



# OUR DRIVE

INTEGRATED ANNUAL REPORT 2015

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# Financial Highlights

12

Operations in 12 Countries



2,272

Employees



+7,000

Direct Customers



+25,000

Points of Sale



17

Product Lines



22

Plants\*



4

Distribution Centers



\* The 22 plants of the Company operate as distribution centers.

## Key Figures

Figures in millions of Mexican pesos

Financial performance	2014	2015	Variation
Net sales	6,552	5,700	(13.0%)
Cost	4,037	3,397	(15.9%)
Gross Profit	2,514	2,303	(8.4%)
Margin of Gross Profit	38.4%	40.4%	200 bp
Expenses	1,816	1,641	(9.6%)
Operating Income	698	662	(5.2%)
Margin of Operating Income	10.7%	11.6%	90 bp
EBITDA	860	771	(10.3%)
Margin of EBITDA	13.1%	13.5%	40 bp
Net Income	417	402	(3.5%)
Margin of Net Income	6.4%	7.1%	70 bp
Earnings per Share	0.86	0.83	(3.4%)
Number of Outstanding Shares <sup>(1)</sup>	486	486	

Figure in million shares

## Direct Economic Value Generated and Distributed 2015

Figures in millions of Mexican pesos

Direct Economic Value Generated (income)	5,700
Economic Value Distributed	5,038
Economic Value Retained	662

## Capitalization

Figures in millions of Mexican pesos

Total Debt	1,217
Total Stockholders' Equity	6,054
Total Capitalization	7,270

5,700  
million Mexican pesos  
in Net Sales



# Message from the Executive President

## Dear Shareholders:

It is my pleasure to present to you the first Integrated Report of Grupo Rotoplas, in which we share our financial results for 2015, as well as the performance of our company in the areas of Corporate Governance, society, and environment.

Today, as for the past 35 years, we are focused on offering innovative and sustainable solutions in order to alleviate water problems caused by demographic growth, contamination, and climate change, such as water imbalance, availability, and quality. Furthermore, we take our solutions to urban and rural areas that lack centralized water supply and sanitation systems. To achieve this, we have a solid business model with which we address and solve these problems. We are convinced that a society's economic development and people's quality of life are related to the availability of water. As such, we have found a way of creating long-term value for all our stakeholders.

The year 2015 presented challenges and milestones. We completed a full year as a public company listed on the Mexican Stock Exchange (BMV, by its name in Spanish), which drives us to continue consolidating ourselves to offer a profitable and growing business to our investors.

In 2015, our net sales decreased 13.0% due to economic and political situation in Brazil, which delayed the consolidation of our integrated solutions. Faced with this adverse situation, at the beginning of the year we reduced our operation in Brazil closing four of the eight rotomolding plants we had there, but preserving the same production capacity by relocating the machinery in our four remaining operational plants. Based on this strategy, we ensured the capacity to meet the demand once the market recovers. Despite the decrease in sales in Brazil by 59.5% during the year, the timely execution of these actions resulted in EBITDA at breakeven during the last quarter of 2015; we expect that it will continue in this way until the political and economic conditions in the country return to normal.

Excluding Brazil, net sales grew by 20.7% compared to 2014. In Mexico, our main market, we grew 18.4% year over year, mainly due to the demand of integrated solutions, which solve water scarcity and sanitation problems in various regions of the country, and to the solid demand for individual



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solutions in urban areas. Sales in Other Countries grew by 30.7%, driven by our strategy of achieving deeper penetration, through our solutions and products, in all the markets where we operate.

We completed a year of operations in the United States, during which we built three rotomolding plants to meet urgent water needs. These plants will enable us to serve 60% of the storage market in the country. As we advance in our strategy in the country, our results will become relevant to the Group's results.

During the year, we were able to capitalize the fall of oil prices, which mitigated the rise in exchange rates, and therefore we were able to obtain better prices for raw materials. Furthermore, during 2015 we successfully adopted the Zero-Based Budget methodology in the whole organization, which enabled us to ensure better resource management practices.

We dealt with macroeconomic pressures by focusing on variables that we could control, thereby managing to grow the Group's profitability from 13.1% in 2014 to 13.5% despite the adverse environment in Brazil. Thus, we confirmed the strength of our Company, as we can trust in its structural resilience and in the flexibility of our operations.

