunity.



## TCFD



## SDG



# USER EXPERIENCE

GRI 417-2, 417-3

Our users and customers are the engine that drives us to constantly improve our products and services. Our customer experience principles bolster our commitment to **being the best choice in water solutions available to them**







# USER EXPERIENCE CENTER OF EXCELLENCE (COE)

—  
IP 3

The primary function of the CoE is to analyze different areas of the company to diagnose the maturity of customer focus and generate new capabilities. To this end, the **Insight Center** is used; this is a digital platform that spreads information about customer and user needs and expectations to various members of Rotoplas.

As part of the CoE, 3 areas are added, in charge of implementing the user experience strategy, monitoring and managing the identified areas of opportunity.

We highlight that during the year we did not have any sanctions related to the information and labeling of our products, as well as our marketing campaigns.

In 2022, the Customer Service Centers (SAC, for its Spanish acronym) in Mexico, Peru, and Central America resolved 2,805 inquiries and complaints from our customers, and the service achieved 94% satisfaction

## VOICE OF THE CUSTOMER

Monitors the voice of the customer indicators in all business units.

- Launch of satisfaction surveys for our services and products that allowed us to identify areas of opportunity in the customer journey.
- A survey was conducted to know the profile of *bebbia's* clients
- Lean and post-sales validations

## STRATEGIC DESIGN

Implement customer-focused methodologies, integrating different areas for their execution.

- Value proposition analysis through visits and interviews
- Product and service design and innovation, transition to the digital era (app improvement)
- Data analysis

## CUSTOMER-CENTRIC CULTURE

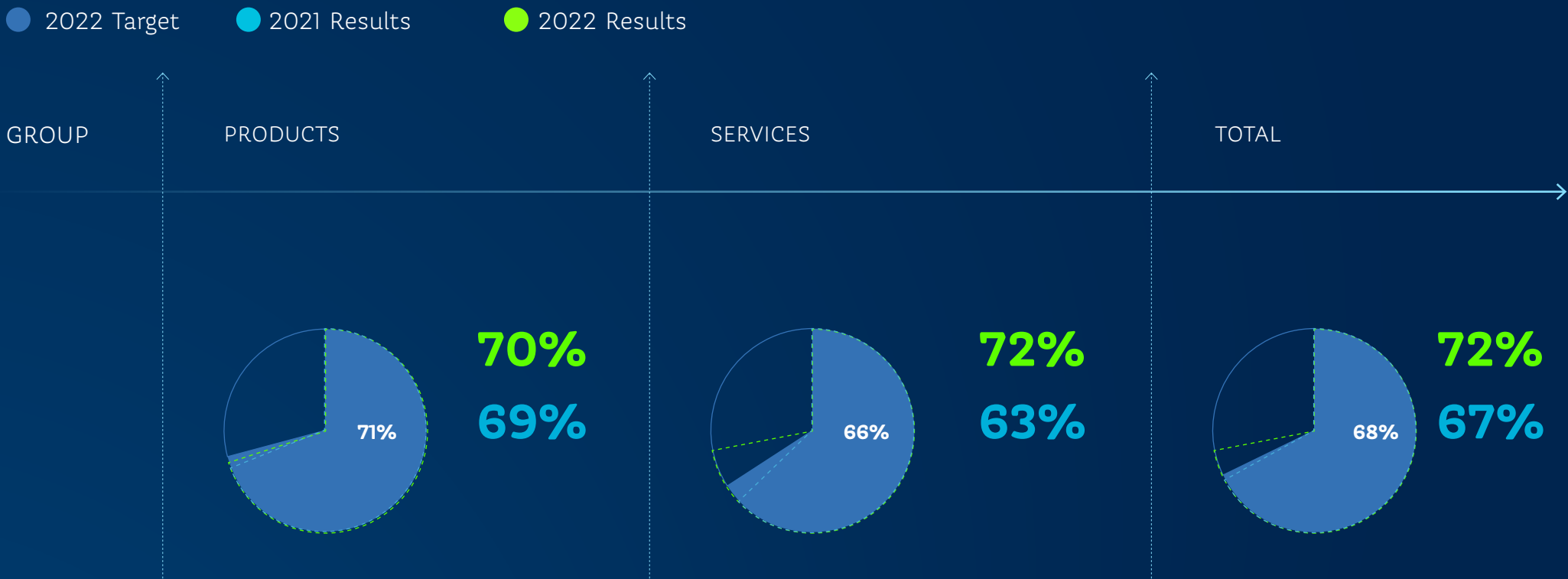
Creates a customer-focused culture and empowers and areas that have a direct relationship with them.

- Redesign of the Net Satisfaction Score (NSS)
- Implementation of Customer Experience committees: Mexico, Peru and Rotoplas Water Services
- Training and certifications:
  - 93% Reach in Customer Experience CX certification = 1,291 employees at Group level.
  - 3 Master Talks 2022 with CX experts = 740 attendees
  - Internal communication: 2 Rotoplas TV episodes, 2 Campaigns with Principles of Experience

# NET PROMOTER SCORE (NPS)

Our customer experience assessment is a comprehensive evaluation, focusing not only on the quality of the product, but also on the service and experience we provide

This evaluation was answered by 30% of product customers in Mexico, 32% in Argentina, 48% in Peru and 90% in Central America. We also received feedback from 16% of our service customers in Mexico.



# WATER AVAILABILITY

We seek to promote the responsible use of water through efficient solutions, raising awareness of the vital importance of the resource and through our participation in the public agenda, contributing to the development of solutions designed to meet the needs of citizens.



TCFD



SDG





# PARTICIPATION OF THE PUBLIC AGENDA

GRI 2-28 IP 1

## PARTICIPATION IN SECTOR INITIATIVES

We work together with associations specialized in water, sanitation, and other environmental aspects in the different countries where we are present, enhancing our experience and knowledge.

### ASSOCIATIONS IN WHICH WE PARTICIPATE:

- Aquafondo - Water fund for Lima and Callao (Peru)
- Cámara Peruana de la Construcción (Peruvian Construction Chamber) (Peru)
- Cámara Peruana Mexicana (Peruvian-Mexican Chamber) (Peru)
- Water Advisory Council (Consejo Consultivo del Agua) (CCA) (Mexico)
- Green Finance Advisory Committee (Consejo Consultivo de Finanzas Verdes), Mexican Stock Exchange (Mexico)
- Argentinean Water Forum (Foro Argentino del Agua) (FAdA) (Argentina)
- Trata Brazil Institute (Instituto Trata Brasil) (ITB) (Brazil)
- Network of Technology Transfer Offices (TTO) in Mexico
- Water.org
- Argentine Association of Sanitary Engineering and Environmental Sciences (Asociación Argentina de Ingeniería Sanitaria y Ciencias del Ambiente)

## SUPPORT FOR INTERNATIONAL INITIATIVES

We are also a part of and support global initiatives, which seek to enhance our vision and collaborate on sustainable water treatment across borders.

We support the UNs public-private initiative, **CEO Water Mandate**. Since the adoption of the mandates in May 2019, we have become part of a diverse and global community of more than 150 companies committed to taking action on the challenges of water as an essential resource for human life, industrial activities, and environmental balance. Annually, through this report, we prepare a Communication on Progress (COP) regarding our commitments, an initiative that seeks to promote the achievement of the SDGs through workgroups with the participation of academia, civil society and the federal government.

Moreover, we continue to participate in Duke University's Edge Advisory Council, promoting close relations between the private sector and academia to foster innovation in sustainable solutions.





# WATER AWARENESS

GRI 3-3 | IP 1

As part of our Social Investment Strategy, we have participated in various public instances to encourage the culture of water conservation, understanding that for economic and social development it is essential to meet the demand for clean water for all inhabitants

We adhere to SDGs 4, 6 and 9 to make a broader impact through our operations.

## FUNAM, MEXICO

The Rotoplas-FUNAM award was created in 2021 due to the importance of innovation for the development of **new technology to solve water-related issues**. It is particularly important to do so through UNAM because of the relevance of public educational institutions in the development of new knowledge.

More specifically, the first edition of the award focused on **water treatment**: best practices, compliance and enforcement of regulations, as well as planning and public policies. After receiving 20 theses, the members of the jury selected 7 winning projects: 3 Bachelor’s degree projects, 3 Master’s degree projects and 1 PhD project.

### Contest 2021 Awards (MXN)

	Undergraduate Thesis	Master’s Thesis	PhD Thesis
1st place	\$70,000	\$110,000	-
2nd place	\$50,000	\$70,000	-
3rd place	\$30,000	\$50,000	\$80,000

In September 2022, the call for the second edition of the award was launched, this time **specifically for women** and focused on favoring, encouraging, promoting and recognizing the commitment of female students in the areas of physics, mathematics and engineering sciences; social sciences; humanities and the arts, in research and innovation in the field of water treatment. Three projects will be chosen, and each winner will be awarded a cash prize.

### CONTEST 2022 AWARDS (MXN)

Project 1	\$96,666
Project 2	\$96,666
Project 3	\$96,666





WATER DEBATE, ARGENTINA

Rotoplas participates in the “Water Under Discussion” (*el Agua en Debate*) program, a public-private initiative that seeks to create a space for research and reflection on water management and care, aimed at high school students so that they can become agents of change in their communities.

During the debate sessions, there were two motions related to water, such as the risks of water in mining and the use of water in the home and its rates. A total of 180 students participated in this debate, and Rotoplas, AySA and Xylem participated as volunteer judges.

864 students and 47 teachers from both state and private schools were trained

*“We think it’s a pretty good experience. Not only does it give you the possibility of being in a debate, but it also brings awareness and makes you value more the resources we have. Specifically, before we started with the study, perhaps we did not give as much importance to something as important as water. Having more information and knowing all the processes involved in having it in our homes makes us value it more”*  
(Ivana Papa, 5th year student at Escuela Técnica N.3 de San Martín)



SUNASS EDUCATIONAL WATER EXPO 2022, PERU

Together with the National Superintendency of Sanitation Services (SUNASS, for its Spanish acronym), we participated in the Educational Water Expo 2022 virtual fair, created especially to recognize and reward the efforts of thousands of students and teachers nationwide through the “Good Practices for Saving Drinking Water” contest, where various projects and artistic expressions inspired by the care and appreciation of water can be seen.

A total of 8,748 students from 843 schools enrolled, 54% of whom were female and 23% of whom were from rural areas. In addition, 566 teachers participated, 78% of whom are women and 23% of whom are from rural areas.

SENSIBILIZARTE: SOMOS AGUA, SOMOS ARTE, PERU

Thanks to the invitation from Aquafondo, and in alliance with the National Water Authority, the Ministry of Agrarian Development and Irrigation, and the Municipality of Surquillo, we participated in the second edition of the contest SensibilizArte “Somos agua, somos arte” (We Are Water, We Are Art), under the framework of the celebrations of World Water Day, where we promote the participation of artists to convey through art the importance of protecting natural resources and revaluing water sources. A total of 237 artists participated in the categories of mural painting and digital poster.

Contributions during 2022 for the development of culture and awareness projects

Contributions (MXN)	
Mexico	\$289,998
Argentina	\$45,503
Peru	\$49,647
Total	\$385,148



## WEB AND MICROSITES

We provide information on the care and importance of water in web portals, in partnership with different organizations, to make the information available and follow up on it



Is an interactive portal that aims to improve water management in Mexico by involving everyone, a project of the Fund for Environmental Communication and Education (*Fondo para la Comunicación y la Educación Ambiental*).



A web community created by Rotoplas, which seeks to raise awareness about the proper use of water.



A portal with a calculator to determine the water footprint; that is, one's water consumption based on individual habits and usage.



## SOCIAL CONTRIBUTION, WATER ACCESS AND SANITATION

—  
GRI 3-3, 203-1, 203-2 | IP 8 | SASB IF-WU-000.A

Through our services, we contribute to the resilience of communities to climate change and access to quality water

We support the development of agriculture and other industries by providing alternatives to reduce their environmental impact and water footprint.

During this year, **we provided 223 thousand people with access to sanitation.** Our goal for 2025 is to reach 1 million cumulatively, considering the primary treatment solutions or biodigesters marketed since 2021.



# COMMUNITY SUPPORT AND SANITATION PROGRAMS

GRI 3-3. | IP 1, IP 8

As part of our Social Investment Strategy, throughout the year we developed projects with an impact on the population, seeking to improve the quality of life of the communities with which we interact through initiatives that contribute to access to quality water and its care.



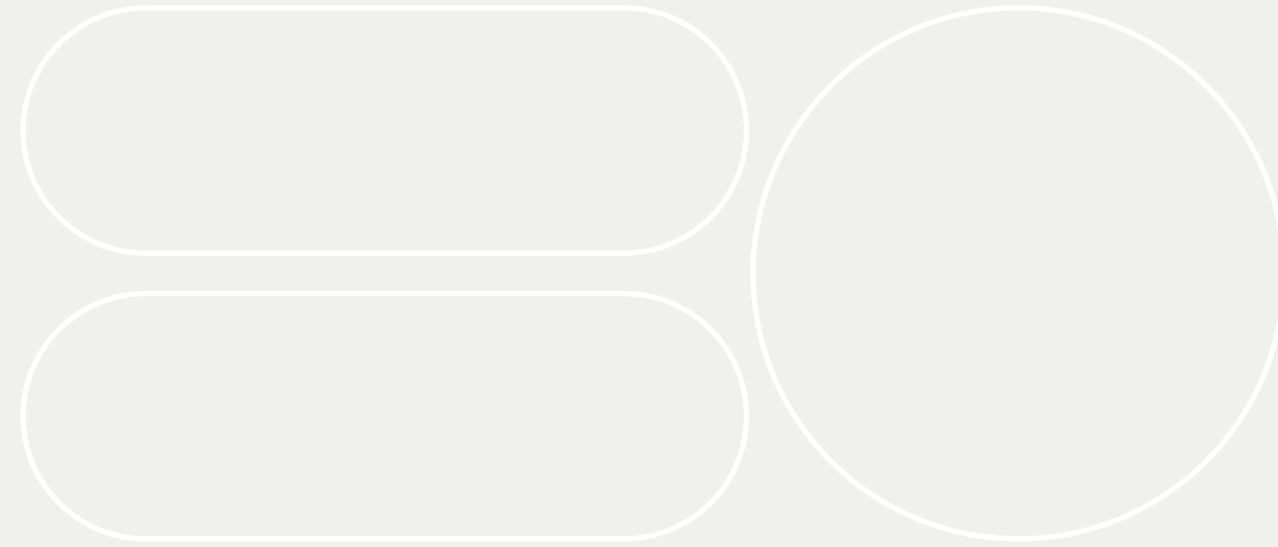
We collaborate in programs with social impact to provide access to water and sanitation in communities

## SOCIAL INVESTMENT<sup>1</sup>

	Contributions in MXN	People impacted	Women	Girls and boys	People in rural areas
Mexico	\$289,998	106	36	19	103
Argentina	\$184,017	1,530	-	730	-
Peru	\$832,896	9,314	5,164	-	2,179
Total	\$1,306,911	10,950	5,200	749	2,282

<sup>1</sup> Includes contributions to NGOs, in-kind and cash donations to initiatives developed during the year, as well as the cultural and awareness-raising activities on water use described in this chapter.





**JOSÉ LUIS MANTECÓN,**  
VICE-PRESIDENT OF SUSTAINABILITY  
AND HUMAN CAPITAL



**“ For more than 40 years, we have undertaken projects for the benefit of people with water backlog.** We are convinced that our actions must have an integral impact on other needs, which is why it is very important to form valuable alliances whose goal is to **promote the development of communities** through collaborative work **”**



### MEXICO

Together with Fundación Acciona, in 2021 we promoted initiatives that improve the quality of life of families in Oaxaca, fostering access to safe drinking water through sustainable infrastructure so that people can meet their basic needs. During 2022, 25 rainwater harvesting systems were installed.

In addition to offering water access solutions, the project empowers the benefited population through management and representation committees in each community, following the association's models. Under the guidance of Rotoplas and acciona.org Mexico, the beneficiaries receive specific training for the assembly, use and basic maintenance of the solutions. In addition, a supply and service center is being set up by a local entrepreneur, which is located in a strategic area for these communities.

As part of our volunteering efforts, 22 employees participated in the forest restoration of the Tarango Ravine in Mexico. In 2021, the Tarango Ravine suffered devastating fires that affected around 60 hectares of land. As a response to this, we developed the **'Renacer de Suelo'** (Reborn from the Soil) strategy, which included a planting campaign plus two maintenance and monitoring campaigns. During 2022, 1,087 specimens were replaced in the restoration of species that act as nurse plants and other species that help retain moisture and enrich the soil.

As part of our collaboration, we gave a talk on technologies for the efficient management of water resources, which addressed the problems of water scarcity and quality in the current context. The talk was addressed to company employees who attended the volunteer activity, as well as to young people who are part of the temporary employment program and carry out restoration activities.

Rotoplas provided 25 families with rainwater harvesting systems, benefiting 103 people: 51 men, 33 women, 12 boys, and 7 girls

ARGENTINA

In Argentina, we had a corporate volunteer program in which 86 employees were involved in the development of communities by generating awareness of the value of water. We continue to mark our social commitment within the framework of our CSR strategic plan.

In this volunteering program, we built and installed 6 solar collectors with reused materials together with families in vulnerable situations in the San Jorge neighborhood, near our operation. We have been able to teach the families so that they can replicate it in the communities.

In addition, we have assisted in the environmental emergency in the province of Corrientes providing materials for volunteer firefighters' associations and rural schools, facilitating access to water for more than 800 people.

Throughout the year, we have supported foundations, technical schools and neighborhood clubs, which has provided access to more than 46 thousand liters of water to more than 4,000 school-age children in Buenos Aires, Chaco and Salta.

Together with Fundación Aguas and UNICEF, we have collaborated in the WASH project **“Strengthening the right to water in schools in Chaco and Salta”**, which seeks both access to water and the empowerment of communities, developing strategies to support community actions for water, training and generating involvement and collective participation for social change. Our support to 5 schools has enabled more than 330 students to have access to quality water and improve their quality of life.

PERU

In Peru, we are part of a social project called **“Atrapa Nieblas”** (fog catchers), in which we have the collaboration of:



The fog catchers consist of screens that trap the micro-droplets of water from fog, and at the bottom of the screens, they are transferred to the storage tanks. This is an innovative system that collects 200 to 400 liters of water per day; a storage tank is supplied by a set of three to six nets.

Thanks to the **“Correr por el agua”** (Run for Water) initiative, carried out together with Perú Runners and Grupo Hidráulica, the fundraising goal was reached to install the fog catchers in the Vista Alegre community, in Villa María del Triunfo, benefiting over 200 families.

50 fog catchers were installed, benefiting more than 200 families

OTHER PROGRAMS IN PERU:

- We provided water storage tanks for the *“huertos para Villa María”* (vegetable gardens for Villa María) initiative, where produce is grown to supply the local soup kitchen.
- Proyecto Aseo, together with ASEI, where we donated five 1,100-liter tanks and 5 peripheral pumps for Peruvian schools' sinks. We benefited 5 schools and more than 6,165 children.
- Together with the Coca Cola Foundation, we trained more than 100 villagers on the use, maintenance and care of the water tanks used in soup kitchens.



## ENVIRONMENTAL FOOTPRINT OF OUR SOLUTIONS

—  
GRI 302-2, 303-1, 305-3

Our storage and waterflow products do not require energy for the usage phase; however, we seek to improve the energy efficiency of home improvement solutions, such as electric and gas heaters, as well as certain purifiers that require electricity.

Within the Services, we strive to improve the energy efficiency of our solutions: drinking water dispensers (institutional use), purifiers (household use), and water treatment and recycling plants.

With our products and services, we support our customers in becoming more sustainable. One example of this is the household drinking water purification service, **bebbia**, which reduces the consumption of plastic bottles and, with the treatment and recycling plants, water can be reused instead of being discarded and polluting the subsoil.

We also help to mitigate water problems in agriculture and encourage the adoption of sustainable practices in agriculture through **riego**.

We are committed to keeping our customers informed, making them aware of the **water and carbon footprint related to our main products**. This allows them to know the impact throughout the life cycle of the solutions, following the guidelines set forth by international standards such as ISO 14046 and ISO 14067.

To measure the water footprint, the impacts of eutrophication, ecotoxicity, and scarcity were considered; this implies the contribution to water bodies of harmful compounds that deplete the oxygen in water (eutrophication) and increase the toxicity of the environment (ecotoxicity), as well as the water scarcity factor. The results indicate that the greatest impact of our products is in the stages of raw materials manufacturing, use, and end of life.

On our website, you can view the environmental fact sheets with the footprint of the products at all their stages, from the extraction of raw materials to their final disposal or recycling.

# CIRCULARITY AND CLIMATE CHANGE

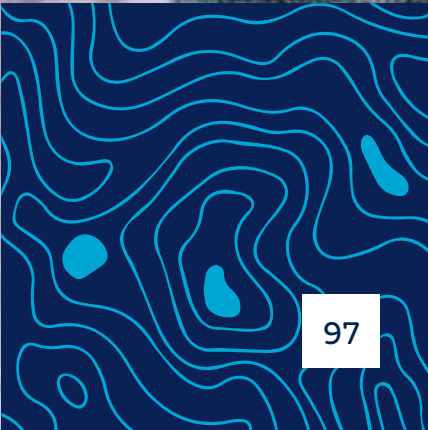
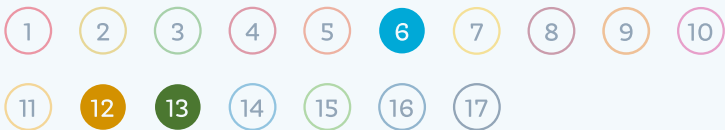
We are committed to working with **efficiency criteria in the use of materials, water, energy and fuels in the design and implementation of our operations.** With this, we seek to reduce our Greenhouse Gas (GHG) emissions and our environmental footprint.



TCFD



SDG







# LIFE CYCLE MANAGEMENT APPROACH

GRI 416-1 SASB CG-BF-410a.1, RT-CH-410a.1

We seek to progressively increase the use of renewable energies and continue to manage our waste by maximizing its use, adhering to circular economy criteria.

The efficiency of our processes, products and solutions is a strategic pillar for achieving circularity. All our solutions are designed to offer water and/or energy efficiency, and are developed with efficiency criteria for the use of materials and inputs.

AS PART OF OUR INITIATIVES, WE HIGHLIGHT:

Supply of <b>renewable energy</b> through the use of solar panels	Use of post-consumption and post-industrial <b>recycled resins</b> (own and third-party resins)	<b>Efficiency in the manufacture of products</b> , as well as the maintenance of products and services that increase their lifespan	<b>Reutilization of water and reduction of water consumption</b> through the use of treatment and recycling solutions
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## QUALITY AND DURABILITY

GRI 3-3, 416-1, 416-2

The quality and lifetime of our products are elements that we constantly monitor to ensure their correct operation and guarantee our customers and users the best experience, taking care of their health and safety.

For this purpose, our product portfolio is evaluated under the technical standards of each country, certifying compliance with **independent certifications**, such as the official Mexican Standards (NOM, for its Spanish acronym). In Mexico and Argentina, standard ISO 15874 further guarantees the quality of pipes production processes. Likewise, in Argentina, heaters are certified by the Argentinian Gas Institute (IGA, for its Spanish acronym).

As part of ensuring quality standards, along with product safety and environmental care, we work in accordance with our own **Hygiene, Safety and Environment Policy**, as well as our **Climate Change Policy**.

Our strict quality processes, both internal and external, throughout the life cycle of our products, have enabled us to avoid any penalties related to breaches of regulations related to the impact of our products or services on users' health and safety, as well as the labeling and marketing of our solutions.

### ISO 9001

#### CERTIFIED PLANTS

- Lerma
- Leon (Rotopinsa and Rotomolding)
- Peru
- Monterrey Compounds
- Monterrey Storage Solutions
- Anahuac
- Guadalajara
- Sureste
- Waterflow Argentina

#### PLANTS OPERATING "BASED ON"

- Argentina: Pilar and Pilarica

### ISO 14001

#### CERTIFIED PLANTS

- Lerma
- Leon (Rotopinsa and Rotomolding)
- Peru

### ISO 45001

#### CERTIFIED PLANTS

- Lerma
- Leon (Rotopinsa and Rotomolding)
- Peru

We undergo internal audit processes carried out by the quality department and external audits to certify our processes and products under prestigious international benchmark rules and standards



# MATERIALS

SASB CG-BF-000.A, RT-CH-000.A) (TCFD MYO-A

The main inputs used in the manufacture of our products at Group level are resins, composed mainly of polyethylene and polypropylene. Additionally, within our operation, we use metal for manufacturing heaters.

During 2022, we processed more than 55 thousand tons of resins, 16% of which were recycled resins

	2022	2021
Resin processing for transformation (milling) (t)	35,287	38,293
Transformed resins (t)	55,013	68,765
Processed metal (heaters) (t)	6,891	5,864

Note: Prior to the transformation of plastic resin, it is preprocessed (milling) to meet the requirement for transformation through rotomolding and/or blow molding.

We continued with the “Green Project” to increase the use of recycled resins, contributing sustainable solutions to reduce the impact of our operation, promoting circularity and the development of the supply chain.

The incorporation of recycled material has been studied and assessed by the Innovation and Development Center in Leon (Mexico) to maintain product quality and safety standards.

## “GREEN PROJECT” RESULTS: INCORPORATION OF RECYCLED RESINS

	2022	2021
Recycled resin (t)	8,998	5,920

# WASTE

GRI 306-1, 306-2, 306-3, 306-4, 306-5 SASB RT-CH-150a.1, CG-BF-410a.2  
TCFD MZO-A

Throughout our operation, we seek to minimize and maximize waste generation, adhering to the principles of circularity and ensuring its correct final disposal. Thus, it is important to implement effective waste management strategies to reduce our environmental impact while complying with government regulations and improving our operating efficiency.

The recycling of our special management waste, such as wood, cardboard, and plastic, has great potential to reduce our environmental and economic impact. In addition, recycling can generate a source of secondary raw materials that can be used in the manufacturing of new products, thus reducing the need for virgin resources.

With the support of external suppliers, we ensure the **integrated management of our waste**, providing legal compliance and transparency in its disposal, always adhering to our internal policies and procedures.

## WASTE GENERATED

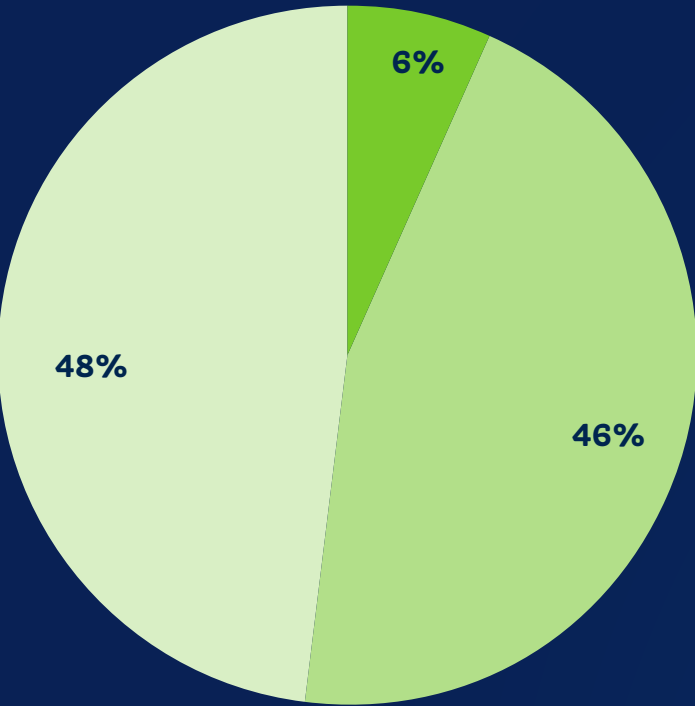
	2022	2021	2020
Urban solid waste (USW)	669	389	422
Special handling waste (SHW)	591	242	793
Hazardous waste (HW)	59	75	54
Grupo Rotoplas Total	1,319	700	1,268





DESTINATION OF WASTE GENERATED BY GRUPO ROTOPLAS

Coprocessing   Final disposal   Recycling

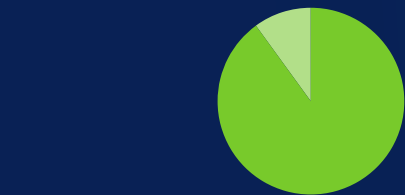


We succeeded in recycling 48% of our waste, strengthening our commitment to the environment and to sustainability, reducing our environmental footprint.

	2022	2021	2020
Grupo Rotoplas Total (t)	1,319	700.1	1,268.2
Recycling	48%	34%	58%
Coprocessing	6%	4%	7%
Final disposal	46%	61%	35%

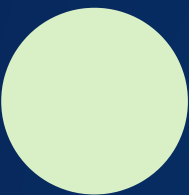
DESTINATION OF WASTE GENERATED BY GRUPO ROTOPLAS

Coprocessing   Final disposal   Recycling



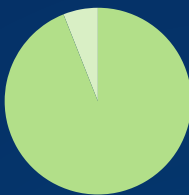
Hazardous

	Coprocessing	Final disposal	Recycling
2022	90%	10%	0%
2021	31%	69%	0%
2020	70%	30%	0%



Special handling

	Coprocessing	Final disposal	Recycling
2022	0%	0%	100%
2021	1%	0%	99%
2020	2%	5%	93%



Solid waste

	Coprocessing	Final disposal	Recycling
2022	0%	94%	6%
2021	2%	98%	0%
2020	9%	91%	0%

Thanks to the Rotoplas Technology Automated Manufacturing System (SMART, for its Spanish acronym), implemented in storage solutions and heaters manufacturing processes, there are energy efficiency and waste reduction initiatives.

With the SMART System, 12 to 15% of post-industrial waste generation is avoided

Currently, our operation requires an average of 1.15 m<sup>3</sup> of water for every ton of material processed or transformed, 0.15 m<sup>3</sup> of which are recovered thanks to the recirculation systems at the plants

## WATER

—

**GRI** 3-3, 303-1, 303-2, 303-3, 303-4, 303-5

**SASB** RT-CH-140a.1, RT-CH-140a.2, RT-CH-140a.3, IF-WU-000.D, IF-WU-450a.1, IF-WU-140b.1

**TCFD** MYO-A

Water is our raison d'être so, in line with our purpose, we strive to reduce and optimize our consumption. Although our business is not considered a water-intensive activity, approximately 70% of our operations are located in areas of high or extremely high water stress.

During 2022, we consumed 111,652 m<sup>3</sup> of water

In compliance with local legislation, we have wastewater treatment plants (WWTP) at our Guadalajara and Merida plants in Mexico, as well as at our Pilar plant in Argentina, through which we treat the water from our operations for reutilization.

In addition, we have **water recirculation systems** in the Anahuac, Golfo, Guadalajara, Lerma, Guatemala, and Peru plants, where we seek to reuse process water. Additionally, we have a Rainwater Harvesting System at the Pilar plant in Argentina.

THE MAIN RISKS  
RELATED TO WATER  
MANAGEMENT ARE  
HANDLED WITHIN OUR  
RISK MATRIX AND ARE  
THE FOLLOWING:

Resource  
scarcity

Decrease in the quality  
of the resource due to  
pollution

Cost  
increase

Negative perception of its  
management by any of  
our stakeholders

Regulatory  
non-compliance



WATER CONSUMPTION BY SOURCE (m³)

	Water extracted			Others		Total water consumption
	Municipal	Underground (Well)	Others (tank cars)	Rainwater harvesting	Reused and/or recycled water	
2022	40,213	27,985	29,030	NA	14,424	111,652
2021	76,450	14,690	3,230	4,600	6,230	105,200
2020	50,910	40,570	17,850	350	14,330	124,010

NA: Not available

It should be noted that this year there were no cases of non-compliance with water permits, standards or regulations, just like in 2021.

We did not have any incidents related to the quality of water discharges, either at our own facilities or as a result of the treatment plants we operate through *Rotoplas Servicios de Agua* in Mexico and Acuantia in Brazil.





## OPERATING EFFICIENCY

—  
GRI 3-3

Throughout our value chain, we seek to efficiently optimize our resources, preserving the quality of our products and services, reducing costs and monitoring potential areas of opportunity under a scheme of ongoing improvement



# ENERGY

GRI 302-1, 302-2, 302-3, 302-4, 302-5 **SASB** CG-BF-130a.1, IF-WU-130a.1, RT-CH-130a.1 **TCFD** MYO-A v

In 2022, our electricity consumption at a Group level was 57,085 MWh (205,506 GJ); 32,570 MWh (117,254 GJ) corresponded to cogeneration-based energy supply and 1,045 MWh (3,765 GJ) through on-site solar energy; the rest corresponds to grid consumption.

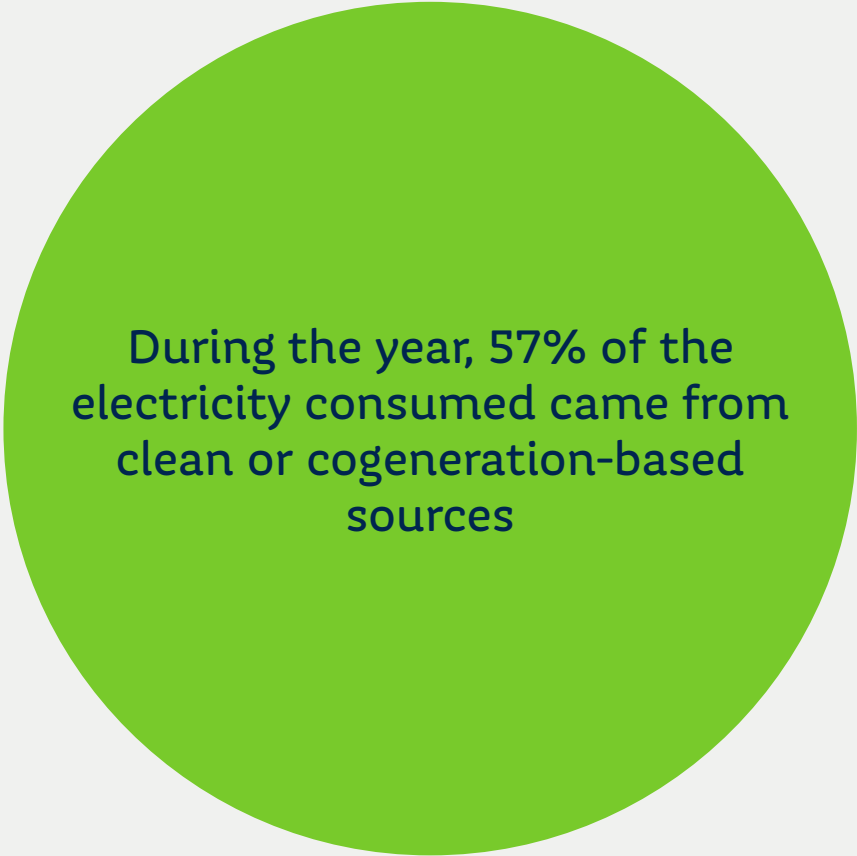
## ELECTRIC ENERGY 2022

	kWh
Energy Power grid	23,468,709
Cogeneration energy	32,570,580
Renewable energy	1,045,918
Total energy	57,085,207

## TOTAL ENERGY CONSUMPTION

	2022	2021	2020
Total consumed (GJ) (energy plus fuel)	632,062	585,813	614,370
Intensity (GJ/t of resin processed-metal)	6.50	5.27	10.57

Note: The intensity is calculated by considering the total energy consumption in GJ over the tons of processed resin and metal. There is a restatement of information from previous years, since the intensity was reported in KWh.



## FUEL USE

	Stationary source						Mobile source						TOTAL	
	NATURAL GAS		LP GAS		DIESEL		GASOLINE		LP GAS		DIESEL			
	m³	GJ	m³	GJ	m³	GJ	m³	GJ	m³	GJ	m³	GJ	m³	GJ
Rotomolding- blowmolding	8,127,257	327,797	3,055	79,805	0	13	23	756	187	4,872	16	562	8,130,538	413,806
Injection, extrusion, and milling	13,776	556	0	0	1	49	0	0	463	12,105	1	40	14,241	12,750
Total	8,141,032	328,352	3,055	79,805	2	62	23	756	650	16,978	17	602	8,144,780	426,556

# EMISSIONS

**GRI** 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7 **SASB** RT-CH-110a.1, RT-CH-110a.2, RT-CH-120a.1 **TCFD** MYO-A, MYO-B, MYO-C

We work to progressively and efficiently reduce our emissions; we bet on energy efficiency and on the use of cleaner energy sources.

## SCOPE 1 AND 2 GHG EMISSIONS

	2022	2021	22 vs 21
Scope 1	22,098	21,578	2.4%
Scope 2	22,856	23,920	-4.4%
Total (S1+S2)	44,955	45,497	-1.2%
Intensity (tCO <sub>2</sub> e/t of resin and metal processed)	0.48	0.41	17.1%

**Scope 1 emissions:** Direct from fuel combustion (Natural gas, LP gas, Diesel and Gasoline)

**Scope 2 emissions:** Indirect from the generation of electricity consumed

In 2022, we reduced our scopes 1 and 2 emissions by 1.2%, compared to 2021

We emitted 44,955 tons of CO<sub>2</sub>e in scopes 1 and 2 corresponding to our operation. Likewise, **we were able to end 2022 with an intensity of 0.48 tCO<sub>2</sub>e/t of resin and metal processed, below the corporate target of 0.50.**

Scope 3 includes indirect emissions that come from the Group’s entire value chain, from the production of raw materials to the final disposal of products, as they can have a significant impact on the environment and on consumers’ and investors’ perception.

In this sense, we expanded our inventory, accounting for and analyzing, for the first time, the 15 categories of **scope 3** emissions according to the **GHG Protocol**, 10 of which apply to us. This effort represents an opportunity to identify environmental impacts across our value chain and determine the actions needed to reduce them. This helps the Group to improve its reputation and positioning in a market that is increasingly aware of sustainability.

## TOTAL GHG EMISSIONS (S1, S2 AND S3) 2022

Scope 1 (tCO <sub>2</sub> e)	Scope 2 (tCO <sub>2</sub> e)	Scope 3 (tCO <sub>2</sub> e)
22,098	22,856	202,084

During 2022, we achieved a 16% reduction in emissions corresponding to transportation for product delivery to distributors

On the other hand, the combustion of LP and natural gas from the processes generated 20.9 kg of nitrous oxides (NOx) and 7.4 kg of sulfur oxides (SOx).



## COMMITMENT TO BIODIVERSITY

At Rotoplas, we reiterate our commitment to biodiversity, aware of its importance, especially in the geographies where we are located. Biodiversity is the basis for the generation and preservation of life, in addition to being responsible for providing balance within natural ecosystems; a balanced and healthy ecosystem is the basis for the preservation of resources.

It is very important for Grupo Rotoplas to identify adversities related to biodiversity; we have started to consider decisions that affect it related to the value chain, where we have identified risks associated with the pollution of bodies of water, as well as with deforestation. Within our ESG supplier assessment, we started with the analysis of the first evaluation criteria to measure the potential associated risk.

Mexico is considered a megadiverse country, as it is part of the small group of nations with the greatest diversity of animals and plants, with almost 70% of the world's diversity of species<sup>1</sup>.

Water resources are essential for preserving this diversity; therefore, from our business model, we promote a water culture to encourage awareness, responsible use, care, good practices, timely payment for availability, and spreading the word of its importance.

<sup>1</sup> <https://www.un.org/es/observances/biological-diversity-day> <https://www.biodiversidad.gob.mx/pais/quees.html>





## CLIMATE COMMITMENT

—  
TCFD GOB-A y GOB-B

As part of our sustainability scorecard, we have indicators to evaluate the progress and results of the different initiatives related to energy and emissions. The departments in charge of their management are responsible for establishing annual objectives, supported by the corporate strategy team. These objectives are analyzed at quarterly meetings by the Sustainability Committee, which reports to the Corporate Practices and Strategy Committee, which in turn reports to the Board of Directors every three months.

Moreover, we analyze the **risks and opportunities related to climate change**. For risks, we have established different prevention measures to reduce the probability of occurrence, and mitigation measures to reduce the impact on the company, should they occur; we are also preparing to adapt to the different changes that will occur in the production and market dynamics due to climate change. These initiatives and actions are integrated into the company's Sustainability Strategy.

Internal risk managers receive the analysis developed with the support of external specialists and integrate it into corporate mappings and work plans. Therefore,

progress is also reported through this channel to the Audit Committee and, through it, to the Board of Directors on a quarterly basis.

- **Support Committee for the Board:** Corporate Practices and Strategy
- **Teams:** led by the Sustainability department, with internal risk specialists and other areas, depending on the risk and/or opportunity.

We report on governance and management in this document, aligned with **TCFD recommendations** from the Financial Stability Board, providing feedback to investors on the actions being implemented to mitigate climate change risks and governance.

WORK AXES RELATED  
TO CLIMATE CHANGE IN  
WHICH OUR DIFFERENT  
STAKEHOLDERS PARTICIPATE:

CUSTOMERS

- Distributors with the ability to generate climate value for their customers
- Governments and NGOs that achieve their climate objectives
- Users with greater climatic resilience

Work axes

**Distributors**

- Develop commercial strategies focusing on the impacts of climate change by zone (adaptation and mitigation solutions)
- Train distributors and retailers regarding how our solutions help the population's resilience.

**Government entities and Non-Governmental Organizations**

- Accompany the development of projects that increase the resilience of the population to the effects of climate change

**End users**

- Generate awareness regarding the effect of climate change on the availability and quality of water

PARTNERS (EMPLOYEES)

- Resilient employees, with knowledge and climate proactivity, which strengthen efficiency and operational resilience

Work axes

**Processes and operation**

- Develop measures to reduce GHG emissions, complementing energy efficiency
- Incorporate the relationship with climate change as a variable in innovation and accelerate the implementation of circular economy initiatives

**Team of employees**

- Sensitize employees to the impact of water solutions on the climate resilience of end users
- Link labor activities with the climate impact generated by Rotoplas products and services
- Address the risks of occupational diseases that may be associated with climate change (e.g., due to temperature imbalances)

SUPPLIERS

- Climatically sensitized and proactive suppliers

Work axes

- Assess and monitor suppliers based on their environmental performance as part of the life cycle of Grupo Rotoplas products and services
- Support the development of raw materials with a lower impact and risk
- Foster efficiency and the reduction of GHG emissions in logistics network

BOARD OF DIRECTORS AND  
INTERNAL BODIES

- Strategic climate governance

Work axes

- Consider performance related to climate change in metrics, remuneration and strategy
- Encourage public participation and leadership in topics linked mainly to water

FINANCIAL COMMUNITY

- Generation of climate value for investors

Work axes

- Provide relevant information on climate issues for the financial community
- Strengthen metrics and monitoring to comply with information requirements and foster transparency
- Use the green financing schemes and contribute to their development in the markets

AUTHORITIES AND REGULATORY BODIES

- Provide certainty in regulatory compliance

Work axes

- Strengthen the audit processes and encourage external certification
- Participate in collective initiatives to respond to climate change (including water availability)
- Encourage a culture of environmental compliance in the company

COMMUNITY

- Portfolio that contributes to the climate resilience of communities

Work axes

- Participate in collective initiatives to respond to climate change (including water availability)
- Promote and/or participate in research and studies under a partnership scheme
- Generation of indicators linked to climate change



# TALENT EMPOWERMENT

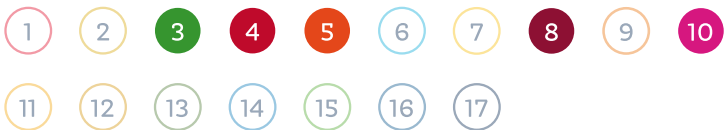
We create and share value with our stakeholders, in line with our values and adhering to the Rotoplas Way.



## TCFD



## SDG





# TALENT EMPOWERMENT

GRI 3-3  
ODS 3, ODS 5, ODS 8, ODS 10

Grupo Rotoplas employees are the driving force behind the efficiency and effectiveness of our operations. Thanks to their commitment to our purpose, we have managed to stay at the forefront of the industry.

That is why, at Grupo Rotoplas, we care and look after the prosperity of our employees. We know that a diverse talent is key to innovation, as well as the development of skills and technical knowledge, which make us experts in water solutions, aligned to our transformation program, Flow.

In addition, we guarantee safe spaces, as well as health and wellness habits, having a motivated work team that can provide the best results



Grupo Rotoplas’ organizational culture invites all our employees to generate a positive impact on society and the environment, encouraging respect, teamwork and spaces where they can participate in the creation of innovative solutions, nurturing the inventive behind our product and service offerings.

Aligned to the 4 pillars of the **Rotoplas Way**, we involve all employees to be part of this organizational culture and strategy, along with our values.

OUR VALUES

Collaboration	Humility
Integrity	Passion for Business
Service attitude	Social and Environmental Responsibility







# WORKFORCE DESCRIPTION

GRI 2-7, 2-8, 2-30, 405-1

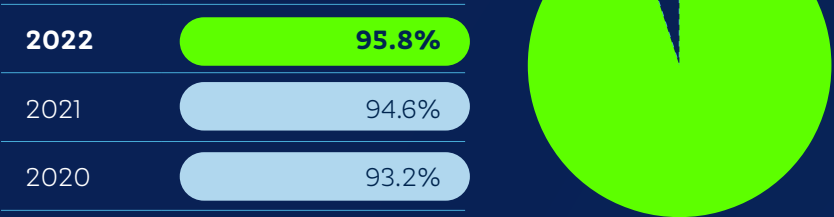
The Human Capital department continues to support the Flow transformation process and has worked on the digitalization to automate and optimize processes related to the **employer journey**.

We remain a solid company, which is why we continue to be an agent that generates employment in the geographies where we operate, thus contributing to the economic development of the regions where we are present.