Going forward, we see opportunities in the water industry with great potential for Rotoplas. We know that increasingly disruptive solutions are required to alleviate water scarcity and meet families' basic water needs in a sustainable way, as well as to provide a solution to a lack of infrastructure for water sanitation. As such, we are focused on developing and complementing our portfolio of integrated solutions, which besides the installation require maintenance services to ensure their continued functioning and generate long-term value.

We will therefore continue working on strengthening our brand, complementing our product portfolio and its distribution in all regions where we operate. We will continue investing in innovation and development in order to offer better solutions to meet water needs. All of these aligned with our way to play that characterizes us, known as the Rotoplas Way. Such efforts are fundamental in achieving our long-term strategic objectives: duplicating the business with a product mix of 50% from integrated solutions and the rest from individual solutions, which will translate in margin expansion.

Our company has achieved the success and growth that characterizes it due to the principles and guidelines established by our Corporate Governance during the last 20 years, to be financially, socially, and environmentally prosperous, affirming the permanence of the company in the long term.

We are grateful to our more than 2,200 employees for the passion and commitment they show in their daily activities; and on behalf of the entire Rotoplas' team, we thank our clients, suppliers, shareholders, and communities for their trust and support. Together we will face the future water challenges. Our vision for sustained growth commits us to keep innovating in order to develop more water solutions and with it offer more and better water for everyone.

Sincerely,

**Carlos Rojas Mota Velasco**

**Executive President and Chairman of the Board of Directors**



## Brand

For more than 35 years we have focused on building and strengthening our identity with the Rotoplas brand, synonym of quality, trust, value, and social responsibility.



### Rotoplas Water Fountains

We developed quality water fountains that offer purified water in schools and other public spaces, contributing to improve consumption habits of more than 130,000 students in Mexico.



**United States**

**Mexico**

**Belize**

**Guatemala**

**Honduras**

**El Salvador**

**Nicaragua**

**Costa Rica**

**Ecuador**

**Peru**

**Brazil**

**Argentina**





... G4-3, G4-5, G4-6, G4-7, G4-8, G4-9, G4-56

## Our Company

At Grupo Rotoplas we are pioneers in the development and distribution of water solutions and sanitation in the Americas. Our experience is supported by more than 35 years of serving the market with individual and integrated solutions for water storage, flow, and improvement. We are aware of the urgent need to solve water supply and sanitation problems, and we therefore seek to offer innovative, high-quality products that achieve our goal, *that people have more and better water*.

With headquarters in Mexico City and a team of 2,272 employees in the 12 countries where we operate, we have consolidated ourselves as leaders in water and sanitation solutions. Our experience has allowed us to transform the water industry with a portfolio of 17 product lines that meet different needs.

Our passion is to innovate and develop new technologies that allow us to provide a wide portfolio of high-quality, guaranteed products, according to the needs and the various standards and certifications of the countries where we have a presence, with 22 plants in operation.

We are leaders in the markets where we operate. Our success is built on strong recognition of the Rotoplas brand as a symbol of value, quality, social responsibility, and trust. We also provide ongoing training to all our employees, equipping them with tools to deal with the challenges demanded by industry and by the global situation.

Our solutions deal with various markets such as governmental and non-governmental bodies, various industries, agricultural businesses, hardware stores, and home-improvement retailers, as well as building supply stores. Together these add up to more than 7,000 clients seeking to reliably solve water problems.

### Invest in Rotoplas

- Pioneers in water solutions and sanitation
- Players in an industry with significant growing opportunities
- Solid and high recognized brand in every region where we operate
- Senior management highly qualified in water industry



## Global Context of Water

Water is an essential resource to preserve human life. We need it for all activities, including the operation of all types of industry. Today, having enough of this resource to meet consumer demand is ever more complex due to growing urbanization, the lack of infrastructure, and the consequences of climate change.

Demographic growth is among the main challenges we are facing on a global level. Currently we are around 7 billion inhabitants in the world, of whom 748 million do not have access to drinking water, and 2.5 billion do not have basic sanitation (WHO and UNICEF, 2014). It is estimated that by 2050 there will be 9.6 billion people on earth; growth that will mean more people without water or sanitation.