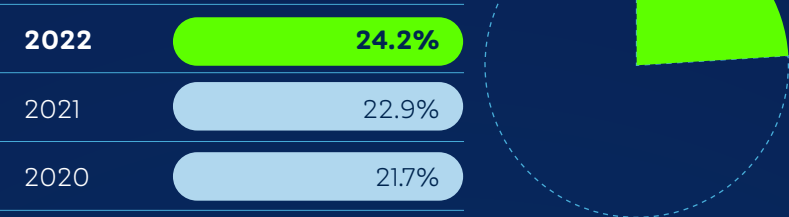
We closed 2022 with a total of 3,284 employees, 24.2% of whom are women

WORKFORCE DEMOGRAPHICS

% OF PERMANENT CONTRACTS

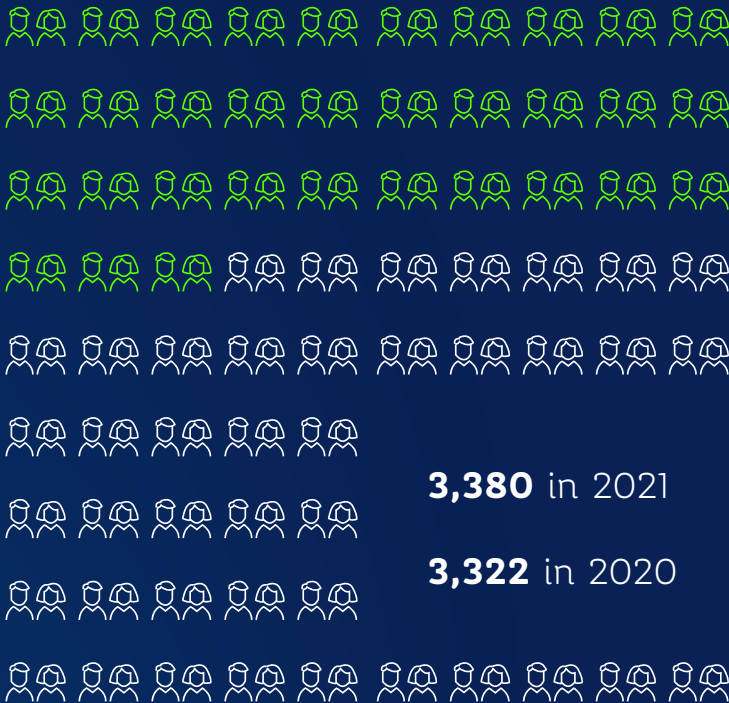


% OF WOMEN

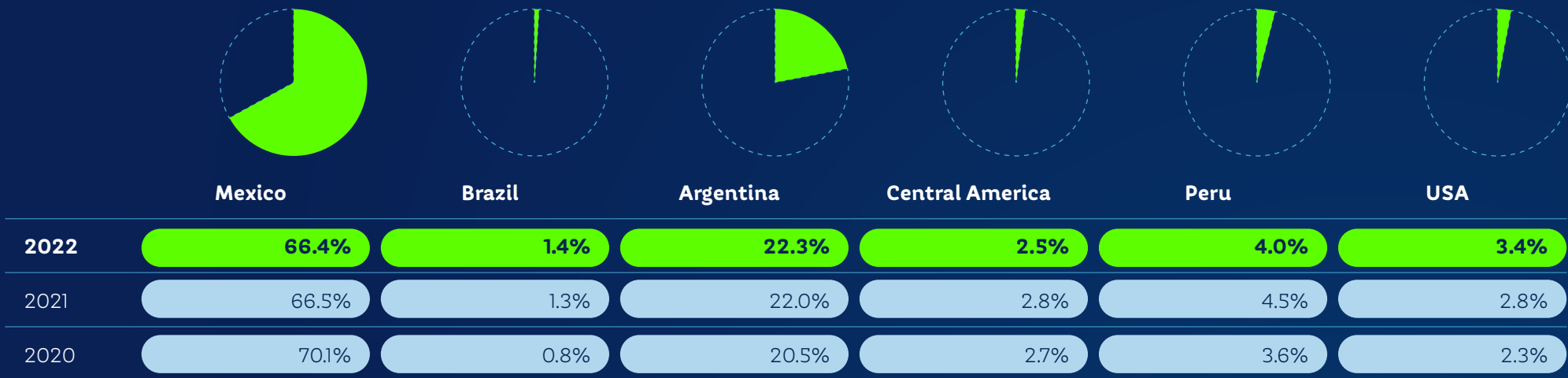


EMPLOYEES

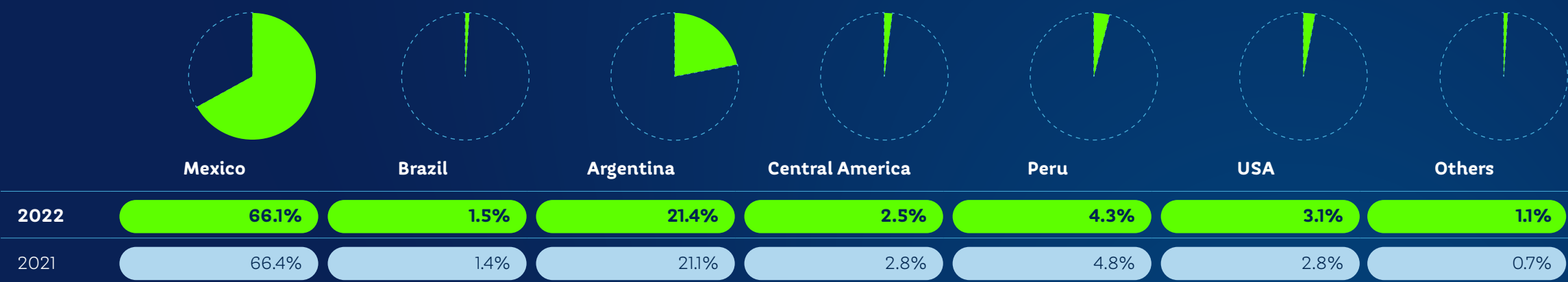
3,284 employees in 2022



EMPLOYEES BY COUNTRY



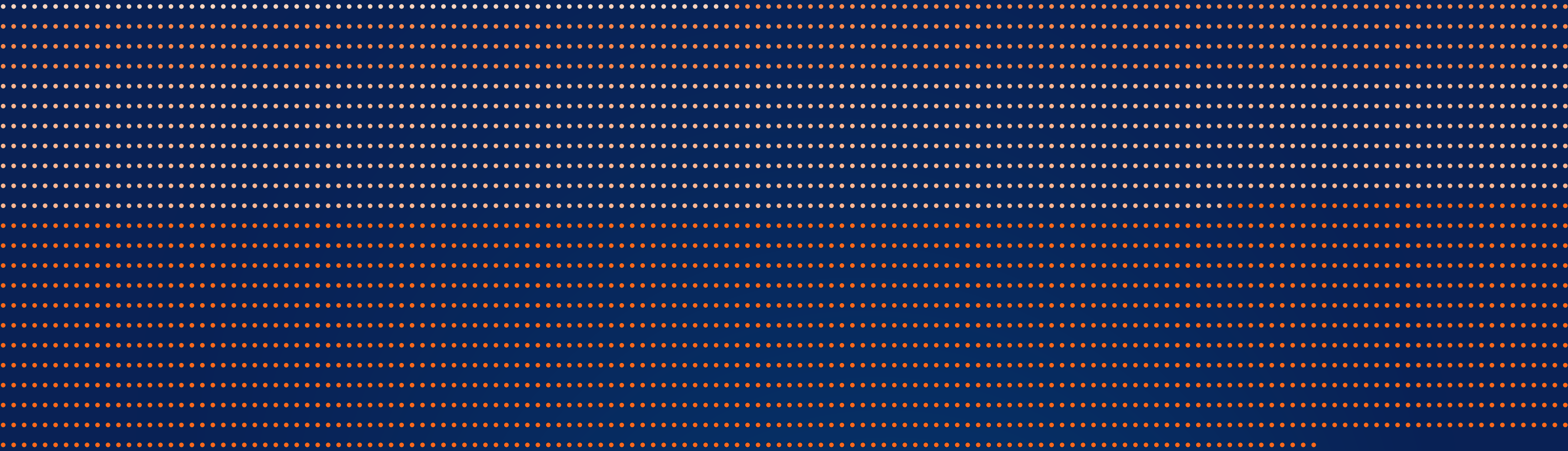
EMPLOYEES BY NATIONALITY



The breakdown of our workforce by nationality is directly related to the number of workers employed in each country.

WORKFORCE BREAKDOWN 2022

● Executives ● Middle management ● Individual contributors ● Operational workers



	Under 30 years old		30 to 50 years old		More than 50 years old		Total				Total
	Women	Men	Women	Men	Women	Men	Women	%	Men	%	
Executives	0	0	9	46	2	13	11	16%	59	84%	70
Middle management	6	19	112	251	10	36	128	29%	306	71%	434
Individual contributors	66	128	226	513	12	76	304	30%	717	70%	1,021
Operational workers	99	420	209	820	45	166	353	20%	1,406	80%	1,759
TOTAL	171	567	556	1,630	69	291	796	24%	2,488	76%	3,284

We respect our employees’ right to free association, with 55% of our people being part of one of the 11 unions of Grupo Rotoplas in Mexico or Argentina. We should note that, in the last 5 years, we have had no strikes in any of the localities.





# DIVERSITY, EQUALITY AND INCLUSION

GRI 3-3, 401-3, 406-1

At Grupo Rotoplas, diversity is our main catalyst for innovation, so we are highly committed to fostering a workspace that celebrates diversity as the value proposition that strengthens the capabilities of our team and therefore, of our solutions.



In line with our values, we work to maintain a culture of respect for human rights, promoting fair and equal treatment. In our **Diversity and Inclusion Policy** we establish the guidelines for working on the culture of diversity, inclusion and equity, clearly ratifying the Group’s intolerance of any discriminatory act or any act that threatens the integrity of individuals. The scope of the policy encompasses from the talent selection process to internal promotions, compensation and benefits awarded, as well as our daily actions.

**+790**  
women as part of the workforce

**13%**  
of women in middle management positions (STEM)

**62**  
staff members identify as part of the LGBTIQ+ community

In 2022, as part of the 9 workgroups that support the Sustainability Committee, the **Diversity and Inclusion group** was created, which in turn has 3 subgroups: gender, LGBTIQ+ and disability. Each of the subgroups has members from the human capital department and other departments that can promote the achievement of the goals set, in addition to volunteers from different areas.

We promote respect and equity in treatment, as well as the inclusion of vulnerable groups

## MAIN DEVELOPMENTS BY SUBGROUP:

### GENDER:

- Workshops to survey employee sentiment at Rotoplas
- Monitoring of pay gap and female turnover indicators
- Adherence to the UN's Women's Empowerment Principles
- Creation of initiatives aligned with Bloomberg GEI, achieving an 8-point increase in the rating
- Evaluation of physical facilities in Mexico within the framework of standard NOM 035 Psychosocial Risk at Work
- Workshop "Design thinking - avoiding gender bias in digital"
- Launching of the FUNAM-Rotoplas award with a gender perspective, i.e., exclusively for women in STEM careers
- Group level commitment to "Zero tolerance for gender violence", strengthening:
  - Position and guidelines that the company has established for this type of conduct
  - Use of the "Confía Rotoplas" reports channel, legal advice and psychological care for violations of the Zero Tolerance Against Gender Violence policy
  - Follow-up of cases by the Ethics Committee and the right to file a complaint before the authorities
- Training on Gender Violence for leaders, which addressed issues of awareness and definition of harassment, abuse and sexual harassment, the IPN's violence meter, internal escalation line; guide for leaders as soon as they become aware of a case
- 79% of the operations workforce (3 shifts) at the Lerma, Pacífico and Leon plants were trained on site. Emphasis was placed on pointing out "forbidden behaviors" and sensitizing participants to "micromachismos" (sexist microaggressions) and unconscious biases

### LGBTIQ+

- Sensitization and training plan
- Creation of a group and chat for people who identify with the collective
- Launch of diversity and inclusion survey in Spanish, English and Portuguese to identify familiarity with terms such as equality, misogyny, machismo (male chauvinism), discrimination, diversity, etc., identifying the perception of how D&I is experienced at Rotoplas. A total of 669 people participated





DISABILITY

- An evaluation of operations in Mexico was carried out in 4 dimensions: People with Disabilities in the Workplace, Culture, Business Practices, Adaptations and Safety, obtaining an IILPCD 2022 Results Report (Index on the Inclusion of People with Disabilities in the Workplace) from Éntrale
- Identification of individuals with disabilities who are part of the current workforce
- Accessibility assessment of manufacturing plants in Mexico
- The format for the job compatibility analysis was established and the evaluation was initiated in some work centers
- Participation in labor exchanges for people with disabilities
- Evaluation in accordance with standard NOM-034-STPS-2016-Safety Conditions for Access and Development of Activities of Workers with Disabilities in Workplaces
- “Disabilities” training to raise awareness of the types of disabilities that exist and how these individuals can be incorporated into the workforce
- We obtained the Distinction “Company Committed to the Labor Inclusion of People with Disabilities” 2023, awarded by Éntrale

840 employees participated in the various diversity and inclusion trainings during 2022

Main talks and workshops	Attendants	
D&I Awareness	146	
Unconscious Bias Workshop   Diversity and Inclusion Rotoplas	142	
Q&A - Women, Key to Success in Business II	108	
Gender Violence (exclusive course for managers and senior managers)	165	
Labor Inclusion of People with Disabilities	111	
Ethics and Quality in the Care of People with Disabilities / Workshop (exclusive course for managers and senior managers)	93	
Rights of People with Disabilities	75	
TOTAL	840	



- Sensitize employees on the subject (e.g., language management, “mansplaining” in meetings, and other concepts)

Due to the nature of the industry and the sector, there is a higher representation of men as part of the workforce; thus, at Grupo Rotoplas, we are highly committed to encouraging equity. This reflects our alignment with the **Women's Empowerment Principles**, which are a set of principles established by the UN Global Compact and UN Women that guide companies on gender equality and women's empowerment in the workplace.

90 Men 23 Women

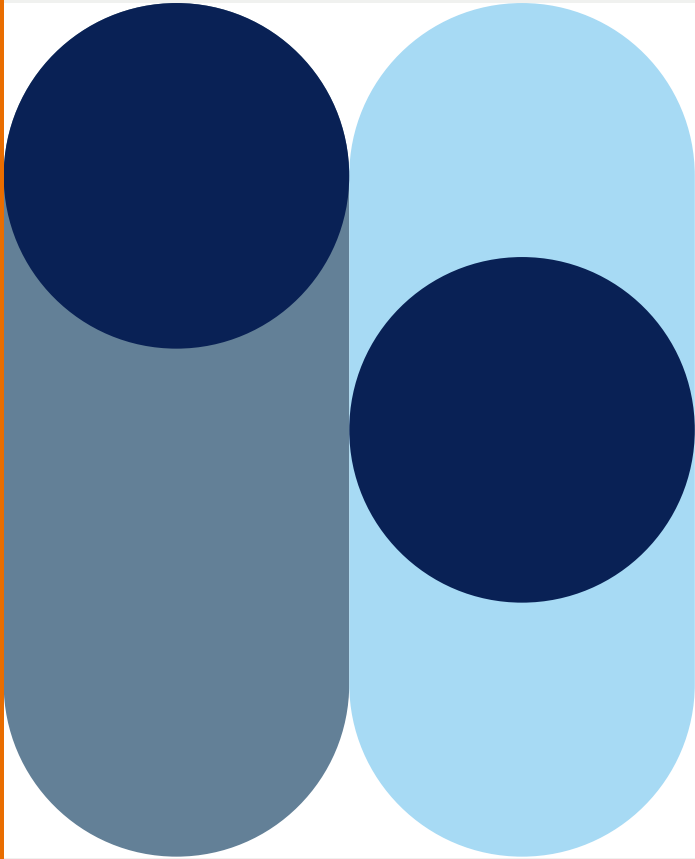
**113** Total  
**100%** Rate of Return

- Identify specific support actions for women in the workplace

- Improve the system for reporting situations of gender violence

Age Group	Percentage
0-14 years	10.5%
15-64 years	64.5%
65 years and over	25%

**16%**  
Engineering  
functions



34.3% of our employees are under a variable compensation scheme, linked to performance goals. In addition, executives receive bonuses depending on the annual results of their area

REMUNERATION

GRI 405-2

We ensure that compensation within the workforce is aligned with the activities they perform in the organization, free of any gender or other biases that are not related to the skills and competencies to successfully carry out the activities.

In Mexico, we conduct a salary evaluation every year in accordance with the Federal Labor Law. In addition, every two years, we review benefits, in accordance with the market, industry and social context, trying to be highly competitive through fair and optimal remuneration and benefits for the welfare of our employees.

In Argentina, wage negotiations take place nationwide between trade unions and industrial chambers.

WOMAN/MAN SALARIES RATIO

Management level	Fixed	Fixed + variable
Executives	0.88	NA
Middle Management	0.92	0.91
Individual contributors	1.18	1.09
Operators <sup>1</sup>	0.59	0.66
Whole workforce	1.01	0.92

<sup>1</sup> Review the breakdown by country in the Appendix, as there is a significant gap at the Group level, but not for each geographic region.

- Wage ratio: average female salary / average male salary
- In executive positions, there are two women with less seniority (time being part of Rotoplas' workforce)



## NEW HIRES AND TURNOVER

GRI 3-3, 401-1, 404-2, IP 6

During 2022, we redesigned the talent selection and attraction process, making it simpler to enhance the participant experience. It has a direct impact on process times and quality, always seeking to attract the best talent.

A pilot test was carried out to validate and improve the areas of opportunity identified in its implementation.

We have also incorporated eightfold.ai, an Artificial Intelligence (AI) program that allows us to better capture talent, evaluate employment exchanges and networks, and support the elimination of gender and other types of biases, since it is based primarily on the identification of skills. It also allows us to analyze internal talent and their capabilities, as well as their gaps to fill new vacancies, strengthening career plans and establishing better development paths.

As participants in the generation of employment and contributing to the economic development of the geographies where we are located, this year we hired 1,020 new employees, 62% of whom were under indeterminate contracts





# During 2022, 98 vacancies were filled with internal personnel, 28.6% of whom were women

In line with the development of internal talent, in 2021, we launched the **Rotoplas Leadership Academy**, a course that seeks to strengthen the knowledge and skills of administrative personnel so that they have greater resilience and adaptability to change, better dealing with the transformation that the Flow program implies. Over the years, the scope has been extended to more levels of the company. In 2021, it started with leadership positions; then, during 2022, middle management and individual contributors who do not have personnel under them have been included. By the end of 2022, 58% of the administrative staff had completed it.

The transformation through the Flow strategy makes the implementation of this program more meaningful for the evolution of work teams, as:



TO UNDERSTAND

Leaders who convincingly represent the new Rotoplas leadership model



TO BE

Leaders who apply new capabilities leveraging the change of mindsets and behaviors

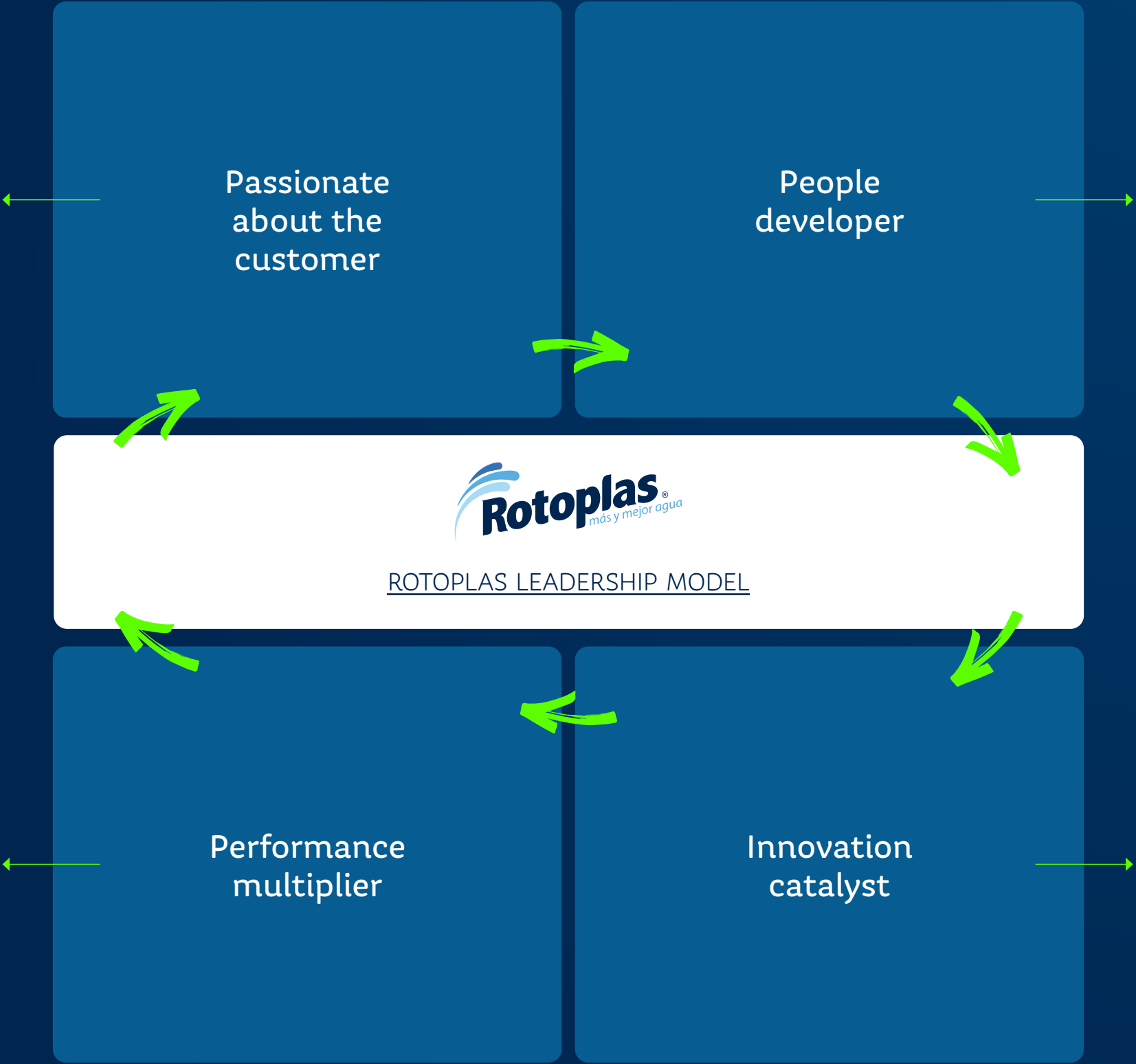


TO DO

Leaders who guide the development of their employees and teams

We adhere to the Rotoplas leadership model, focused on the pillars that characterize us: innovation, customer focus and people development.

- Treats the customer and strategic allies with empathy throughout the relationship
- Listens, understands, guides and engages the customer (internal and external)
- Anticipates customer needs - based on clear data and metrics
- Demonstrates consistency throughout customer experience



During 2022, there were 320 middle management participants with 795 hours of e-learning training and 162 hours of face-to-face training. In addition, 171 individual contributors took the course

Within the **Professionals under Development Program (PRODES, for its Spanish acronym)**, aimed at young talents in the last years of their professional studies, they are invited to participate in part-time work on 4 projects developed over 2 years, so that they can learn about the operation of the different areas within Rotoplas and the contribution of new and disruptive ideas is enhanced.

It works as a talent seedbed for the organization where, at the end of the program, the attendees participate in the selection process for full-time positions in the organization.

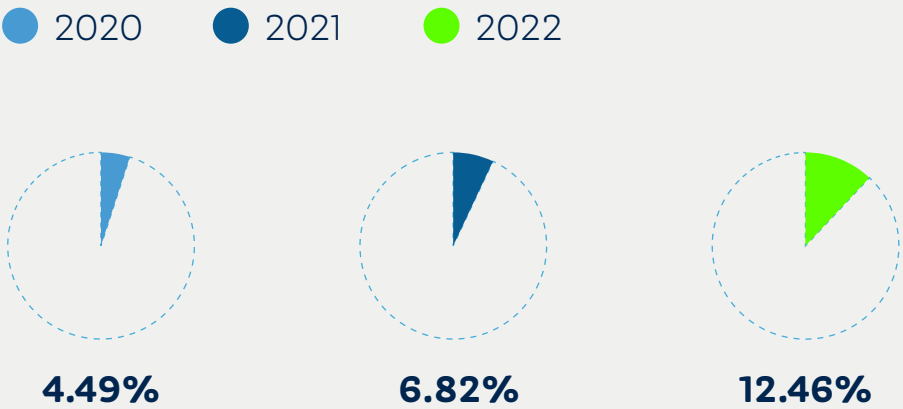
During 2022, there were 7 participants in the Professionals under Development Program.

In addition, we have **leadership succession plans** for key positions held by individuals who are close to retirement or who, in the event of leaving the company, could cause disruptions in the execution of the strategy. Thus, the continuity of the position is ensured by identifying internal candidates with the potential to be successors, aligning the succession plan with their career plans. We have mapped 89 employees for lines of succession.

## TURNOVER

In 2022, we had a total of 772 severances of individuals with indeterminate contracts at Group level, 49.2% of these being voluntary. We had a voluntary turnover rate of 12.46%, which is calculated by considering the voluntary departures of indeterminate contracts during the year divided by the average monthly employees.

ROTOPLAS GROUP VOLUNTARY TURNOVER RATE



Note: The turnover rate does not include departures due to transfer, retirement, death or temporary positions.





# TALENT DEVELOPMENT

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

## TRAINING

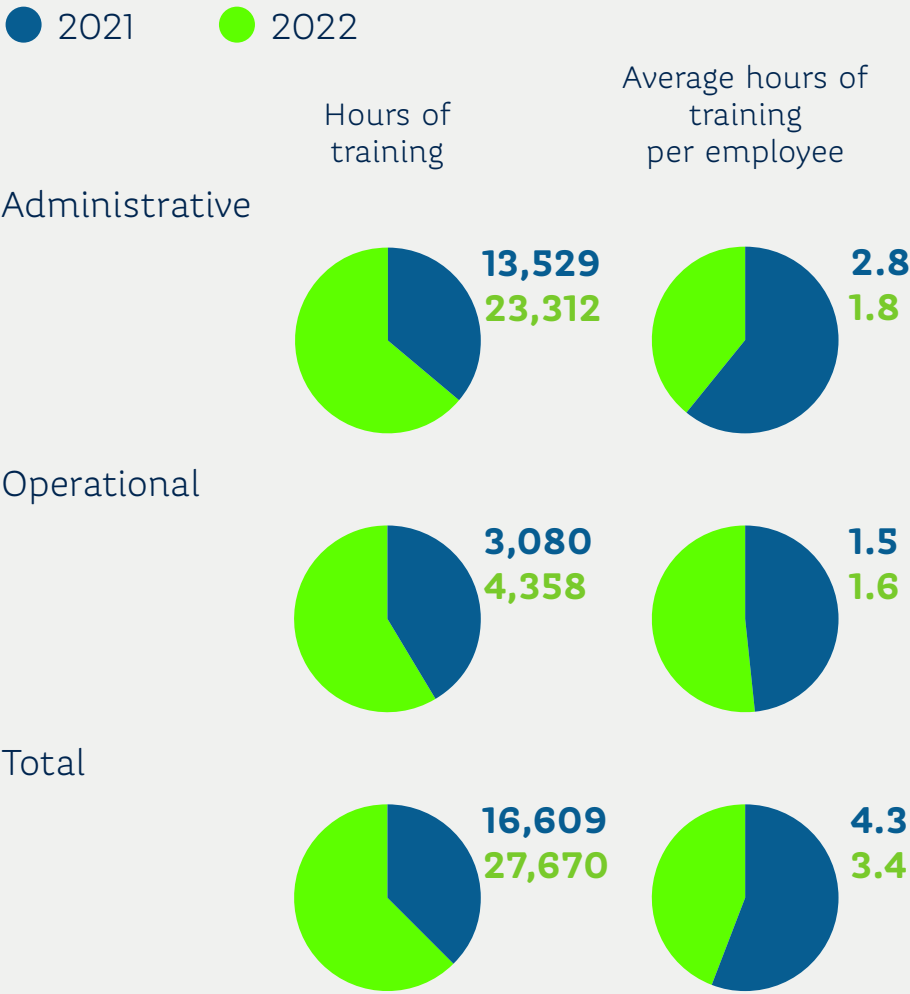
In the last two years, we have focused on the highest potentials of each of our employees; we have conducted talent review assessments, on which we develop soft skills programs, implementing them in tailor-made plans.

We invested a total of \$48.4 million Mexican pesos in the training of our workforce

Thanks to our e-learning platform, we have been able to enhance our employees' knowledge, even at a distance. Our **AprendeR** platform allows employees to participate in training that contributes to their professional and personal growth in a flexible schedule.

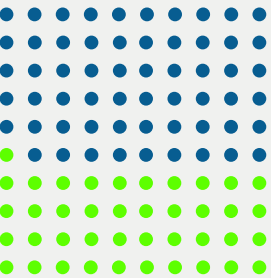
A total of 27,670 hours were delivered online in 2022

TRAINING BY PROFESSIONAL CATEGORY

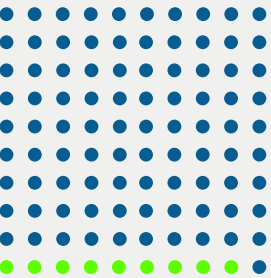


TRAINING THROUGH THE APRENDER PLATFORM

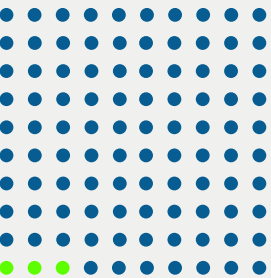
859  
Total enrolled courses



Mexico  
408 courses  
13,534 participants

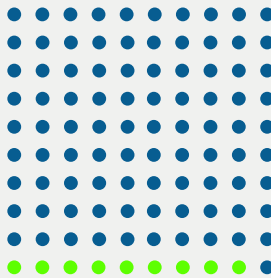


Central America  
98 courses  
605 participants

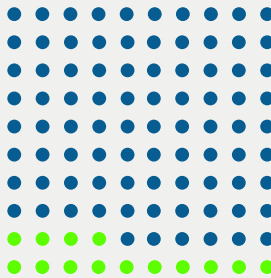


Brazil  
35 courses  
244 participants

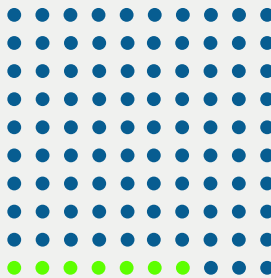
18,541  
Total participants



Peru  
94 courses  
803 participants



Argentina  
147 courses  
2,398 participants



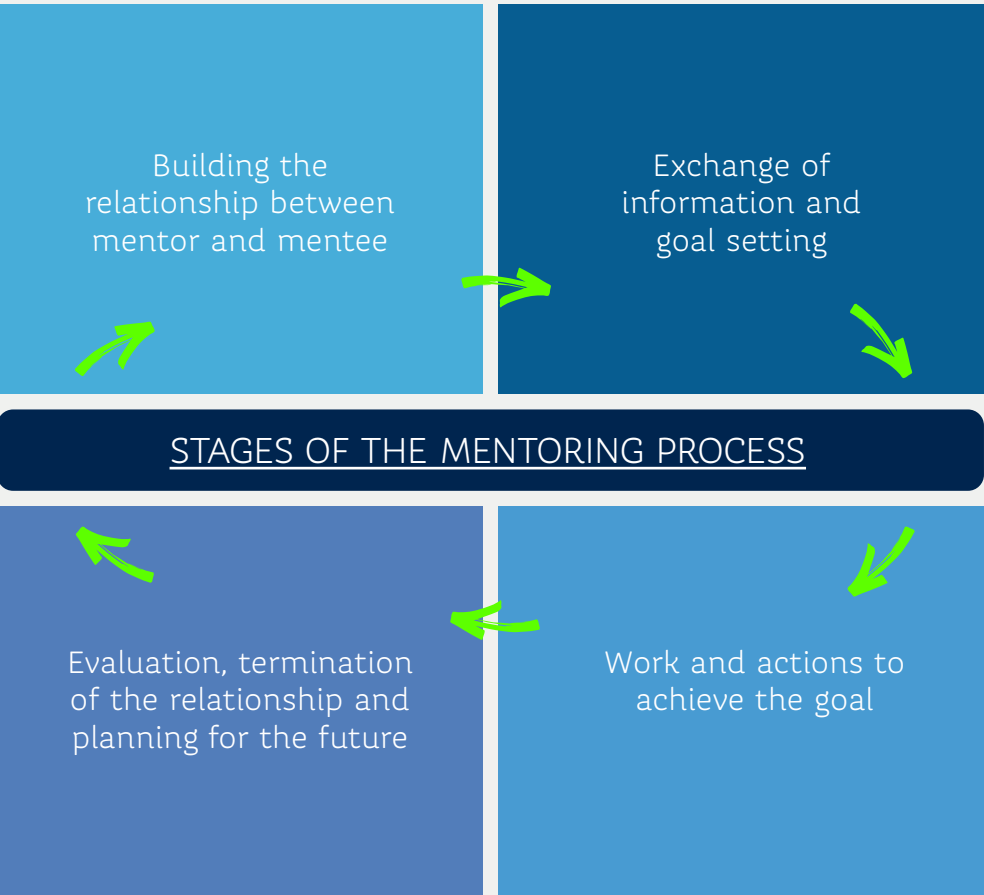
USA  
77 courses  
957 participants

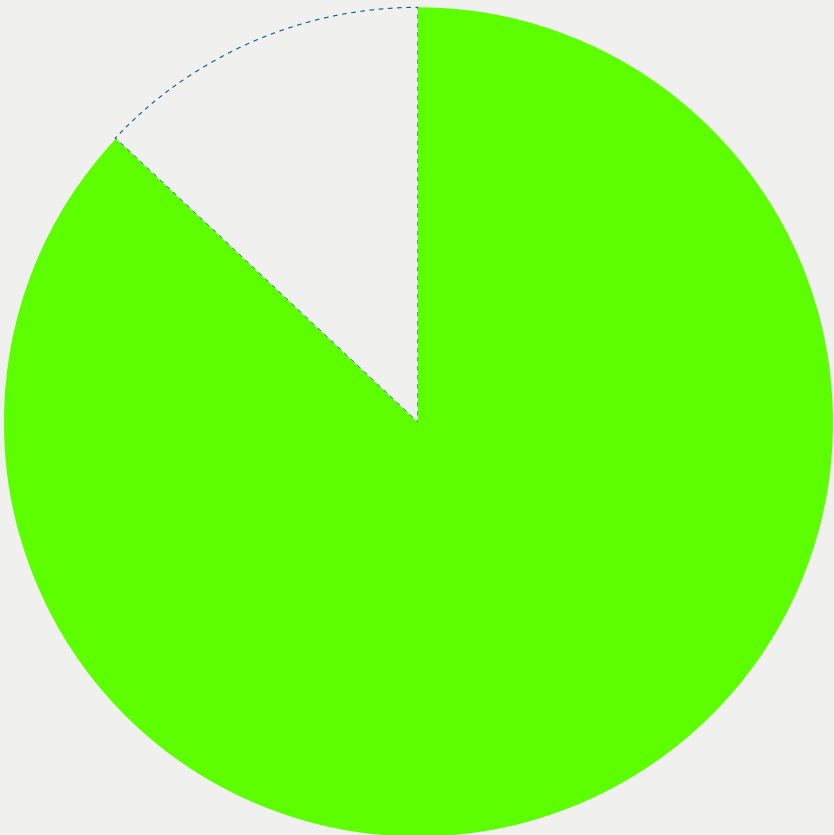
OTHER DEVELOPMENT PROGRAMS

MENTORING PROGRAM

The mission of the program is to increase the intellectual capital of the organization by developing talent through the exchange of knowledge, experiences and vision among leaders, stimulating the empowerment and professional growth of talent in the organization. The process began in July 2022 and has a duration of 10 months; by the second quarter of 2023, we will be able to see the results of the program.

There are currently a total of 21 mentors along with 23 mentees





**87%**  
of administrative employees  
were evaluated during 2022  
under the performance  
measurement dashboard

## PERFORMANCE EVALUATIONS

GRI 3-3, 404-3

Each year, we conduct performance evaluations, where we identify strengths and areas of opportunity in the performance of the activities of our administrative employees, according to their job position. For employees in operations positions and temporary contracts, we do not perform these evaluations.

- **Performance Measurement Dashboard:** Related to the Rotoplas Group strategy and OKRs (objectives and key results).
- **360° Evaluation:** Aimed at individuals in a leadership position within the organization, based on the Rotoplas Leadership Model.



In 2022, we conducted  
a 360° evaluation of  
100% of our  
administrative employees

Within our evaluations, we verified the alignment of our employees to our ethical principles and culture of compliance, bolstering their commitment to the growth of Grupo Rotoplas. The following are mandatory courses for the administrative staff: Compliance, Gender Violence, Personal Data Protection and Leadership Academy.





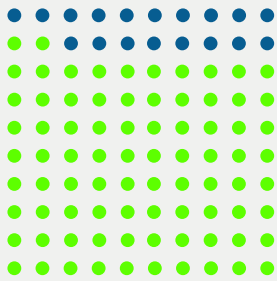
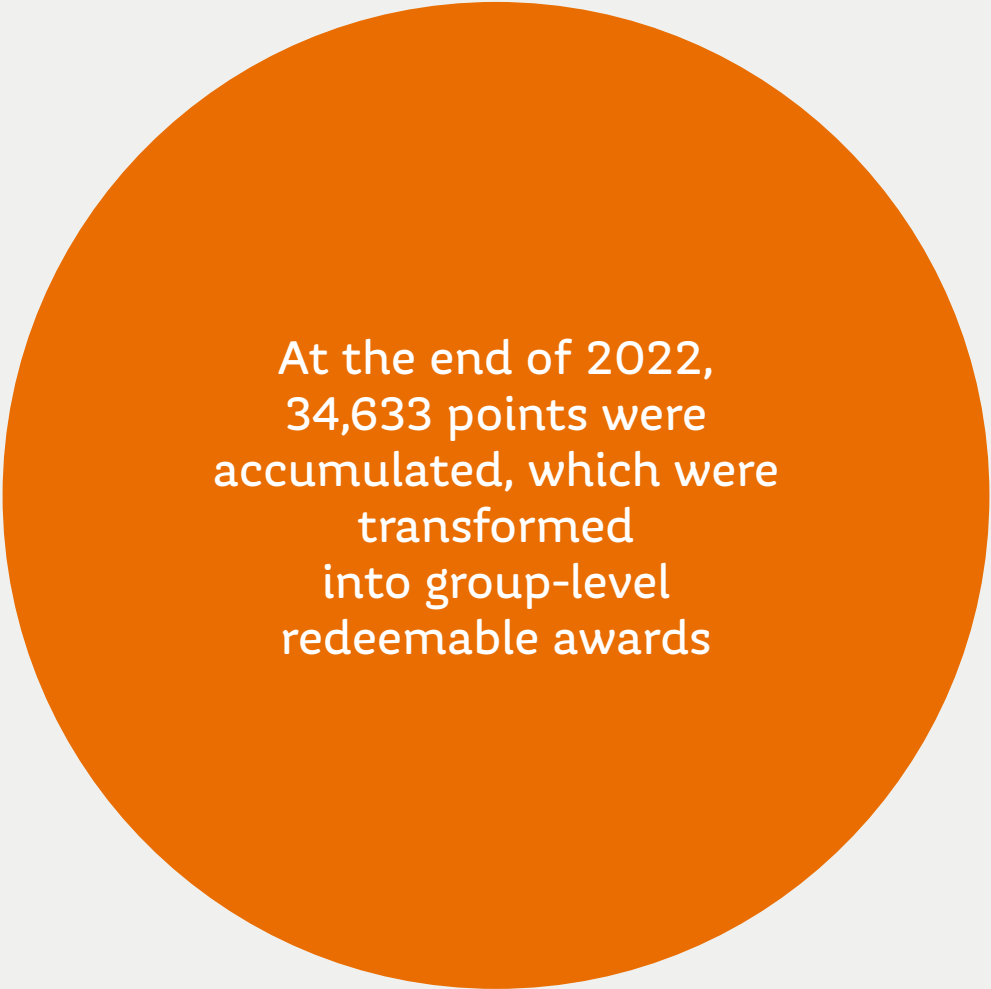
Below, are the particular specific characteristics of performance evaluations, depending on the professional category:

PERFORMANCE EVALUATION PROCESSES

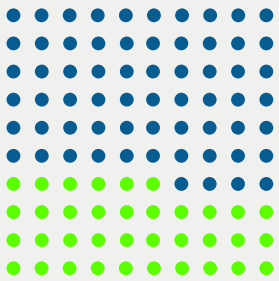
Professional category	Performance Measurement Dashboard Indicators
Administrative	<div>Executives</div> <ul style="list-style-type: none"><li>• Revenues, EBITDA, ROIC</li><li>• Service level</li><li>• Strategic objectives based on the Group’s OKRs,</li><li>• 360° Evaluation and OHI (Organizational Health Index). This process is applied every year, since the final score is part of the talent indicators of the final performance evaluation</li></ul>
	<div>Middle Management</div> <ul style="list-style-type: none"><li>• Strategic objectives based on the OKR methodology,</li><li>• 360° Evaluation and OHI (organizational health index)</li></ul>
	<div>Individual contributor</div> <ul style="list-style-type: none"><li>• Strategic objectives based on the OKR methodology,</li><li>• 360° Evaluation and OHI (organizational health index)</li></ul>

Through the **ReCognize** program, we generate a better tool to give constructive feedback, where we give acknowledgements based on the Rotoplas values. They are recognized in the categories of training, behavior, healthy lifestyle, climate and culture.

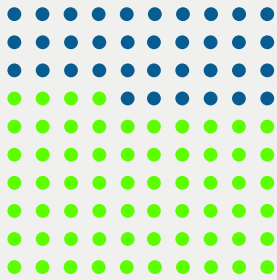
In the second year of the program’s implementation, we achieved 83% records and had a participation rate of 27%, accumulating the following “thank-yous”:



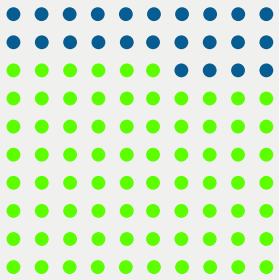
823  
Thank you (Values)



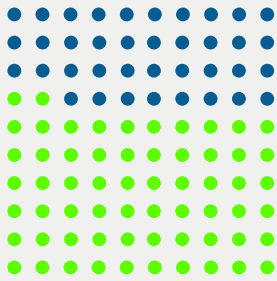
36  
Proudly



604  
RotoFriends



761  
Thanksgiving and  
Thank You for One  
More Year



628  
Women Who Inspire



# OCCUPATIONAL HEALTH AND SAFETY

**GRI** 3-3, 403-1, 403-2, 403-4, 403-5, 403-7, 403-8, 403-9, 403-10  
**SASB** RT-CH-320a.1, RT-CH-320a.2, RT-CH-540a.1

It is essential to ensure the health and safety of our employees, so we promote a culture of prevention in the execution of all our activities and operations.

We offer safe and healthy working conditions, where we eliminate the associated risks, thus influencing the reduction of accidents and occupational diseases, as well as the impact on the health and mental stability of our employees.

Under the **HSE (Hygiene, Safety and Environment) management model**, we guarantee the physical integrity of our employees in the work centers, as well as that of contractors, suppliers, transporters and visitors to our facilities and operations.

This management model has an HSE policy and a structure consisting of three committees:

- HSE Central Committee**, comprised by the Group’s management and national managers, who report directly to senior management
- Regional Committees**, made up of the directors of each country, managers and regional coordinators
- HSE Plant Committees**, comprised by managers, coordinators and department heads of each operating unit, as well as representatives of the supply chain and of the workers

# The plants in Lurin (Peru), Lerma and Leon (Mexico) are certified in ISO 45001:2018

In 2022, we continued with health assurance activities as a result of COVID-19, monitoring our employees and all our work centers.

Likewise, throughout the year, we provided a series of health and safety training sessions for our employees at each of our plants.

	2021	2022
N° of minor injuries	73	NA
N° of lost-time injuries	71	63
N° of occupational illnesses	3	1
N° of casualties	0	0
N° of days lost due to injury	1804	1804
Accident rate	2.01	1.87
Index of occupational illnesses	0.08	NA
Absenteeism rate	51.10	27.43

As of 2023, our accident rate indicators will be reported directly to the Corporate Practices Committee, which in turn reports to the Board of Directors.

Notes:  
LTIR (Lost Time Incident Rate) calculated with the head count and the number of lost time injuries

By using SASB's formula for LTIR (number of lost time injuries/total worked hours)\*200,000, the LTIR for 2021 was 1.97 and for 2022 was 1.46. From 2023 onwards, SASB's formula will be used to report this indicator.

The total amount of worked hours in 2022 was 8,613,098.

NA: Not available





## WELLNESS AND WORK ENVIRONMENT

GRI 201-3, 401-2, 403-2, 403-6 IP 7

We completed an initial diagnosis in which we identified the needs and healthy lifestyle habits of 463 employees, which allowed us to develop personalized plans to contribute to their well-being and that of their families

We know that fostering a culture of wellness and a healthy work environment are highly indicative for the performance of work teams; thus, we promote integral wellness within our operations and activities.

We have measures in place to monitor employees' physical and emotional health. The **Be Well** Program addresses different dimensions, including psychological health, physical health, financial health and nutrition.

Our annual Health Fair is a platform where we invite our workforce to participate in various workshops aimed at promoting a healthy lifestyle. In 2022, we conducted hybrid sessions, offering our employees the chance to participate in some activities remotely.

We had a total of 692 attendees in all the activities carried out at the Health Fair

BENEFITS AND PROGRAMS WITHIN WELLNESS 2022

Likewise, during 2022, 14.4% of the staff had remote work schemes

MIDOCONLINE

- Seasonal campaigns
- Exclusive physical, mental and nutritional health webinars
- Participation in the Health Fair
- Strengthening Telemedicine Benefit
- User’s Manual
- 21 Days Fit&Zen Challenge

**334** registrations in the app, 21% more than in 2021  
420 queries in the app, 37% more than in 2021

AYAM

- Meditation breaks Plant Committees
- On-site yoga class
- 3 groups AYAM FOR WORKPLACE
- Communication of meditation capsules in the app
- Mental, physical and nutritional health webinars
- Tool Manual Launch
- Invitation to Relatives
- Earth Day

**172** registered, 121% more than in 2021, used for 244 hours  
Stress decreased by 10% and anxiety by 21%

GYMPASS (EXTENDED TO FAMILY MEMBERS)

- Benefit launched on February 1st
- Promotion of new gyms
- Gympass Virtual Stand
- Launch of \$0 plan
- 30 days free
- Program with Ana Corral
- Women’s Day
- Participation in the health fair

**697** members  
166 subscriptions + 15 family members  
59 gyms in 26 cities

COMMERCIAL AGREEMENTS

- Capitanes Basketball Team
- Chanfle
- Ticketmaster
- Dell
- Chopo
- Sports World
- Justo
- BMW
- Monet
- GoBenefits (Within the ReCognize program)

Applies to  
**100%**  
of our employees

SAVINGS DEPOSIT

- Savings and loan type campaigns
- Launch of temporary loan: Buen Fin
- Reinforcement of Savings Deposit benefits
- Deposits to the investment account with SURA.
- Change in investment rate strategy

**1,157** participants, 35% of the workforce





WORK ENVIRONMENT



Promoting a collaborative culture of respect and development that contributes to the company’s work environment, in 2022 we participated in the **Great Place to Work** survey, which has allowed us to obtain that certification.

We should emphasize that we are at a juncture of organizational transformation, which may have an impact on climate results. We are working on feedback from all areas/plants to establish plans for the coming years.

The survey, in which 90% of the workforce participated, measures the competencies of pride, fellowship, fairness, credibility and respect.

SATISFACTION RESULTS

	2020	2021	2022
Mexico	80%	80%	76%
Argentina	72%	72%	63%
United States	78%	81%	74%
Peru	85%	85%	80%
Central America	89%	91%	82%
Brazil	86%	83%	80%
Total Group	79%	80%	73%



# APPENDIX

**Appendix I:** Details of the ESG results



Environmental [↗](#)

Waste management [↗](#)

Workforce [↗](#)

Health and safety [↗](#)

**Appendix II:** Materiality



Materiality analysis [↗](#)

Due Diligence in Human Rights [↗](#)

**Appendix III:** Contribution to global initiatives



SDG contribution [↗](#)

UN Global Compact Principles [↗](#)

CEO Water Mandate [↗](#)

**Appendix IV:** Reporting standards and frameworks



GRI Contents [↗](#)

SASB Metrics [↗](#)

Stakeholder Capitalism [↗](#)

TCFD Recommendations [↗](#)

Sustainalytics Annual Review Letter



External Verification Letter





# DETAILS OF THE ESG RESULTS

Below, we provide a breakdown of the main quantitative ESG indicators, which complement the information presented previously throughout this report.

## ENVIRONMENTAL

### ENERGY

GRI 302-1,302-3, 304-4

#### FUEL ENERGY CONSUMPTION (GJ) - HISTORICAL

Processes	2020	2021	2022
Injection, extrusion, and milling	3,001	6,226	12,750
Rotomolding - blow molding	435,636	355,392	413,806
Total	438,637	361,618	426,556

#### ELECTRIC POWER CONSUMPTION (MWH/GJ) - HISTORICAL

	Electricity	2020		2021		2022		NA: Not Available
		MWh	GJ	MWh	GJ	MWh	GJ	
Injection, extrusion, and milling	Power grid	10,420.22	37,512.78	19,064.56	68,632.42	16,723.85	60,205.85	
	Electricity - Cogeneration	35,506.96	127,825.05	30,185.03	108,666.10	30,645.51	110,323.85	
	Electricity - Renewable	0.00	0.00	0.00	0.00	0.00	0.00	
Rotomolding - blow molding	Power grid	2,906.38	10,462.95	3,410.53	12,277.90	6,348.48	22,854.53	
	Electricity - Cogeneration	1,648.41	5,934.29	2,598.06	9,353.01	1,925.07	6,930.24	
	Electricity - Renewable	985.93	3,549.36	1,080.47	3,889.68	1,045.92	3,765.30	
Distribution centers, Offices and Stores (USA)	Power grid	NA	NA	NA	NA	396.38	1,426.98	
	MWh	51,467.90		56,338.64		57,085		
	GJ		185,284.43		202,819.10		205,507	



# EMISSIONS

GRI 305-1,305-2,305-3,305-4,305-5

## SCOPE 1 AND 2 EMISSIONS - 2022

	Processed resins(t)	Scope 1 (tCO <sub>2</sub> e)	Scope 2 (tCO <sub>2</sub> e)	Intensity (tCO <sub>2</sub> e/t resin)
Mexico	70,209.11	14,964.66	Intensidad	0.47
Central America	2,356.35	1,433.58	19.54	0.62
Argentina	16,473.88	3,259.44	4,613.44	0.48
Peru	4,428.73	2,211.75	163.84	0.54
Total	93,468.07	21,869.43	22,693.74	0.48

For the first time, we analyzed the 15 categories of **scope 3** emissions according to the **GHG Protocol**, 10 of which apply to us

## SCOPE 3 EMISSIONS- 2022

Category	Description	Methodology	Total emissions tCO <sub>2</sub> e	S3 contribution [%]
Category 1	Purchased goods and services	Quantis tool/Carbon Intensity Estimation	68,076.74	33.69%
Category 2	Capital goods and services	Quantis tool	28,895.06	14.30%
Category 3	Fuel and energy related activities (not included in scopes 1 and 2)	Quantis tool	9,779.09	4.84%
Category 4	Transporte y distribución aguas arriba	Factores de emisión	14,185.75	7.02%





Category	Description	Methodology	Total emissions tCO <sub>2</sub> e	S3 contribution [%]
Category 5	Waste generated in operations	Emission factors	348.79	0.17%
Category 6	Business travel	Quantis tool	712.15	0.35%
Category 7	Employee commuting	Quantis tool	4,675.00	2.31%
Category 8	Upstream leased assets	Emissions considered within scopes 1 and 2	N/A	0.00%
Category 9	Downstream transportation and distribution	Emission factors	22,340.06	11.05%
Category 10	Processing of sold products	Emissions not applicable to Grupo Rotoplas operations	N/A	0.00%
Category 11	Use of sold products	Estimation by products' carbon footprint and energy consumption	36,478.61	18.05%
Category 12	End-of-life treatment of sold products	Estimation with product carbon footprint	16,592.99	8.21%
Category 13	Downstream leased assets	Emissions not applicable to Grupo Rotoplas operations	N/A	0.00%
Category 14	Franchises	Emissions not applicable to Grupo Rotoplas	N/A	0.00%
Category 15	Investments	No investments reported in 2022	N/A	0.00%
Total Scope 3 emissions			202,084.23	

N/A: Not applicable



# OTHER ENVIRONMENTAL ASPECTS

## WASTE MANAGEMENT

WASTE GENERATED (T) - HISTORICAL

Waste generated (t)	2020	2021	2022
Hazardous waste (HW)	54	75	59
Special handling waste (SHW)	793	242	591
Urban solid waste (USW)	422	384	669
Total	1,268	700	1,319

		Waste Management			
		Mexico	Central America	Peru	Argentina
Recycling	T	412.3	65.0	21.3	133.0
	%	46%	60%	63%	48%
Co-processing	T	48.6	0.5	0.0	3.9
	%	5%	0%	0%	1%
Final disposal	T	441.9	42.5	12.4	137.9
	%	48.9%	39.3%	36.8%	50.2%
Total		902.9	107.98	33.64	274.79

GRUPO ROTOPLAS INTEGRATED WASTE MANAGEMENT 2022

GENERATION BY TYPE OF WASTE (TONS)					
	Mexico	Central America	Peru	Argentina	Total
USW	482.19	42.46	6.61	137.90	669.16
Recycling	40.28	NA	NA	NA	40.28
Co-processing		NA	NA	NA	
Final disposal	441.91	42.46	6.61	137.90	628.88
SHW	372.05	65.04	21.26	132.99	591.34
Recycling	372.05	65.04	21.26	132.99	591.34
Co-processing	NA	NA	NA	NA	NA
Final disposal	NA	NA	NA	NA	NA
HW	48.62	0.48	5.77	3.90	58.77
Recycling	NA	NA	NA	NA	0.00
Co-processing	48.62	0.48		3.90	53.00
Final disposal	NA	NA	5.77	NA	5.77
Grupo Rotoplas Total	902.87	107.98	33.64	274.79	1,319.3

NA: Not available



# WORKFORCE

GRI 2-8

We ended 2022 with a total of **3,284 employees**. Additionally, we have **301 people who provide services to Grupo Rotoplas** through external contractors.

## LABOR DEMOGRAPHICS AND DIVERSITY

GRI 2-7,405-1, 401-1

GRUPO ROTOPLAS EMPLOYEES - BY GENDER AND AGE - HISTORICAL

Grupo Rotoplas employees		2019	2020	22-21 (%)	2021	2022
Men	< 30	598	977	-13.0%	652	567
	30-50	1,583	1,383	-3.0%	1,681	1,630
	> 50	320	240	7.0%	272	291
Women	< 30	155	191	-3.9%	178	171
	30-50	493	463	3.2%	539	556
	> 50	64	68	19.0%	58	69
Total	Men	2,501	2,600	-4.5%	2,605	2,488
	Women	712	722	2.7%	775	796
	< 30	753	1,168	-11.1%	830	738
	30-50	2,076	1,846	-1.5%	2,220	2,186
	> 50	384	308	9.1%	330	360
TOTAL		3,213	3,322	-2.8%	3,380	3,284





GRUPO ROTOPLAS EMPLOYEES - BY COUNTRY - HISTORICAL

Grupo Rotoplas employees (by country)	2019	2020	22-21 (%)	2021	2022
Mexico	2,171	2,328	-3.0%	2,249	2,181
Brazil	79	26	2.2%	45	46
Argentina	687	680	-1.5%	743	732
Central America	87	91	-13.8%	94	81
Peru	122	120	-13.7%	153	132
USA	67	77	16.7%	96	112
TOTAL	3,213	3,322	-2.8%	3,380	3,284

GRUPO ROTOPLAS EMPLOYEES - BY TYPE OF CONTRACT

	No. of employees	% of permanent contracts	% of women
2019	3,213	85.10%	22.20%
2020	3,322	93.20%	21.70%
2021	3,380	94.60%	22.90%
2022	3,284	95.82%	24.24%



GRUPO ROTOPLAS EMPLOYEES - BY POSITION

		2019	2020	22-21 (%)	2021	2022	
Executives	Total	Total	19	17	1%	69	70
		< 30	0	0	0%	0	0
		30-50	15	14	-4%	57	55
		> 50	4	3	25%	12	15
	Men	Total	17	16	-3%	61	59
		< 30	0	0	0%	0	0
		30-50	13	13	-8%	50	46
		> 50	4	3	18%	11	13
	Women	Total	2	1	38%	8	11
		< 30	0	0	0%	0	0
		30-50	2	1	29%	7	9
		> 50	0	0	100%	1	2
		2019	2020	22-21 (%)	2021	2022	
Middle Management	Total	Total	223	324	28%	338	434
		< 30	6	9	108%	12	25
		30-50	184	272	25%	291	363
		> 50	33	43	31%	35	46
	Men	Total	162	237	29%	237	306
		< 30	4	7	171%	7	19
		30-50	131	194	25%	201	251
		> 50	27	36	24%	29	36
	Women	Total	61	87	27%	101	128
		< 30	2	2	20%	5	6
		30-50	53	78	24%	90	112
		> 50	6	7	67%	6	10

		2019	2020	22-21 (%)	2021	2022	
Individual contributors	Total	Total	1,058	1,063	-9%	1,123	1,021
		< 30	218	203	-18%	238	194
		30-50	756	752	-7%	798	739
		> 50	84	108	1%	87	88
	Men	Total	762	770	-11%	804	717
		< 30	142	139	-19%	159	128
		30-50	548	542	-10%	573	513
		> 50	72	89	6%	72	76
	Women	Total	296	293	-5%	319	304
		< 30	76	64	-16%	79	66
		30-50	208	210	0%	225	226
		> 50	12	19	-20%	15	12

		2019	2020	22-21 (%)	2021	2022	
Operational workers	Total	Total	1,501	1,918	-5%	1,850	1,759
		< 30	425	956	-11%	580	519
		30-50	854	808	-4%	1,074	1,029
		> 50	222	154	8%	196	211
	Men	Total	1,192	1,577	-6%	1,503	1,406
		< 30	354	831	-14%	486	420
		30-50	657	634	-4%	857	820
		> 50	181	112	4%	160	166
	Women	Total	309	341	2%	347	353
		< 30	71	125	5%	94	99
		30-50	197	174	-4%	217	209
		> 50	41	42	25%	36	45

## GRUPO ROTOPLAS EMPLOYEES - BY NATIONALITY

	2019*	2020	2021	2022
Mexico		2,325	2,245	2,171
Argentina		648	714	703
Peru		131	161	141
USA		75	96	103
Central America		93	94	82
Brazil		27	46	48
Otros		23	24	36

<b>TOTAL</b>	<b>NA</b>	<b>3,322</b>	<b>3,380</b>	<b>3,284</b>
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\*Grupo Rotoplas started counting employees by nationality in 2020, so no data was reported for 2019.

NA: Not available



TURNOVER

VOLUNTARY TURNOVER RATE BY COUNTRY - HISTORICAL

	2020	2021	2022
Mexico	2.33%	3.82%	9.45%
Brazil	4.57%	0.00%	4.55%
Argentina Pilar	2.01%	5.05%	13.46%
Argentina San Martin-Loma Hermosa (Formerly, Argentina IPS)	1.71%	5.84%	7.28%
Argentina Olivos Pilarica (Formerly, Argentina Talsar)	1.12%	0.00%	3.64%
Central America	2.22%	4.21%	12.36%
Peru	4.21%	1.45%	11.35%
USA	8.66%	30.34%	20.00%
RSA (Mexico)			30.11%
→			
Grupo Rotoplas Turnover	4.49%	6.82%	12.46%

EMPLOYEE TURNOVER - 2022

	Turnover											
	New hires				Severances							
	Temporary contract		Indeterminate contract		Voluntary departures		Involuntary departures		Total headcount with indeterminate contract		Turnover*	
	M	H	M	H	M	H	M	H	M	H	TOTAL	VOLUNTARY DEPARTURES
Mexico	131	247	154	319	87	200	70	214	597	1459	27.8%	14.0%
Under 30 years old	76	147	54	123	38	83	23	68	121	321	48.0%	27.4%
30 to 50 years old	49	94	94	165	49	105	43	112	420	945	22.6%	11.3%
Over 50 years	6	6	6	31	0	12	4	34	56	193	20.1%	4.8%



	New hires		Severances										TOTAL	VOLUNTARY DEPARTURES
	Temporary contract		Indeterminate contract		Voluntary departures		Involuntary departures		Total headcount with indeterminate contract		Turnover*			
	M	H	M	H	M	H	M	H	M	H				
Brasil	0	1	1	10	0	2	3	6	6	39	24.4%	4.4%		
Under 30 years old	0	0	0	2	0	0	1	2		3	100.0%	0.0%		
30 to 50 years old	0	1	1	7	0	2	2	4	6	33	20.5%	5.1%		
Over 50 years	0	0	0	1	0	0	0	0		3	0.0%	0.0%		
Argentina	0	2	18	57	16	37	6	54	65	661	15.6%	7.3%		
Under 30 years old	0	2	4	24	4	12	1	6	7	143	15.3%	10.7%		
30 to 50 years old	0	0	14	31	10	24	5	43	54	452	16.2%	6.7%		
Over 50 years	0	0	0	2	2	1	0	5	4	66	11.4%	4.3%		
Central America	0	0	2	9	1	10	1	9	17	63	26.3%	13.8%		
Under 30 years old	0	0	2	3	0	6	1	2	2	11	69.2%	46.2%		
30 to 50 years old	0	0	0	6	1	4	0	7	15	48	19.0%	7.9%		
Over 50 years	0	0	0	0	0	0	0	0		4	0.0%	0.0%		
Peru	0	0	2	12	1	15	2	9	24	104	21.1%	12.5%		
Under 30 years old	0	0	0	5	0	4	0	3	5	14	36.8%	21.1%		
30 to 50 years old	0	0	2	7	1	11	2	5	17	78	20.0%	12.6%		
Over 50 years	0	0	0	0	0	0	0	1	2	12	7.1%	0.0%		
EEUU	1	1	14	30	8	15	1	5	40	72	25.9%	20.5%		
Under 30 years old	0	0	2	12	1	5	0	0	5	17	27.3%	27.3%		
30 to 50 years old	1	0	11	14	6	8	1	3	29	43	25.0%	19.4%		
Over 50 years	0	1	1	4	1	2	0	2	6	12	27.8%	16.7%		
TOTAL	132	251	191	437	113	279	83	297	749	2398	24.5%	12.46%		
Under 30 years old	76	149	62	169	43	110	26	81	140	509	40.1%	23.6%		
30 to 50 years old	50	95	122	230	67	154	53	174	541	1599	20.9%	10.3%		
Over 50 years	6	7	7	38	3	15	4	42	68	290	17.9%	5.0%		



AVERAGE HIRING COST - HISTORICAL

	2020	2021	2022
Average hiring cost (MXN)	\$2,204.19	\$1,751.34	\$2,508.64

WAGE RATIO BETWEEN WOMEN AND MEN  
(OPERATIONAL WORKERS)

Country	Fixed salary	Fixed + variable salary
Argentina	1.05	NA
Brasil	0.89	NA
Central America	0.95	0.62
Mexico	0.93	0.99

Notes:

- Fixed and variable salaries are influenced by the seniority of the employees in the position
- Argentina does not have variable salaries for operational workers
- In Brazil, there are two women in operational positions and do not have variable salaries
- In Central America, there are two women in operational positions and do not have variable salaries
- There are no women in operational positions in Peru

NA: Not available

CAREER DEVELOPMENT

GRI 404-1, 404-3

TRAINING HOURS BY TYPE OF EMPLOYEE, PER COUNTRY AND GENDER

Grupo Rotoplas (total hours)		2021	22-21 (%)	2022
Administrative	Hours of training	13,529	72%	23,312
	Average hours of training per employee	2.8	-36%	1.8
Operational workers	Hours of training	3,080	41%	4,358
	Average hours of training per employee	1.5	7%	1.6
Total	Hours of training	16,609	67%	27,670
	Average hours of training per employee	4.3	-21%	3.4





Grupo Rotoplas 2022						
Hours of training – 2022						
Country	On-site training			Remote training		
	Breakdown by gender			Breakdown by gender		
	TOTAL	H	M	TOTAL	H	M
Mexico	11,408	8,576	2,832	10,035	6,609	3,427
Peru	436	334	102	565	338	227
Central America	554	432	122	472	298	173
Argentina	1,236	987	249	1,696	1,175	521
Brasil	210	165	45	164	131	33
USA	395	317	78	499	272	227
TOTAL	14,239	10,811	3,428	13,431	8,822	4,609
TOTAL	27,670					

NUMBER OF EMPLOYEES WHOSE PERFORMANCE HAS BEEN EVALUATED - HISTORICAL

Professional category		2020	2021	2022	%
Administrative	Executives	49	65	65	5%
	Middle Management	259	353	395	30%
	Individual contributors	980	900	866	65%
TOTAL		1,288	1,318	1,326	

86.95% of administrative employees are evaluated on their performance



# HEALTH AND SAFETY

GRI 403-9, 403-10

HEALTH AND SAFETY INDICATORS: EMPLOYEES AND CONTRACTORS - HISTORICAL

Health and safety indicators– Grupo Rotoplas

	2018	2019	2020	2021	2022
N° of minor injuries	79	120	9	73	NA
N° of lost-time injuries	76	58	98	71	63
N° of occupational illnesses	6	11	0	3	1
N° of casualties	NA	0	0	0	0
N° of days lost due to injury	3,120	2,915	0	1,804	1,804
Accident rate	NA	10.48	14.46	2.01	1.87
Index of occupational illnesses	NA	0.00	0.00	0.08	NA
Absenteeism rate	NA	0.13	0.00	51.10	27.43

Notes:

LTIR (Lost Time Incident Rate) calculated with the head count and the number of lost time injuries

By using SASB’s formula for LTIR (number of lost time injuries/total worked hours)\*200,000, the LTIR for 2021 was 1.97 and for 2022 was 1.46. From 2023 onwards, SASB’s formula will be used to report this indicator.

The total amount of worked hours in 2022 was 8,613,098.

NA: Not available

In 2021 and 2022, we did not have any health and safety reports for contractors. We had an average monthly of 301 contracted individuals during the year



# MATERIALITY

## MATERIALITY ANALYSIS

GRI 2-29, 3-1, 3-2

Our materiality study was conducted at the beginning of 2021 under the concept of dual materiality, which includes impact materiality (socio-environmental) under the GRI (Global Reporting Initiative) methodology and financial materiality corresponding to SASB (Sustainability Accounting Standards Board) standards. This exercise allowed us to define the new Sustainability Strategy with a horizon of 2025.

### Impact materiality

It considers those issues with the greatest impact that Grupo Rotoplas’ activities have on its stakeholders (in a broad sense) → Impacts on the environment. They are determined through:

- stakeholder perspective through stakeholder consultations
- internal perspective of senior management (strategic business vision)

For the **double-materiality** exercise, the analysis at the Group level and in our main markets (Mexico and Argentina), including the perspective of our stakeholders: investors, employees, civil society organizations, suppliers, distributors, and plumbers, as well as end users.

### Financial materiality

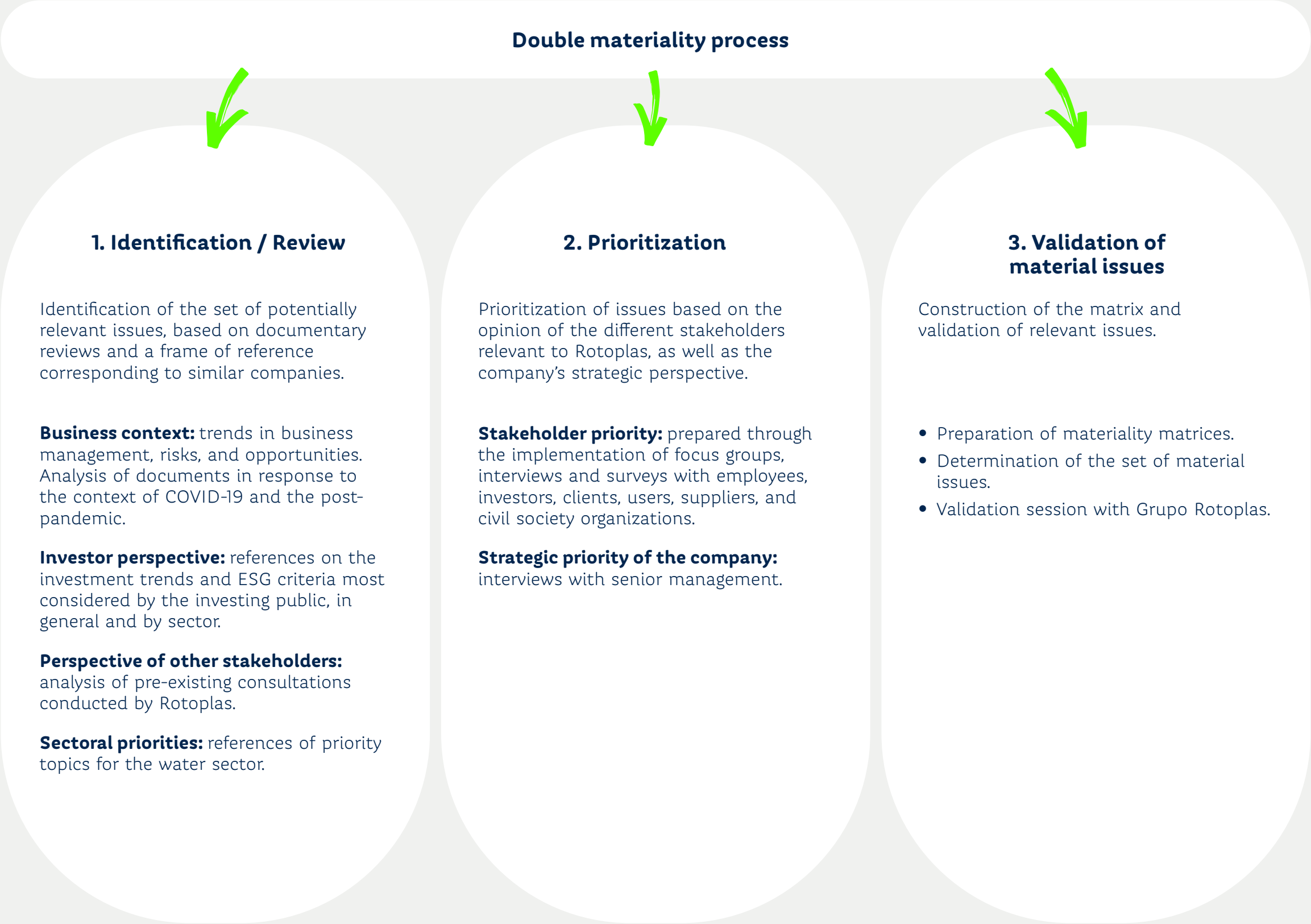
It considers those ESG issues that have the greatest impact on the company’s financial results, stability, and balance sheet.

- marked by investors’ concerns about ESG issues

We conduct the analysis on a regular basis, both to propose annual initiatives for the Strategy and to keep a pulse on the changing expectations of the different stakeholders; we have set a five-year period for updating the materiality analysis.

The material issues are connected to the main risks of the organization, which also nurture the Sustainability Strategy, as well as the corporate projection of the businesses.








The topics were classified as material, emerging, and non-priority, in two matrices. The global materiality matrix, which considers all stakeholders, and the matrix with an investor perspective considering, for the purposes of the Sustainability Strategy and the Annual Report, the aspects classified as material and emerging from both matrices.

No.	Topic	Material subject in the matrix	
		Global (all stakeholders)	Investors
1	Transparent ESG communication	Material	Material
2	Strategy, business model, and brand	Material	Material
3	Corporate governance	Material	Material
4	Employee safety, health, and well-being	Material	Material
5	Diversity in the workplace, equal opportunities, and inclusion	Emerging	Material
6	Access to water and sanitation	Material	Emerging
7	Contribution to climate change (energy and emissions)	Emerging	Emerging
8	Risks and opportunities of climate change	Emerging	Material
9	Quality and safety of water solutions	Material	Emerging
10	Ethics, integrity, and anti-corruption	Material	Material
11	Waste management and circularity	Emerging	Emerging
12	Integrated water management in the operation	No	Emerging
13	Water awareness	Material	Emerging
14	Training and talent development	No	No
15	Sustainable supply chain management	Emerging	No
16	Innovation with socio-environmental criteria	Emerging	Emerging



No.	Topic	Material subject in the matrix	
		Global (all stakeholders)	Investors
17	Talent attraction and retention	Emerging	No
18	Community investment	Emerging	No
19	Sustainable materials and raw materials	No	No
20	User focus	Material	Material
21	Organizational purpose, climate, and culture	Emerging	Emerging
22	Relationship with distributors, plumbers, and other partners	Material	Material
23	Technological transformation of processes and solutions	Material	Material
24	Creation of sustainable economic value	Material	Material
25	Culture and risk management	Emerging	Material
26	Regulatory compliance	No	Material
27	E-commerce and omnichannel strategy	Material	Material
28	Influence on the local water agenda and lobbying	No	No
29	Cybersecurity and privacy of information	No	No

The materiality analysis is presented internally first to the Sustainability Committee, and then to the Corporate Practices and Strategy Committee, before it reaches the Board of Directors. It should be noted that the process and results of the analysis are verified by an independent third party.

Verification letter 



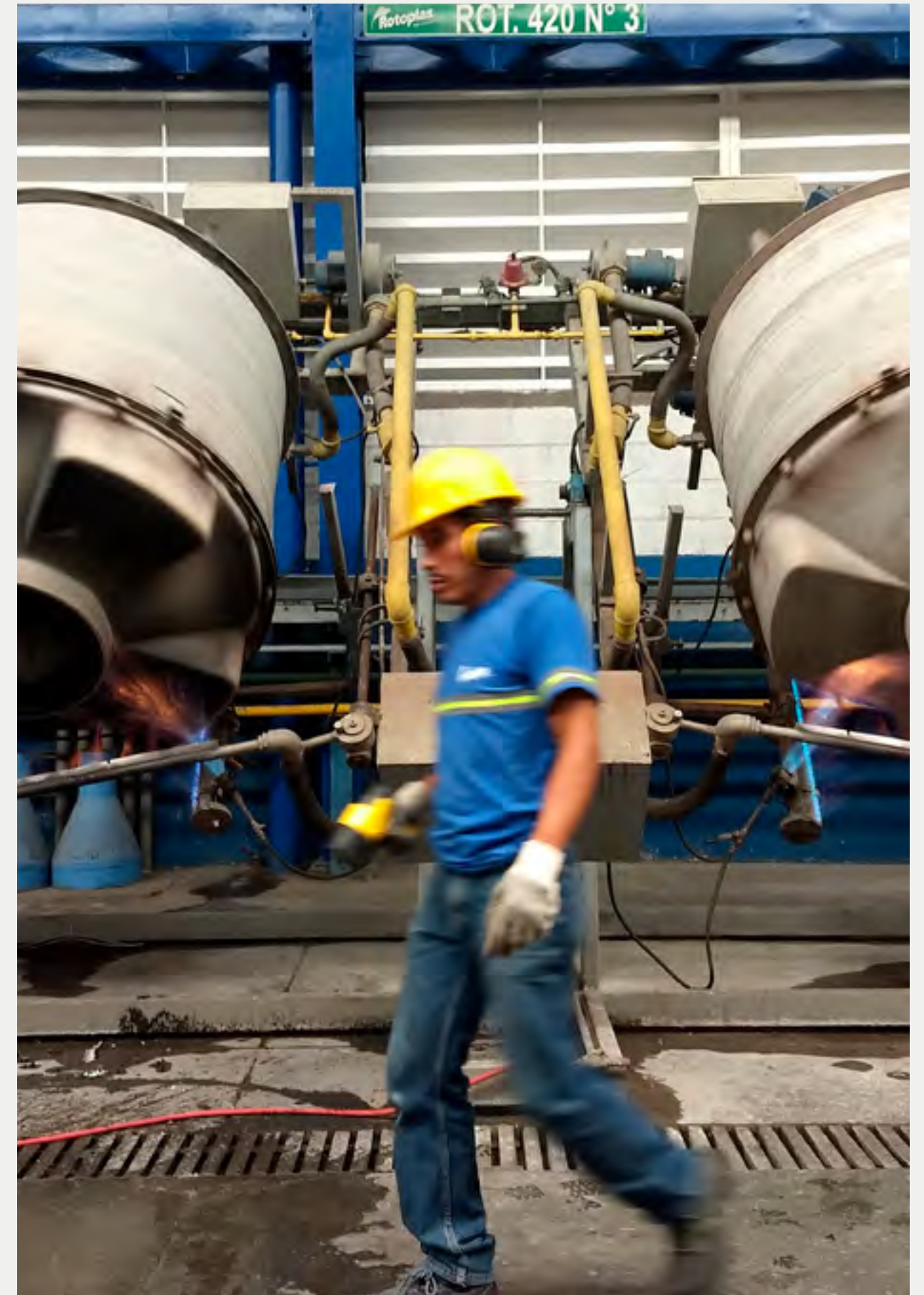
## HUMAN RIGHTS DUE DILIGENCE

The Group's **Human Rights Policy** formalizes our commitment to human rights; in it, we establish the necessary principles and guidelines for the treatment of and among our employees and in the relationship with external groups in our value chain.

The policy includes all of our employees, as well as all those with whom we interact, including candidates to work in the company, suppliers, clients, users of our solutions, and others. It is closely related to the Code of Ethics and Conduct and other policies.

In addition, it should be noted that we carry out our activities in strict compliance with the applicable legislation. We also consider recommendations and guidelines from the:

- Universal Declaration of Human Rights
- United Nations Guiding Principles on Business and Human Rights
- International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises



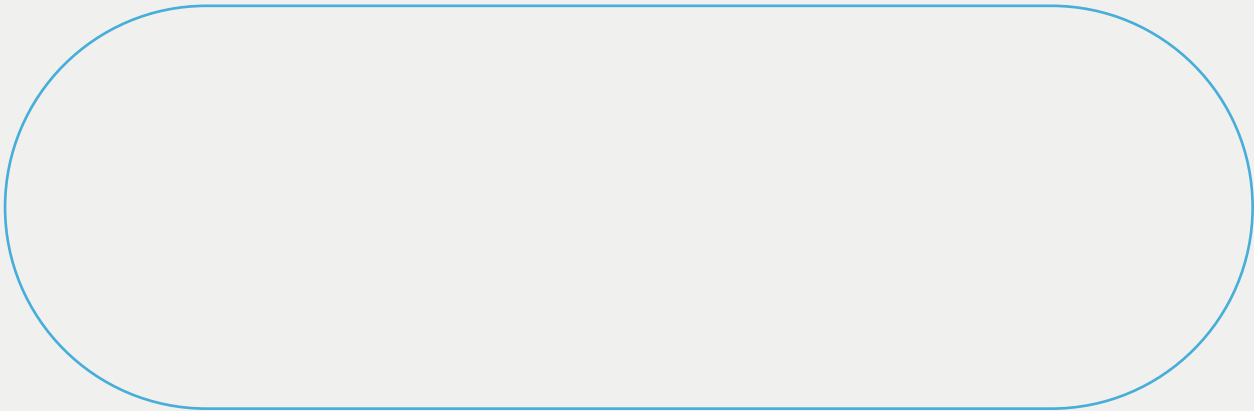
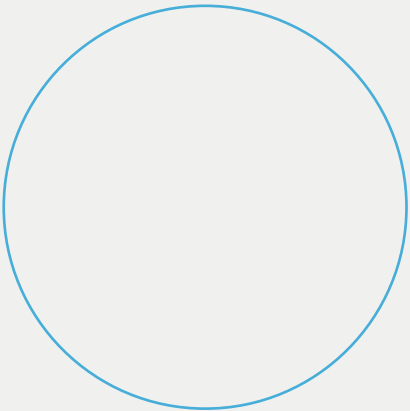


- OECD and G20 Principles on Corporate Governance
- Principles of the UN Global Compact

We have a proven track record of safeguarding human rights through various measures, including promoting employee diversity and inclusion, ensuring their health and safety, and considering the impact of our solutions on the community. In 2022, we decided to delve into a more comprehensive roadmap, which required a risk identification and assessment process.

**About the analysis:**

- In the scope, we considered both our direct operations and those of our value chain: processing and transportation of raw materials or other inputs, distribution of processed products, service rendering, use of products and services by end consumers, end-of-life or waste disposal.
- For our operations, we considered all the countries in which we operate, whether we have production plants and/or distribution centers, in addition to serving the customer and consumer market.
- The analysis included the relationships that occur in the direct and value chain activities with the different stakeholders, including own employees, third-party employees, and local communities; in terms of diversity, we place special emphasis on the analysis of the possible impacts on women, children, native and migrant populations.



- It is systematized according to OECD recommendations.
- We will be applying it on a regular basis every five years, as well as in exceptional cases in the event of a critical related situation.
- The process is also installed in the Group so that we can apply it in the event of the incorporation of new companies as part of possible inorganic growth operations.



All risks classified as high and medium-high significance are covered by risk management plans for: 1) prevention, to reduce the probability of occurrence, 2) mitigation: to reduce the impact in case of occurrence, and 3) remediation, to address the impact and counteract it.

OECD Steps	Actions	Chapters
1. Incorporate responsible business conduct into management policies and systems	<p>The conduct guidelines are found in our principles, values and the Rotoplas Way. The guidelines of behavior for our employees and for the external relationship with suppliers, distributors, clients, consumers and communities, are also established in:</p> <ul style="list-style-type: none"><li>• Code of Ethics and Conduct</li><li>• Human Rights Policy</li><li>• Integral Environment, Health, and Safety Policy</li><li>• Sustainability Policy</li><li>• Sustainable Procurement Policy</li><li>• Diversity Policy</li></ul> <p><b>With management procedures and systems that cover:</b></p> <p>1) Quality, due to possible impacts on the health and safety of end consumers.</p> <p>2) Occupational health and safety, in relation to employees.</p> <p>3) Environment, due to possible impacts on the communities in the event of effects from noise, water pollution, air emissions, etc.</p>	<p>Sustainability Strategy, Culture of Ethics and Compliance, Integrity in the value chain,</p> <p>Access to Water and Sanitation, Diversity, Equity and Inclusion, Safety, Health, and Well-being</p>





OECD Steps	Actions	Chapters
2. Identification and evaluation of negative impacts on operations, supply chains, and trade relations	<ul style="list-style-type: none"><li>• Through the “Confía Rotoplas” reporting platform, managed externally.</li><li>• They are complemented by the cases identified through internal and external audit processes.</li><li>• In addition, each plant has a risk matrix for quality, safety and health, and environmental issues.</li><li>• The <b>detailed risk analysis</b> listed prior to this table, carried out in 2022-2023, is worth noting, and will be updated periodically.</li><li>• In addition, we continually strengthen relationships with suppliers, distributors, and plumbers so that they can inform us of practices that are contrary to responsible business conduct.</li><li>• In the case of our suppliers, prior to contracting, we evaluate them regarding their legal compliance. In addition, we have already evaluated a selection of them on their ESG practices through a questionnaire requesting information and a detailed analysis of the responses, a process that we will be strengthening after this first phase. On the other hand, the relationship with different CSOs in community action and programs involving our products also allows us to better understand our impacts.</li></ul>	<p>Culture of ethics and compliance,</p> <p>Integrity of the value chain</p>



OECD Steps	Actions	Chapters
3. Halt, prevention, and/or mitigation of negative impacts	<p>Reports of violations of the codes are analyzed in the Ethics Committee and submitted to the areas of Human Capital or Corporate Security for resolution, which then return to the Committee for validation.</p> <p>Likewise, the Ethics Committee also evaluates and responds to the observations of internal audits of the work centers.</p> <p>Proactively: each facility reviews and updates its risk matrices annually and, when necessary, proposes modifications to generate corrective actions.</p> <p>At the strategic level, guidelines are also proposed by business or for the group as a whole for common issues such as those related to human capital.</p> <ul style="list-style-type: none"><li>• <b>Diversity and Inclusion Roadmap</b>, which includes workshops and training sessions.</li><li>• <b>Application of the Sustainable Procurement Policy</b>, and ESG evaluation of supplier selection.</li><li>• <b>Evaluation of legal compliance of suppliers.</b></li><li>• <b>Guidelines for action</b> in communities with government and/or civil society organization (CSO) programs.</li><li>• <b>Community relations management</b> process.</li><li>• <b>Social focus on the development of products</b> that provide access to water or an improvement in water quality, as well as the impact on consumer health.</li></ul>	<p>Diversity, equality, and compliance,</p> <p>Culture of ethics and compliance,</p> <p>Risk management</p>
4. Follow-up on implementation of results	<p>The Audit Committee oversees the implementation of different initiatives to monitor risks.</p> <p>In addition, each area is responsible for managing its main indicators.</p> <p>The Sustainability Strategy includes actions related to human rights. Therefore, the Strategy Scorecard also has useful indicators (e.g., ethics reports) and is regularly monitored throughout the year in: the Sustainability Committee initially, including the subcommittees on topics such as diversity, 2) the Corporate Practices and Strategy Committee secondly, which in turn reports to the Board of Directors.</p>	<p>Risk management</p>



OECD Steps	Actions	Chapters
5. Rendering of information on the impacts addressed	<p>Through the integrated annual report, annual management is publicly reported, including the detection of human rights violations or infringements.</p> <p>Detailed report on risks identified and assessed, as well as prevention, mitigation and remediation plans.</p> <p>We also maintain a fluid relationship with our stakeholders and there are mechanisms to respond to their specific concerns.</p>	<p>Integrated report</p> <p>Specific report on the Human Rights Due Diligence</p>
6. Redressing or collaboration in redressing the impact where applicable	<p>The definition of how to redress an identified human rights violation would be specifically assessed by senior management and approved by the Board of Directors.</p> <p>The remediation measures for the main risks are shown in the specific publication.</p> <p>Compliance with legislation and preventive management have allowed us not to have significant cases of human rights infringements.</p>	<p>Culture of ethics and compliance,</p> <p>Risk management</p> <p>Specific report on the Human Rights Due Diligence</p>



# CONTRIBUTION TO GLOBAL INITIATIVES

## CONTRIBUTION TO THE SDGS

We contribute to the generation of value for a wide range of stakeholders, including addressing water and sanitation needs, as well as the problems or difficulties associated with issues such as health. This is why our business model is closely linked to Agenda 2030 and the Sustainable Development Goals (SDGs), set by the United Nations (UN).

**Our Sustainability Strategy 2021-2025 addresses the SDGs to which we can contribute in a particular and greater way, identified from the material ESG issues.**

Here is our contribution to these SDGs and related targets:





**SDG: 3** Health and well-being  
**Goals:** 3,3; 3,4; 3,9



**SDG: 4** Quality education  
**Goals:** 4,3; 4,7



**SDG: 5** Gender equality  
**Goals:** 5, 5; 5,c

CONTRIBUTIONS

- Through our products, we facilitate **hygiene and health care**.
- In our operation, we safeguard occupational safety measures and **promote employee diligence**.
- Comprehensive wellness program “Be well” for employees

2022 INDICATORS

We provide access to sanitation for **223 thousand people**

**463**  
participants in the wellness program with personalized plans

**+ 680**  
attendees at the health fair activities for employees

Accident rate of  
**1.87**

CONTRIBUTIONS

- We have **training and development programs** for our employees, promoting talent.
- We participate in the **Leaders in Motion initiative (LeM, for its Spanish acronym)**, aimed at our employees’ children and young relatives.
- We support and work together with our plumbers, installers, professionals and/or retail vendors to **train them in technical and soft skills**.
- We work together with other associations **to train schoolchildren on the importance of sustainability** and caring for the water resource.
- We have collaboration agreements with universities.

2022 INDICATORS

**13**  
Rotoplas mentors supported 13 university students

**5,916**  
plumbers trained, 13,440 hours of training

**600**  
plumbers certified by SEP- Conocer; programmed by ECO 079 “Water Solutions Advisor” competencies

We had  
**859**  
people enrolled in the Aprender program trainings

**+400**  
participants in the Leadership Academy

CONTRIBUTIONS

- We work locally and globally with different institutions such as UNDP, Olascoaga MX, and Integrarse **to promote education, social entrepreneurship, and women’s empowerment**.
- We adhere to the **Women’s Empowerment Principles (WEPs)**.
- We participated in the Global Compact’s Target Gender Equality Accelerator.
- **Our self-regulation:** policies and codes are very demanding in terms of requirements and guidelines to avoid discrimination.
- We have **specialized facilities** to meet the needs of our female staff (nursing rooms)

2022 INDICATORS

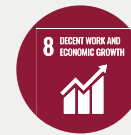
**24%**  
of women on the workforce

**27.6%**  
dof women in executive and middle management positions

**Nursing rooms** at the Guadalajara and Lurin plants, as well as in the corporate offices



**SDG: 6** Clean water and sanitation  
**Goals:** 6,1; 6,3; 6,4; 6,a, 6,b



**SDG: 8** Decent work and economic growth  
**Goals:** 8,2; 8,3; 8,4; 8,5; 8,8

### CONTRIBUTIONS

- We offer solutions to **improve water management for urban and rural environments**, with products for storage, waterflow, and improvement of water.
- We also work on optimizing the requirements of our different processes.
- Likewise, we work **to treat the wastewater from our operation to reuse it or return it to the environment in good condition**, with WWTPs in the Guadalajara and Merida plants in Mexico, and in Pilar in Argentina.
- In the **Anáhuac, Golfo, Lerma, Guadalajara, Guatemala, and Peru plants**, we have systems that provide water treatment and recirculation.
- **We work together with associations specialized in water and sanitation**, enhancing our experience and knowledge to provide more and better solutions to the population.
- As part of our social contribution, we collaborate with different non-profit organizations, **where we donate some of our solutions and products to communities with water scarcity or risk thereof**.

### 2022 INDICATORS

**25**

airwater harvesting systems installed together with Acciona in Oaxaca

Water Debate Program in Argentina; **864 students and 47 teachers were trained**

In Peru, **installation of 50 fog catchers**, benefiting more than 200 families

**+ 240**

thousand m<sup>3</sup> of water purified by our solutions

### CONTRIBUTIONS

- Through the Flow program, **we boost leadership, operating discipline, talent development, accountability, and organizational climate**.
- We offer a **safe work environment** that drives our workers' capabilities.
- We continue to create job opportunities.
- **We enhance our own talent with the Leaders program**, and we seek young talent with the PRODE (Professionals under Development) program, so that young people can be trained by working in the company, through agreements with universities.

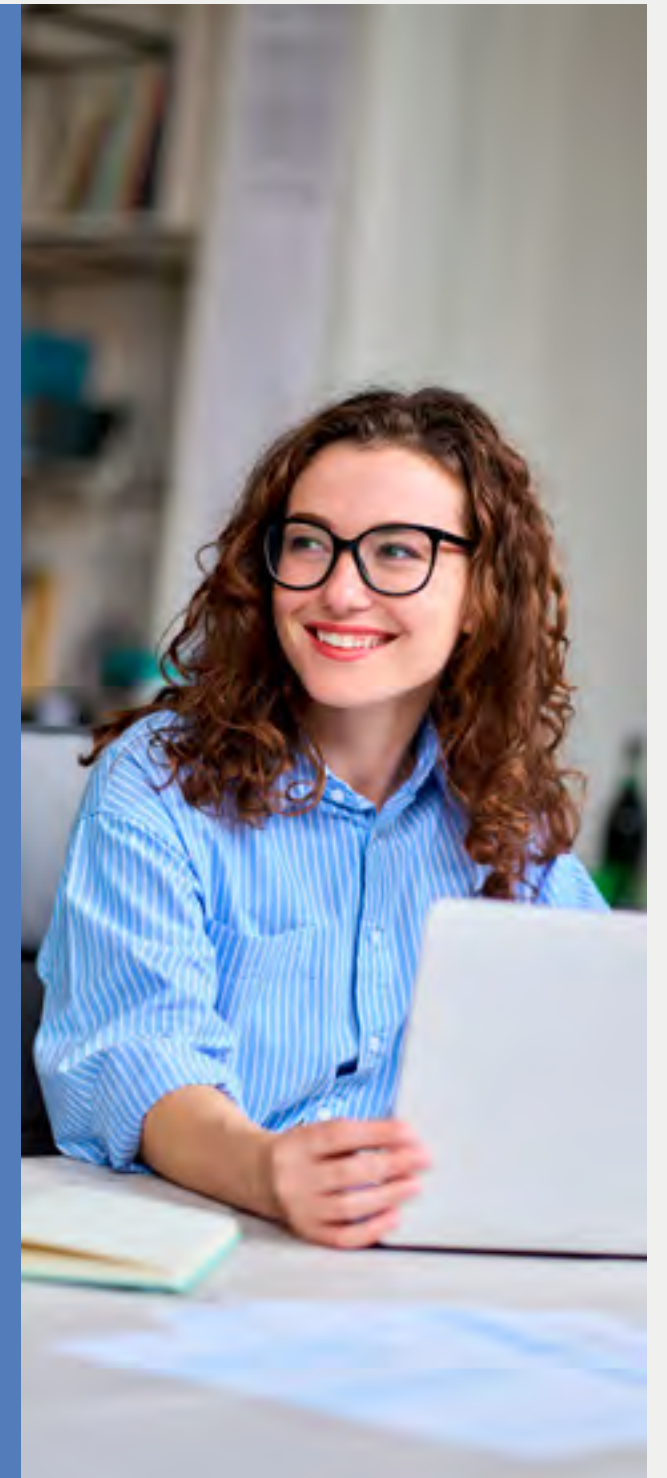
### 2022 INDICATORS

**7**

participants in the PRODE program

**73%**

satisfaction rate in work climate survey







**SDG: 9** Industry, innovation, and infrastructure  
**Goals:** 9,2; 9,5



**SDG: 10** Reduced inequalities  
**Goals:** 10,4; 10,6



**SDG: 11** Sustainable cities and communities  
**Goals:** 11,1; 11,3; 11,b

CONTRIBUTIONS

- We deliver **sustainable growth** in the countries where we have operations
- **We understand innovation with an open approach**, in which we connect with the entrepreneurial environment and open ourselves to third-party solutions, in addition to our own developments.
- Our solutions, especially the wastewater treatment plants, help industrial clients evolve towards an activity with **less impact on the environment**.
- With *bebbia*, we promote a **reduction of plastic, and access to quality water**.
- We are investing to incorporate data analytics into our solutions, **improving customer experience**.
- We participate in different organizations with a business and sectoral focus.

2022 INDICATORS

**\$414**  
million were pesos invested in new technology for the production of storage solutions and in machinery to increase the productive capacity of the waterflow business in Mexico

Capital expenditures accounted for **5.2%** of sales for the year

**+ 88**  
*bebbia* clients, representing 8 million 20L jugs avoided

CONTRIBUTIONS

- Our solutions address **the issue of difficulties and backlog in access to water and sanitation**. This helps families to focus on work and have better hygiene.
- On the other hand, in our chain of distributors, installers, and plumbers, we generate employment opportunities and **seek their development through training programs**.
- We are also a generator of formal direct employment in the different countries where we operate.

2022 INDICATORS

We continued with our social impact activities, benefiting a total of **10,950** people

**3,284**  
employees at the end of December 2022

**12.46%**  
turnover rate

Training was provided related to topics of gender equity and disability

CONTRIBUTIONS

- Through our product portfolio, we offer solutions **to improve water management in urban and rural centers**, through storage, waterflow, and improvement of water. We contribute to the development of decentralized solutions.
- With wastewater treatment, **we provide a solution for businesses**, especially in populated environments.
- We also improve the logistics of our shipping, facilitating **a more efficient distribution**.

2022 INDICATORS

Throughout 2022, **we achieved a 16% reduction in emissions corresponding to downstream transportation** in our supply chain, compared to 2021



**SDG: 12** Responsible consumption and production  
**Goals:** 12,5; 12,6; 12,8; 12,a



**SDG: 13** Climate action  
**Goals:** 13,1; 13,b



**SDG: 16** Promote just, peaceful, and inclusive societies  
**Goals:** 16,2; 16,5; 16,6

### CONTRIBUTIONS

- **We use recycled resins** for manufacturing our products. We also take advantage of the materials resulting from our processes so that it can be reintegrated.
- **We seek to offer solutions that reduce the use of materials**, either because of their durability (such as water tanks) or because they are an alternative to consumption models with a greater impact (e.g., drinking water service).
- Through the *rieggo* operation, we are facilitating efficiency practices for the agricultural sector.
- Through our report, website, various community programs and other channels, we interact with our stakeholders to **convey our vision of sustainability and water care**.
- We are members of different local and trade associations that **promote the sustainable development** of companies.
- **We strengthen our sustainable supply chain**, so that it is aligned with our principles and values.

### 2022 INDICATORS

During 2022, **we processed more than 55 thousand tons of resins**, 16% of which were recycled resins

**+3,700**  
suppliers make up our supply chain

### CONTRIBUTIONS

- Climate change endangers the availability and quality of water for human consumption. Through our products **we contribute to generate efficient alternatives to respond to this risk**.
- **We are committed to reducing our greenhouse gas emissions**, aiming to achieve carbon neutrality by 2040 for our scopes 1 and 2.

### 2022 INDICATORS

Thanks to energy efficiency measures in our operations, we achieved a **1.2% reduction in scope 1 and 2 GHG emissions in 2022, compared to 2021**.

**Our Scope 1 and 2 intensity was 0.48 tCO<sub>2</sub>e/t** of resin and metal processed

### CONTRIBUTIONS

- Our strong corporate governance **strives for decision-making focused on the company's wellness** and on long-term value creation for all stakeholders.
- **We promote ethics through self-regulation** (policies and codes), management measures, training and generating awareness.
- We have the “Confía Rotoplas” platform for reporting non-compliance.
- In the **Human Rights Policy** of Grupo Rotoplas, we state our rejection of child labor and forced labor.
- We have an **anti-corruption policy**.
- We strengthen our governance with a Corporate Governance Policy and a crime management model.

### 2022 INDICATORS

**57%**  
independent  
Board members

**7%**  
of board  
members are  
women

Approximately **100 people** were trained in anti-corruption issues



# PROGRESS ON THE UN GLOBAL COMPACT PRINCIPLES

As part of our commitment to the Ten Universally Accepted Principles of the UN Global Compact, we hereby submit our Communication on Progress in response to the commitments we have made.

	Commitment	Strategic documents	Page
Human Rights	<b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights.	Human Rights Policy	153
		Code of Ethics and Conduct	
	<b>Principle 2:</b> Businesses should make sure that they are not complicit in human rights abuses.	Human Rights Policy	
		Code of Ethics and Conduct	153
Decent Work	<b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Code of Ethics and Conduct	112
	<b>Principle 4:</b> Businesses should uphold the elimination of all forms of forced or compulsory labor.	Code of Ethics and Conduct	112, 153
	<b>Principle 5:</b> Businesses should uphold the effective abolition of child labor.	Code of Ethics and Conduct	112, 153
	<b>Principle 6:</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Code of Ethics and Conduct	117
Caring for the environment	<b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges.	Climate Change Policy	43
	<b>Principle 8:</b> Businesses should undertake initiatives to promote greater environmental responsibility.	Sustainability Strategy 360° Value	88, 96
	<b>Principle 9:</b> Businesses should encourage the development and diffusion of environmentally friendly technologies.	Sustainability Strategy 360° Value	96
Anti-corruption	<b>Principle 10:</b> Businesses should work against corruption in all its forms, such as extortion and bribery.	Anti-Corruption Policy	65





# CEO WATER MANDATE APPLICATION

As part of our commitment to the CEO Water Mandate initiative of the United Nations Global Compact, we present our communication of progress on the six basic elements of managing our water-related risks.

Throughout the report, we have addressed each of the commitments presented below, with a brief summary of the actions carried out in 2022 in Mexico, Argentina and Peru.

Direct Operations (page 86)			
Commitments	Actions in Mexico	Actions in Argentina	Actions in Peru
Conduct an assessment to understand how we use water in our products and services	Water footprint Survey of GRI indicators on water catchment, water use and water discharge	Water footprint Survey of GRI indicators on water catchment, water use and water discharge	Water and carbon footprint measurement Survey of information and improvement timelines
Encourage and use new technologies related to better water management	IoT for water storage and purification		
To be actively involved in Global Compact networks	Involvement of Institutional Relations area (next payment of dues and filling out the April-May form)	Possible adhesion to Argentina Pact in 2023	
Include water sustainability in company decisions	KPIs for water use and efficiency in capex projects (where applicable)	KPIs for water use and efficiency in capex projects (where applicable)	KPIs for water use and efficiency in capex projects (where applicable)



Direct Operations (page 86)			
Commitments	Actions in Mexico	Actions in Argentina	Actions in Peru
Support the work of existing water-related initiatives in the private sphere and in the international community	Projects for access to water and sanitation	Projects for access to water and sanitation	Projects for access to water and sanitation
Supply chain and watersheds (page 70)			
Commitments	Actions in Mexico	Actions in Argentina	Actions in Peru
Encourage our suppliers to improve their sustainable water management practices	Environmental and water questions included in ESG supplier questionnaire	Environmental and water questions included in ESG supplier questionnaire	Environmental and water questions included in ESG supplier questionnaire
Build capabilities to analyze and respond to watershed risks	Vulnerability analysis of plants at the basin level		
Enable suppliers to perform assessments related to their water management	Environmental and water questions included in ESG supplier questionnaire	Environmental and water questions included in ESG supplier questionnaire	Environmental and water questions included in ESG supplier questionnaire



Supply chain and watersheds (page 70)

Commitments	Actions in Mexico	Actions in Argentina	Actions in Peru
Share sustainability practices with suppliers	Soon to be shared with suppliers, based on the analysis of the results of the supplier questionnaire	Soon to be shared with suppliers, based on the analysis of the results of the supplier questionnaire	Soon to be shared with suppliers, based on the analysis of the results of the supplier questionnaire
Incentivize suppliers to report consistently on progress related to these goals	Soon to be shared with suppliers, based on the analysis of the results of the supplier questionnaire	Soon to be shared with suppliers, based on the analysis of the results of the supplier questionnaire	Soon to be shared with suppliers, based on the analysis of the results of the supplier questionnaire

Collective Action (page 86)

Commitments	Actions in Mexico	Actions in Argentina	Actions in Peru
Build links with civil society organizations, especially at regional and local levels	Involvement of Rotoplas personnel in local organizations encouraging leadership (committees, organizations, forums).	Involvement of Rotoplas personnel in local organizations encouraging leadership (committees, organizations, forums).	Involvement of Rotoplas personnel through internal communication about events in which we will participate—events, forums, volunteering
Cooperate with governments at all levels, as well as with international institutions, to work on water sustainability and policies that strengthen it	Collaboration with UNEP and IDB Invest for <i>bebbia</i>  Area dedicated to Institutional Relations	Area dedicated to Institutional Relations	Continued work with Aquafondo, Sunass care for watersheds and to raise awareness for water sustainability
Encourage and use new technologies related to better water management	Innovation, Research and Development (area)	Innovation, Research and Development (area)	



## Collective Action (page 86)

Commitments	Actions in Mexico	Actions in Argentina	Actions in Peru
<b>To be actively involved in Global Compact networks</b>	Involvement of Institutional Relations area (next payment of dues and filling out the April-May questionnaire)	Possible adhesion to Argentina Pact in 2023	
<b>Support the work of existing water-related initiatives in the private sphere and in the international community</b>	Launching of calls for proposals to implement water access and sanitation projects. A Fluir 2023.	Social investment project with HPHA. Collaboration with NGO Vivienda Digna Water Under Debate	Search for alliances and projects related to water with NGOs, private companies for social investment issues

## Public Policy (page 86)

Commitments	Actions in Mexico	Actions in Argentina	Actions in Peru
<b>Contribute to the development of regulations and market mechanisms to advance the water sustainability agenda</b>	Provide information to decision-makers and legislators, legislative advocacy meetings	Work with municipalities on municipal ordinances	Provide information to decision-makers and legislators, legislative advocacy meetings, leverage events with public and private companies
<b>Be advocates for water sustainability in public policy discussions at all levels to support integrated water management</b>	Senior management participation in water discussions in public and governmental forums	Detect public and governmental forums	Participation in public forums and invitations to debates
<b>Partner with the necessary entities to advance in intelligence, knowledge and tools</b>	Institutional Relations plan	Institutional Relations plan	Institutional Relations plan
<b>Join and support specialized policy and paradigm-oriented bodies</b>	Alliance with the Gonzalo Río Arronte Foundation, the Water Advisory Council, CANACINTRA	Members of IDEA, CAIP, CAFAGAS, CAIF, AIERA, AIDIS, CAMEX	Members of Aquafondo and Sunass, among others



Community Involvement (page 92)

Commitment	Actions in Mexico	Actions in Argentina	Actions in Peru
Strive to understand the water and sanitation issues in the communities where we are present and how we impact them	Survey of needs for access to water and sanitation in localities  Ojo de Agua	Posible adhesión a Pacto Argentina en 2023	
Be active in local communities and support community initiatives to strengthen water management	Access to W&S projects	Access to W&S projects	Access to W&S projects
Undertake awareness-raising and education campaigns with local agents	Anthropologist and CX area activities	Off- and online communication focused on awareness  Social investment programs	Participation with Sunass and awareness fairs for children, teachers, and the general public, as well as MKT campaigns on water care
Working with local authorities to support, where possible, the development of water infrastructure	Project team contact with government to advise on project implementation in communities	Project team contact with government to advise on project implementation in communities	Project team contact with government to advise on project implementation in communities



Transparency (pages 11, 86, 103, 109)			
Commitments	Actions in Mexico	Actions in Argentina	Actions in Peru
<b>Include actions and investments related to the CEO Water Mandate, the Global Compact or the GRI guidelines in our annual communication</b>	<p>This annual report includes our contribution to the 10 Global Compact Principles, as well as the GRI standards table.</p> <p>Throughout the report, we also respond to the CEO Water Mandate commitment.</p>	<p>This annual report includes our contribution to the 10 Global Compact Principles, as well as the GRI standards table.</p> <p>Throughout the report, we also respond to the CEO Water Mandate commitment.</p>	<p>This annual report includes our contribution to the 10 Global Compact Principles, as well as the GRI standards table.</p> <p>Throughout the report, we also respond to the CEO Water Mandate commitment.</p>
<b>Publish and share our water strategies in relevant corporate reports</b>	Available in our annual report	Available in our annual report	Available in our annual report
<b>Be transparent in deals and discussions with governments and authorities on water-related issues</b>	Visibility of our relationship with stakeholders is given in the annual report	Visibility of our relationship with stakeholders is given in the annual report	Visibility of our relationship with stakeholders is given in the annual report





# TABLE OF GRI CONTENTS

Grupo Rotoplas S.A.B de C.V reports in accordance with GRI standards for the period from January 1 to December 31, 2022.  
GRI 1: Foundations 2021.

GENERAL CONTENTS	Indicator	Omission	Page
GRI 2: The organization and its reporting practices	2-1		20
	2-2		10, 20
	2-3		10
	2-4		10
	2-5		10
GRI 2: Activities and employees	2-6		23, 70
	2-7		114, 142
	2-8		114, 142



GENERAL CONTENTS	Indicator	Omission	Page
GRI 2: Governance	2-9		31, 59
	2-10		59
	2-11		59
	2-12		31, 60, 65
	2-13		31, 60
	2-14		10, 35
	2-15		60, 65
	2-16		35, 60
	2-17		60
	2-18		60
	2-19		60
	2-20		60
	2-21	Confidential information due to internal company guidelines	
GRI 2: Strategy, policies and practices	2-22		14, 17
	2-23		31, 59, 65
	2-24		31, 65
	2-25		65
	2-26		65
	2-27		65
	2-28		36, 79, 87
GRI 2: Strategy, policies and practices	2-29		151
	2-30		114
GRI 3: Material Topics	3-1		151
	3-2		151
	3-3	It is presented throughout this report	



MATERIAL AND EMERGING TOPICS	GRI topic contents	Indicator	Omission	Page
Risks and opportunities of climate change	GRI 3: Material Topics 2021	3-3		43
		201-1		55
	GRI 201: Economic performance 2016	201-2		42
		201-3		132
Creation of sustainable economic value	GRI 3: Material Topics 2021	3-3		70
	GRI 204: Procurement practices	204-1		70
Ethics, integrity and anti-corruption	GRI 3: Material Topics 2021	3-3		65
		205-1		65
	GRI 205: Anti-corruption 2016	205-2		65
		205-3		65
Strategy, Business Model, and Brand	GRI 3: Material Topics 2021	3-3		20, 65
	GRI 206 Anticompetitive behavior 2016	206-1		65
	GRI 415: Public policies 2016	415-1		65
Access to water and sanitation	GRI 3: Material Topics 2021	3-3		91
	GRI 203: Indirect economic consequences 2016	203-1		91
		203-2		75, 91





MATERIAL AND EMERGING TOPICS	GRI topic contents	Indicator	Omission	Page
Contribution to climate change (energy and GHG emissions)	GRI 3: Material Topics 2021	3-3		105
		302-1		106, 136
		302-2		106
	GRI 302: Energy 2016	302-3		106, 136
		302-4		106
		302-5		106
		305-1		107, 137
	GRI 305: Emissions 2016	305-2		107, 137
		305-3		107, 137
		305-4		107, 137
		305-5		107, 137
		305-6		107
		305-7		107
Waste management and circularity	GRI 3: Material Topics 2021	3-3		
		303-1		96, 103
		303-2		103
	GRI 303: Water and effluents 2018	303-3		103
		303-4		103
		303-5		103
	GRI 306: Waste 2020	306-1		101
		306-2		101
		306-4		101
		306-5		101



MATERIAL AND EMERGING TOPICS	GRI topic contents	Indicator	Omission	Page
Employee safety, health, and wellbeing	GRI 3: Material Topics 2021	3-3		130
		401-1		122, 142
	GRI 401: Employment 2016	401-2		132
		401-3		117
		403-1		130
		403-2		130, 132
	GRI 403: Occupational health and safety 2018	403-3		130
		403-4		130
		403-5		130
		403-6		132
		403-7		130
		403-8		130
		403-9		130, 150
		403-10		130, 150
Diversity in the workplace, equal opportunities and inclusion	GRI 3: Material Topics 2021	3-3		
	GRI 404: Training and education 2016	404-1		126
		404-2		122, 126
		404-3		128
	GRI 405: Diversity and equal opportunity 2016	405-1		60, 114, 142
		405-2		121
	GRI 406: Non-discrimination 2016	406-1		117
Sustainable supply chain management	GRI 3: Material Topics 2021	3-3		70
	GRI 308: Supplier Environmental Assesment	308-1		70
		308-2		70
	GRI 414: Supplier Social Assesment	414-1		70
		414-1		70



MATERIAL AND EMERGING TOPICS	GRI topic contents	Indicator	Omission	Page
User focus	GRI 3: Material Topics 2021	3-3		99
	GRI 416: Customer health and safety 2016	416-1		99
		416-2		99
Quality and safety of water solutions	GRI 3: Material Topics 2021	3-3		99
	GRI 417: Marketing and labeling 2016	417-1	The technical data sheets of the products, which include their technical specifications, benefits, installation suggestions, and recommendations for use, among other information, are available on the website	
		417-2		65
		417-3		65
E-commerce and omnichannel strategy	GRI 3: Material Topics 2021	3-3		77
	GRI 418: Customer Privacy 2016	418-1		48





MATERIAL AND EMERGING TOPICS	Own indicators	Indicator	Omission	Page
Water awareness	GRI 3: Material Topics 2021	3-3		88
	Collaborative campaigns and projects, promoting high levels of awareness and correct management of water resources	IP-1		88, 92
Technological transformation of processes and solution	GRI 3: Material Topics 2021	3-3		77
	Development of digital tools, customized products and services	IP-2		77, 79
	Customer satisfaction evaluations	IP-3		84
Relationship with distributors, plumbers and other partners	GRI 3: Material Topics 2021	3-3		75
	Strategies to ensure that direct customers have a memorable experience, are trained and become loyal	IP-4		75
Innovation with socio-environmental criteria	GRI 3: Material Topics 202	3-3		79
	Mechanisms and processes to generate innovative solutions to meet the needs of emerging markets and society	IP-5		79
Talent attraction and retention	GRI 3: Material Topics 2021	3-3		122
	Programs developed to attract internal and external talent	IP-6		122
	Workplace climate assessment	IP-7		132
Community investment	GRI 3: Material Topics 2021	3-3		92
	Community grants related to access to water	IP-8		92



# SASB METRICS

## CONSTRUCTION PRODUCTS AND FURNISHINGS STANDARD - VERSION 2018

SASB Topic	Code	Description	Measurement unit	Omissions and modifications	Page(s)
ACTIVITY PARAMETERS					
(Activity parameter)	CG-BF-000.A	Annual production	Production shall be disclosed in typical units recorded by the entity, such as number of units, weight, and/or square feet	The measurement unit is considered to be tons of processed resin, which is also used to calculate the intensities of energy consumption and GHG emissions generation	100
	CG-BF-000.B	Manufacturing facilities surface	Square meters m <sup>2</sup>	Not available. The number of plants and distribution centers (other than plants acting as the latter) is reported.	
ACCOUNTING PARAMETERS					
Energy management in manufacturing	CG-BF-130a.1	(1) Total energy consumed, (2) percentage of electricity from grid, (3) percentage of renewables	"Gigajoules (GJ), percentage (%)"		106
Management of chemical substances in products	CG-BF-250a.1	Analysis of the processes for assessing and managing the risks or hazards associated with chemical substances in products	N/A	Not applicable in Grupo Rotoplas; we do not incorporate in our products substances that are harmful or dangerous for human health.	
	CG-BF-250a.2	Percentage of eligible products complying with emission standards and standards for volatile organic compound (VOC) content	Percentage (%) by income	Not applicable in Grupo Rotoplas; we do not incorporate in our products substances that are harmful or dangerous for human health.	



SASB Topic	Code	Description	Measurement unit	Omissions and modifications	Page(s)
Environmental effects of the product life cycle	CG-BF-410a.1	Description of efforts to manage product life cycle impacts and meet the demand for sustainable products.	N/A		98
	CG-BF-410a.2	Weight of recovered material at the end of its useful life, (2) percentage of recovered materials recycled	Metric tons (t), percentage (%) by weight		101
Timber supply chain management	CG-BF-430a.1	Total weight of wood fiber materials purchased, (2) percentage from third-party-certified forests, (3) percentage by standard, and (4) percentage certified by other wood fiber standards, (5) percentage by standard	Metric tons (t), percentage (%) by weight	Not applicable in Grupo Rotoplas; we do not use wood in our products	

WATER SERVICES AND SUPPLY PRODUCTS  
STANDARD - 2018 VERSION

SASB Topic	Code	Description	Measurement unit	Omissions and modifications	Page(s)
ACTIVITY PARAMETERS					
(Activity parameter)	IF-WU-000.A	Number of (1) residential, (2) commercial, and (3) industrial customers served, classified by type of service provided	Number	We point out different metrics for products and services	77, 91
(Activity parameter)	IF-WU-000.B	Total water obtained, percentage by type of source	Cubic meters (m³), Percentage (%)	Does not apply to Grupo Rotoplas' business model and activity; it facilitates water access solutions but not water itself	





SASB Topic	Code	Description	Measurement unit	Omissions and modifications	Page(s)
(Activity parameter)			One thousand cubic meters (m³)		
	IF-WU-000.C	Total water delivered to (1) residential, (2) commercial, (3) industrial and (4) all other clients		Does not apply to Grupo Rotoplas' business model and activity; it facilitates water access solutions but not water itself. Drinking water generated by Grupo Rotoplas' solutions is indeed reported as part of the sustainable bond metrics	
(Activity parameter)	IF-WU-000.D	Average volume of wastewater treated per day, from (1) sewage, (2) stormwater and (3) water network	Cubic meters (m³) per day	We do not have a breakdown of the origin of the treated water, but we do have a breakdown of the average volume treated	
(Activity parameter)	IF-WU-000.F	Length of (1) water pipelines and (2) sewer pipelines	Kilometers (km)	Not significant. Grupo Rotoplas only provides, installs and operates the treatment plants for companies, which are included in the customer's own facilities.	
ACCOUNTING PARAMETERS					
Energy management	IF-WU-130a.1	(1) Total energy consumed, (2) percentage of electricity from grid, (3) percentage of renewables	"Gigajoules (GJ), percentage (%)"		106
Distribution network efficiency	IF-WU-140a.1c	Water pipeline replacement rate	Speed	Does not apply to Grupo Rotoplas; it does not distribute water. In waterflow, it only markets the products (pipes and complementary devices).	
	IF-WU-140a.2	Volume of actual unremunerated water losses	Volume of actual unremunerated water losses	Not applicable to Grupo Rotoplas, since it does not operate the water distribution service.	



SASB Topic	Code	Description	Measurement unit	Omissions and modifications	Page(s)
Effluent quality management	IF-WU-140b.1	Number of non-compliance incidents related to water quality permits, standards, and regulations	Number		103
	IF-WU-140b.2	Analysis of effluent management strategies of emerging interest	N/A	Not available	
Affordability and access to water	IF-WU-240a.1 - a.4	Various	Various	The topic does not apply to Grupo Rotoplas; it does not provide water, but rather the service so that it can be obtained from the water network ( <i>bebbia</i> ).	
Drinking water quality	IF-WU-250a.1 - a.2	Various	Various	The topic does not apply to Grupo Rotoplas; it does not provide water, but rather the service so that it can be obtained from the water network ( <i>bebbia</i> ).	
End-use efficiency	IF-WU-420a.1 - a.2	Various	Various	The topic does not apply to Grupo Rotoplas; it does not provide water, but rather the service so that it can be obtained from the water network ( <i>bebbia</i> ).	
Water supply resilience	IF-WU-440a.1 - a.3	Various	Various	The topic does not apply to Grupo Rotoplas; it does not provide water, but rather the service so that it can be obtained from the water network ( <i>bebbia</i> ).	



SASB Topic	Code	Description	Measurement unit	Omissions and modifications	Page(s)
Network resilience and the effects of climate change	IF-WU-450a.1	Sewage treatment capacity in 100-year flood zones	Cubic meters (m³) per day		103
	IF-WU-450a.2	(1) Number and (2) volume of sanitary sewer overflows (SSO), (3) percentage of volume recovered	Number, cubic meters (m³), percentage (%)	Not applicable to Grupo Rotoplas, since it is not responsible for the network	
	IF-WU-450a.3 (1)	Number of unplanned service disruptions and (2) customers affected by duration category	Number	Not applicable to Grupo Rotoplas, since it is not responsible for the network	
	IF-WU-450a.4	Description of efforts to identify and manage risks and opportunities related to the effect of climate change on distribution and wastewater infrastructure	N/A	Climate change risks and opportunities are not yet included in the risk management of our water treatment solutions	

STANDARD OF CHEMICAL SUBSTANCES IN PRODUCTS - VERSION 2018

SASB Topic	Code	Description	Measurement unit	Omissions and modifications	Page(s)
ACTIVITY PARAMETERS					
(Activity parameter)	RT-CH-000.A	Production by reportable segment	Cubic meters (m³) or metric tons (t)	The amount of resin processed is indicated. Grupo Rotoplas prepares the compositions from resins purchased in the market.	100





SASB Topic	Code	Description	Measurement unit	Omissions and modifications	Page(s)
Greenhouse gas emissions	RT-CH-110a.1	Scope 1 worldwide gross emissions, percentage covered by emission limitation regulations	Metric tons (t) of CO <sub>2</sub> -e, % percentage (%)		107
	RT-CH-110a.2	Analysis of the long- and short-term strategy or plan to manage Scope 1 emissions, emission reduction targets, and analysis of performance against these targets	N/A		107
Air quality	RT-CH-120a.1	Emissions into the atmosphere of the following pollutants: (1) NOX (except N2O), (2) SOX, (3) volatile organic compounds (VOC) and (4) hazardous air pollutants (HAP)	Metric tons (t)		107
Energy management	RT-CH-130a.1	(1) Total energy consumed, (2) percentage of electricity from the grid, (3) percentage of renewables, (4) total self-generated energy	"Gigajoules (GJ), percentage (%)"		106
Water management	RT-CH-140a.1	(1) Total water extracted, (2) total water consumed, percentage of each in regions with high or extremely high initial water stress	Thousand cubic meters (m <sup>3</sup> ), percentage (%)		103
	RT-CH-140a.2	Number of non-compliance incidents related to water quality permits, standards, and regulations	Number		103
	RT-CH-140a.3	Description of water management risks and analysis of strategies and practices to mitigate them	N/A		103
Hazardous waste management	RT-CH-150a.1	Quantity of hazardous waste generated, percentage recycled	Metric tons (t), percentage (%)		101



SASB Topic	Code	Description	Measurement unit	Omissions and modifications	Page(s)
Community relations	RT-CH-210a.1	Analysis of participatory processes to manage risks and opportunities associated with community interests	N/A		101
Workforce health and safety	RT-CH-320a.1	(1) Total recordable incident rate (TRIR) and (2) mortality rate for a) direct employees and b) contract workers	Speed		130
	RT-CH-320a.2	Description of initiatives undertaken to assess, monitor and reduce the exposure of employees and contracted workers to long-term (chronic) health risks	N/A		130
Product design to achieve usage-phase efficiency	RT-CH-410a.1	Revenue from products designed for resource efficiency in the usage phase	Currency to communicate		98
Management of chemical substances to protect safety and the environment	RT-CH-410b.1 -b2	Various	Various	Not applicable At Grupo Rotoplas, we do not work with chemical substances that are particularly harmful to the environment.	
Genetically modified organisms	RT-CH-410c.1	Percentage of products, by revenue, containing genetically modified organisms (GMOs)	Percentage (%) by income	Not applicable in Grupo Rotoplas; not part of the offer.	
Management of the legal and regulatory environment	RT-CH-530a.1	Analysis of corporate positioning related to government regulations or policy proposals that address environmental and social factors affecting the sector	N/A	No conclusions have yet been reached in this regard. Work is currently in progress.	



SASB Topic	Code	Description	Measurement unit	Omissions and modifications	Page(s)
Operational safety, emergency preparedness and response	RT-CH-540a.1	Process safety incident count (PSIC), process safety total incident rate (PSTIR) and process safety incident severity rate (PSISR)	Number, speed		130
	RT-CH-540a.2	Number of transportation incidents	Number	Not significant in Grupo Rotoplas, most of the transportation of products corresponds to external third parties	

# STAKEHOLDER CAPITALISM

The World Economic Forum's Stakeholder Capitalism Metrics are a set of universal and comparable disclosures focused on the principles of governance, planet, people, and prosperity, considered central to

business, society, and the environment, regardless of region or industry. Below is a table with the main metrics and disclosures and their correlation with the themes covered throughout the report.

	Topic	Main metrics and disclosures	Pages
Governance principles	Governance purpose	Establish the purpose	20
	Quality of the governing body	Composition of the governing body	59
	Stakeholder engagement	Material topics impacting stakeholders	151
	Ethical behavior	Anticorruption	65
		Protection of ethical behavior and reporting mechanisms	65
	Risk and opportunity monitoring	Integration of risks and opportunities into business processes	37
Planet	Climate change	Greenhouse gas emissions	107, 137
		TCFD implementation	43
	Loss of nature	Land use and ecological sensitivity	No material
	Availability of freshwater	Water consumption and extraction in water-stressed areas	103
People	Dignity and equality	Diversity and inclusion (%)	117
		Equal pay (%)	121
		Salary level (%)	By decision of the company, the requested ratios are not made public
	Health and well-being	Risk of incidents of child, forced or compulsory labor	65
		Health and safety (%)	130
		Training provided (#, \$)	126
	Skills for the future		
Prosperity	Employment and wealth generation	Number of employees and turnover	125
		Financial contribution	55
		Financial investment contribution	55
	Product and service innovation	Total R&D expenditures (\$)	55, 79
	Community and society	Total taxes paid	55



# TCFD

## RECOMMENDATIONS

Recommendations	Recommended Report	Code	Pages	Details
Governance	a. Describe the Board of Director's oversight regarding risks and opportunities related to climate	GOB-A	35	<p>The Sustainability Strategy is monitored in a committee by the same name, which meets at least quarterly and is headed by the Vice-President of Sustainability and Human Capital, who is part of the Corporate Practices Committee, which meets every three months. The latter Committee analyzes the main developments of the strategy, which are also submitted to the Board of Directors as part of the analysis of the Corporate Practices Committee. At the same time, regionally, relevant issues are reported at the Group's Regional Boards, which are held prior to the meetings of the Corporate Practices Committee and the Board of Directors. The Climate Change Strategy is based on the specific policy (Climate Change Policy), approved by the Board of Directors, and on the climate change risks identified and prioritized by the administration. The monitoring is similar to that of the Sustainability Strategy, in which it is inserted. In addition, the Board actively monitors Flow, the organizational transformation program, which includes the management and monitoring of initiatives with an environmental component. Finally, CAPEX monitoring, which considers environmental criteria, has been integrated into the governing body in charge of authorizing and allocating capital expenditures</p>
			60	<p>Climate-related issues, which were determined through the monitoring and reporting process outlined above, are considered in the decision-making of the Corporate Practices Committee and the Board. In the new Strategic Plan towards 2025, five key expected results have been established along with their own indicators (OKRs, Objectives and Key Results). One of the objectives is "Sustainable Business", which considers sustainability, integrating climate change through renewable energy supply targets and carbon footprint reduction, among other key results. These OKRs and their indicators are monitored by the Board of Directors, the Corporate and Strategic Practices Committee, and the company's internal governance bodies</p>
			109	<p>The annual risk, energy and emissions targets are set by the team including sustainability, strategy, risk and the different areas involved; they are also publicly available. They are monitored at the Sustainability Committee, the monthly Management Team Meetings, and the monitoring reaches the top, with the Board of Directors. OKRs, including those related to climate change, are monitored by the Board of Directors</p>



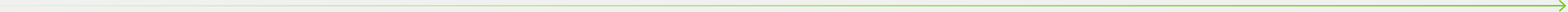
Recommendations	Recommended Report	Code	Pages	Details
	b. Describe management's role in assessing and managing climate-related risks and opportunities	GOB-B	109	Sustainability Committee; Corporate Practices Committee and Board of Directors (in process described above). Flow monitoring, in the workstreams and control towers where the initiative is managed, including the implementation status of the initiatives that have environmental components (e.g. those that are part of the CAPEX with sustainability criteria): All initiatives are evaluated based on sustainability criteria, in which environmental and social risks, energy efficiency and GHG emissions, as well as the establishment of indicators, are aspects that determine the approval and continuity of the initiatives. Monitoring of OKRs (including those related to climate change): The OKRs and their indicators are managed in detail by the functional areas, which implement specific actions to meet risk, energy and emissions targets
Strategy	a. Describe the climate-related risks and opportunities identified by the organization in the short, medium and long term	EST-A	43	They are presented in the Climate Change Risks and Opportunities sub-chapter. They have served as the basis for the Climate Change Strategy. On a regular basis, we proceed to review them to include any new ones that may arise as the company's business context and strategy evolve. The identification of risks was done collaboratively with the support of external specialists and different areas in the company, which were considered to have special involvement based on an initial mapping of critical points in our processes
	b. Describe the impact of climate-related risks and opportunities on the organization's business, strategy and financial planning	EST-B	43	We present an initial reference to the financial impacts associated with risks and opportunities, located in the risks sub-chapter. On the business side, the climate crisis presents an opportunity given the increased demand for decentralized water solutions. At the same time, it can lead to increased competition. On the strategy side, it implies adapting the strategy and its numerical components (forecast) based on climate forecasts. Regarding the organization's financial planning, it implies the need to continue improving the assertiveness of the planning, production and distribution process. On the other hand, the issuance of our sustainable bonds represents a clear financial opportunity related to climate change
	c. Describe the resilience of the organization's strategy, considering the different climate-related scenarios, such as a scenario with 2°C or less	EST-C		A projection of the business and operation based on temperature variation scenarios has not yet been made. It is intended to be carried out in the future



Recommendations	Recommended Report	Code	Pages	Details
Risk management	a. Describe the organization's processes for identifying and assessing climate-related risks.	GDR-A	43	The risk identification analysis was coordinated by the sustainability team. Since the company is structured in processes, the starting point was the company's map of macro processes, process groups, and specific processes. The first step was to identify those processes that could be most at risk from climate-related issues. In consultation with those responsible for this process, the possible effects were studied in depth. This consultation methodology also followed the economic and social context associated with climate changes in the countries where we operate, as well as the integration of climate analysis tools (temperature and water availability)
	b. Describe the organization's processes for managing climate-related risks	GDR-B	43	For the management of the main risks, we point out the corresponding initiatives of our Strategy in this regard.
	c. Describe how the processes to identify, assess, and manage climate-related risks are integrated into the organization's overall risk management	GDR-C	43	Climate-related risks have been presented to the corporate risk team. These results have been integrated into the monitoring carried out by this area. Finally, the results and key actions are presented to the Strategy and Implementation Committee and the Corporate and Strategic Practices Committee.
Metrics and objectives	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in accordance with its strategy and risk management process	MYO-A	100, 103, 106, 107	<a href="https://rotoplas.com/sustentabilidad/informes-anuales/">https://rotoplas.com/sustentabilidad/informes-anuales/</a>
	b. Disclose Scope 1, Scope 2 and, if applicable, Scope 3 greenhouse gas (GHG) emissions and related risks	MYO-B	107	Available in the Carbon Footprint Calculation sub-chapter; the GHG emissions inventory report is also available to the public.



Recommendations	Recommended Report	Code	Pages	Details
	c. Describe the objectives used by the organization to manage climate and performance-related risks and opportunities compared to the targets.	MYO-C	107	Annual and multi-year objectives are set by the Sustainability Committee and senior management in most cases, with the exception of financial profile indicators (e.g. <i>bebbia</i> sales), which correspond to the respective business managers. In the case of sales indicators, products that have a social/environmental impact have an equivalent target in terms of people or water impact (e.g. liters treated, liters purified, liters reused). They include: - Indicators of the number of risk assessments of our operations and BCP (coordinated by the risk department) - Operating indicators (e.g. energy consumption, Scope 1 emissions) are presented publicly at the beginning of the year. - Business indicators (e.g. <i>bebbia</i> sales) are communicated to investors on a regular basis throughout the year, in those cases where confidentiality is not an issue for strategic reasons. - Impact indicators (e.g. amount of liters treated, reused or purified) depending on the product or service in which they are established.





# SUSTAINALYTICS ANNUAL REVIEW LETTER

## Grupo Rotoplas SAB

**Type of Engagement:** Annual Review  
**Date:** March 30, 2023  
**Engagement Team:**  
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### Introduction

In June 2017, Grupo Rotoplas SAB ("Rotoplas" or the "Issuer") issued a sustainability bond intended to finance or refinance projects aimed at improving access to water and sanitation among underserved populations and increasing water use efficiency. The 2017 issuance was subsequently reopened in 2018 and 2020 to raise additional proceeds.<sup>1</sup> In March 2023, Rotoplas engaged Sustainalytics to review the projects financed with proceeds from the 2017 issuance and the 2018 and 2020 re-openings (collectively, the "sustainability issuance") and provide an assessment as to whether the projects met the use of proceeds criteria and the reporting commitments outlined in the 2017 Rotoplas Sustainability Bond Framework (the "Framework"). Sustainalytics provided a second-party opinion on the Framework in May 2017.<sup>2</sup>

### Evaluation Criteria

Sustainalytics evaluated the projects funded with proceeds from the sustainability issuance on whether the projects:

- Met the use of proceeds and eligibility criteria defined in the Framework; and
- Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Drinking Water Solutions	Projects that provide access to clean water for individuals in areas that lack water supply or where tap water is unsafe to drink	<ul style="list-style-type: none"><li>Descriptions of projects including the need for such infrastructure in various communities</li><li>Number of water fountains installed</li><li>Number of schools benefitted</li><li>Volume of water (cubic meter) purified</li></ul>
Water Storage	Projects that provide access to water for households or commercial facilities in water scarce areas or areas lacking reliable water supply	<ul style="list-style-type: none"><li>Descriptions of projects including the need for such infrastructure in various communities</li><li>Volume of water (cubic meter) captured/stored</li></ul>
Sanitation and Sewage Treatment	Projects that provide access to adequate sanitation facilities in areas with underdeveloped sewage infrastructure	<ul style="list-style-type: none"><li>Descriptions of projects including the need for such infrastructure in various communities</li><li>Number of sustainable bathrooms installed by region</li><li>Number of self-clean biodigesters installed by region</li></ul>

<sup>1</sup> The 2017 issuance was made in two tranches, AGUA 17X and AGUA 17-2X. The first tranche AGUA 17X of MXN 600 million matured in June 2020. The second tranche, AGUA 17-2X, of MXN 1,400 million has a 10-year term maturing in June 2027. Subsequently, two re-openings have been made to the AGUA 17-2X bond: the first in 2018 for MXN 1,000 million and another in 2020 for MXN 1,600 million, reaching a total of MXN 4,000 million from the issuance.

<sup>2</sup> Sustainalytics, "Second-Party Opinion, Rotoplas Sustainability Bond", (2017), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/sustainability-bond-second-opinion\\_rotoplas\\_final.pdf?sfvrsn=de42a442\\_3](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/sustainability-bond-second-opinion_rotoplas_final.pdf?sfvrsn=de42a442_3)

Annual Review  
Grupo Rotoplas SAB

		<ul style="list-style-type: none"><li>Number of households benefitted</li></ul>
Water and Wastewater Treatment	Projects that improve water quality and increase water-use efficiency through water recycling and reuse	<ul style="list-style-type: none"><li>Descriptions of projects including the need for such infrastructure in various communities</li><li>Volume of water (cubic meter) treated/recycled</li><li>Metrics on improvements in water quality e.g. Biochemical Oxygen Demand (BOD)</li></ul>

### Issuer's Responsibility

Rotoplas is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects, amounts allocated and project impact.

### Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from the sustainability issuance. The work undertaken as part of this engagement included collection of documentation from Rotoplas and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by Rotoplas. Sustainalytics is not responsible, nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Rotoplas.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

### Conclusion

Based on the limited assurance procedures conducted,<sup>3</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the Framework. Rotoplas raised a total of MXN 4,000 million and has disclosed to Sustainalytics that 83.3% of the proceeds were allocated as of 31 December 2022.

<sup>3</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, their estimated and realized costs and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.



Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded with proceeds from the sustainability issuance to determine if projects aligned with the use of proceeds criteria outlined in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the projects funded with proceeds from the sustainability issuance to determine if impact of projects was reported in line with the KPIs outlined in the Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

Appendix

Appendix 1: Allocation and Impact Reporting

Rotoplas has identified projects financed between 2017 and 2022, that are eligible for funding by the sustainability issuance.

Use of Proceeds and Eligibility Criteria Category <sup>4</sup>	Impact Reported by Eligibility Criteria (Cumulative, as of 31 December 2022)	Net Bond Proceeds Allocation ('000 MXN) <sup>5</sup>
Drinking Water Solutions		
Litres of water purified	722,269,147	806,873
Children benefitted through the installation of water fountains (school enrolment)	1,153,956	
People benefitted from point of use purification (users)	572,301	
Tons of avoided CO <sub>2</sub> emissions versus bottled water made from PET	117,893	
Water and Wastewater Treatment		
Litres of water treated	48,266,905,381	2,425,154
Litres of water reused	20,430,289,982	
Total allocation of bond proceeds		3,232,027
Net bond proceeds raised <sup>6</sup>		3,879,494
Balance of unallocated net proceeds		647,467
Percentage of bond allocation		83.3%

<sup>4</sup> No allocation was made under categories 2 (Water Storage) and 3 (Sanitation and Sewage Treatment) defined in the Framework.  
<sup>5</sup> The allocation amounts include acquisition, working capital and capital expenditure costs.  
<sup>6</sup> Amount after deducting the expenses and price differential at the re-openings.



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In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

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# EXTERNAL VERIFICATION

GRI 2-5



## Verification Letter of the 2022 Annual Integrated Report "We keep moving forward"

To the Board of Directors of Rotoplas, S.A.B. de C.V. and Subsidiaries:

We inform you that Redes Sociales en Línea Timberlan performed a limited and independent verification of a sample of disclosures of GRI Standards, strategic Environmental, Social and Governance ("ESG") and topics of Sustainability Accounting Standards Board ("SASB"), contained in the 2022 Annual Integrated Report: **"We keep moving forward"** ("2022 Annual Integrated Report").

### Responsibilities, criteria and scope:

The Direction of Rotoplas it is responsible for preparing the information contained in the "2022 Integrated Annual Report" and for that presented in the verification process, which implies, but is not limited to the selection process of material topics and the GRI disclosures report, SASB Standards topics and ESG indicators of Group Rotoplas, provide documentary and/or visual, true and enough evidence to verify the agreed contents.

Our commitment is to express impartial and objective opinions about the certainty, traceability and reliability of the sample contained in the "2022 Annual Integrated Report". Our work considered as criteria: the GRI Standards (in accordance), SASB Standards: "Water Utilities & Services", "Chemicals" and "Building Products & Furnishings" and the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information".

The scope of our verification covered the results of the subsidiaries that make up the Rotoplas Group: Mexico, Argentina, Brazil, Peru, Central America (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) and United States (the sample of verified content is detailed on sheet 2 and 3) corresponding to the period from January 1st to December 31st, 2022.

### Declaration of independence and competence of Redes Sociales en Línea Timberlan

Employees of Redes Sociales has the level of competence necessary to verify compliance with the standards used in the preparation of Sustainability Reports, so they can issue a professional opinion on the reports of non-financial information, complying with the principles of independence, integrity, objectivity, competence and professional diligence, confidentiality and professional behavior. In no case can our verification statement be understood as an audit report, so no responsibility is assumed for the management and internal control systems and processes from which the information is obtained. This Verification Letter is issued on 24th April 2023 and is valid as long as no subsequent and substantial modifications are made to the "2022 Annual Integrated Report "We keep moving forward" of Rotoplas Group.

Among the activities carried out during the verification process are listed: validation of information presented in previous reports, review of methodological compliance of the standards aforementioned and indicators of Rotoplas, checking qualitative data and quantitative through visual, documentary and public and quantitative data analysis.

Therefore, we can conclude that, during the verification process, we did not find any particularity that leads us to suspect that the data of the selected sample published in the "2022 Integrated Annual Report" contain significant errors and that the methodological implementation of the GRI Standards does not comply with the reporting principles.

An internal report of recommendations is delivered separately, exclusively for Group Rotoplas, It contains the areas of opportunity detected for a future report.

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T. (55) 54 46 74 84  
April 24th, 2023





# CARTA DE VERIFICACIÓN

GRI 2-5

Sample of verified content

2021 GRI Content		Scope	SASB CG-BF Building Products and Furnishings Product Standard IF-WU: Water utility and supply product standard	
Social				
2-6	Activities, value chain and other business relationships <b>CSA indicator 1.7.5 and 1.7.6 are validated</b>	Rotoplas Group		
2-7	Employees	Rotoplas Group		
3-1	Process to determine material topics	Rotoplas Group		
3-2	List of material topics	Rotoplas Group		
401-1	New employee hires and employee turnover	Rotoplas Group		
403-1	Occupational health and safety management system	Rotoplas Group		
403-9	Work-related injuries	Rotoplas Group	RT-CH-320a.1	Workforce Health & Safety- TRIR and fatality rate.
403-10	Work-related ill health	Rotoplas Group		
404-1	Average hours of training per year per employee	Rotoplas Group		
403-5	Worker training on occupational health and safety	Rotoplas Group		
405-2	Ratio of basic salary and remuneration of women to men	Rotoplas Group		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Rotoplas Group		
417-2	Incidents of non-compliance concerning product and service information and labeling	Rotoplas Group		
			CG-BF-410a.1	Product Lifecycle Environmental Impacts
Governance				
2-12	Role of the highest governance body in overseeing the management of impacts	Rotoplas Group		
2-17	Collective knowledge of the highest governance body	Rotoplas Group		
2-18	Evaluation of the performance of the highest governance body	Rotoplas Group		
2-24	Embedding policy commitments	Rotoplas Group		
2-27	Compliance with laws and regulations	Rotoplas Group		
2-30	Collective bargaining agreements	Rotoplas Group		
3-1	Process to determine material topics	Rotoplas Group		
3-2	List of material topics	Rotoplas Group		
201-1	Direct economic value generated and distributed	Rotoplas Group		
203-1	Infrastructure investments and services supported	Perú México Argentina		
204-1	Proportion of spending on local suppliers	México LATAM		
205-3	Confirmed incidents of corruption and actions taken	Rotoplas Group		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Rotoplas Group		
405-1	Diversity of governance bodies and employees	Rotoplas Group		
406-1	Incidents of discrimination and corrective actions taken	Rotoplas Group		
415-1	Political contributions	Rotoplas Group		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Rotoplas Group		
			CG-BF-000.A RT-CH-000.A	Annual production

Redes Sociales en Línea Timberlan S.A. de C.V. | Pico Sorata 180, Jardines en la Montaña, Tlalpan, C.P. 14210, CDMX.



CARTA DE VERIFICACIÓN

GRI 2-5

Sample of verified content

Environmental					
302-1	Energy consumption within the organization	Rotoplas Group	CG-BF-1 30a.1 IF-WU-1 30a.1 RT-CH-1 30a.1	(1) Energy consumed (GJ), (2) Percentage grid electricity, (3) Percentage renewable	Rotoplas Group
302-3	Energy intensity	Rotoplas Group			
303-3 303-4 303-5	Water withdrawal Water discharge Water consumption	Rotoplas Group	RT-CH-1 40a.1 IF-WU-1 40b.1 RT-CH-1 40a.2	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress (3) Number of incidents of non-compliance associated with water effluent quality permits, standards, and regulations	Rotoplas Group
305-1	Direct (Scope 1) GHG emissions	Rotoplas Group	RT-CH-1 1 0a.1 RT-CH-1 1 0a.2	(1) Gross global Scope 1 emissions, percentage covered under emissions limiting regulations (2) Discussion of long and short term strategy or plan to manage Scope 1 emissions, emission reduction targets and an analysis of performance against those targets	Rotoplas Group
305-2	Energy indirect (Scope 2) GHG emissions	Rotoplas Group			
305-3	Other indirect (Scope 3) GHG emissions	Rotoplas Group			
305-4	GHG emissions intensity	Rotoplas Group			
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Rotoplas Group	RT-CH-1 20a.1 RT-CH-1 40a.2	Air emissions of the following pollutants: (1) NOX (excluding N2O), (2) SOX, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	Rotoplas Group
306-3	Waste generated	Rotoplas Group	RT-CH-1 50a.1	(1) Amount of hazardous waste generated, (2) percentage recycled	Rotoplas Group
306-4	Waste diverted from disposal	Rotoplas Group			
306-5	Waste directed to disposal	Rotoplas Group			

	Rotoplas targets	Unit	2021	2022	Goal 2025
Profit	Direct suppliers evaluated with ESG criteria	%	-	20	1 00%
	Client Satisfaction (NPS Score)	NPS Score	67	72	80
Planet	CO2 intensity -Scope 1 and scope 2- per ton of processed resin (ton CO2e/ton processed resin)	ton CO2e/ton processed resin	0.41	0.48	0.41
	m3 of water purified by our solutions (cumulative)	m3	1 64,000	404,000	1 .7 million
People	People given access to water and sanitation	people	330,000	553,000	1 million people
	Women in the workforce	%	22.9%	24%	30%

# CONTACT INFORMATION

GRI 2-3

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**Rotoplas**