Furthermore, more and more people are migrating from rural to urban areas seeking a better quality of life, which places stress on the current water infrastructure and sanitation servicing the cities. These systems are 60 to 80 years old, and many of them are approaching the end of their useful life; huge investment is required from the public and private sectors in order to maintain water networks and fix leaks.

On the other hand, accelerated economic and technological progress has brought with it an increase in greenhouse gases emissions, causing an alteration in precipitation systems. Some regions have experienced devastating storms and floods, while in others there are longer, more intense and more frequent droughts, causing obligatory restrictions in water usage, human health problems, land subsidence, forest fires, and huge economic losses. These ever-increasing and more aggressive phenomena as a consequence of climate change affect all people in both rural and urban communities.

At Rotoplas we have the capacity to maximize our knowledge to adequately manage water use through developing decentralized solutions. We offer products with raw materials that do not have a significant environmental impact, thereby ensuring that our operations are sustainable and responsible.

Our leadership, commitment, and experience in the market enable us to carry out actions that drive efficiency in order to preserve a sustainable environment with benefits for the community.

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Source: WWAP | Alice Franek, Engin Koncagul, Richard Connor, and Diwata Hunziker. The United Nations World Water Development Report 2015. WATER FOR A SUSTAINABLE WORLD. [http://www.unesco.org/new/fileadmin/MULTIMEDIA/HQ/SC/images/WWDR2015Facts\\_Figures\\_SPA\\_web.pdf](http://www.unesco.org/new/fileadmin/MULTIMEDIA/HQ/SC/images/WWDR2015Facts_Figures_SPA_web.pdf)

Mission | **For people to have more and better water.**

Vision | **To be a global company that is a point of reference for individual and integrated water solutions whose success is founded on the Rotoplas Way.**

## Values |

### Service:

**we identify our clients' internal and external needs and focus our efforts on meeting and exceeding the level of service they expect.**

- We establish and meet service standards.
- We efficiently communicate the agreements maintained with our internal and external clients.
- We align internal processes and daily activities to ensure good service.
- We maintain a polite attitude that shows willingness to support our clients.

### Collaboration:

**We demonstrate a committed and participative attitude that allows us to align our efforts and work with joint responsibility to achieve a common goal.**

- We are demonstrably open to listening (hearing, perceiving, and acting).
- We are committed to the organization's results, making the common objectives our own.
- We openly trust in others.

### Social and Environmental Responsibility:

**We are committed to generating actions that promote wellness, quality of life, and care for the environment in all the communities where we have a presence.**

- We actively participate in the communities where we live and work.
- We are mindful of the impact of our actions on the economic, social, and environmental development of the communities we reach.
- We encourage the development of technologies and solutions that contribute to improving the environment and promoting better quality of life.
- Internally, we seek to develop a pleasant, safe environment that promotes our employees' wellness.

### Humility:

**We show an attitude that allows other points of view to be taken on board, valuing the contributions of others and promoting constructive feedback.**

- We show an open attitude and actively listen to feedback.
- We recognize and learn from errors or mistakes.
- We recognize the value of other points of view.
- We accept our limitations and we seek support from others.
- We value others' work.

### Passion for the Business:

**We have the conviction, enthusiasm, and commitment to give our very best and make things happen.**

- We show dedication and devotion to what we do.
- We pass on our excitement and generate action in others.
- We meet and exceed our commitments.

### Integrity:

**We act with honesty, fairness, and ethics, being congruent with what we think, say, and do.**

- We demonstrate and communicate with clarity and transparency.
- We meet the commitments we undertake, thereby generating trust.
- We show respect for others and for ourselves.







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## Value Chain

Throughout our value chain we seek to generate the best benefit for those we serve. Our solutions allow water use to be optimized in various ways and for different users, always making the best use of this resource to favor human consumption and generate a positive environmental impact.

We know that, besides the benefit our solutions bring to the community, it is vital that our production is also environmentally friendly. Therefore, all our Mexican plants are ISO 9001 quality-certified, and the plants in León, Guanajuato, Lerma, State of Mexico, and Lima, Peru, operate under the ISO 14001 environmental certification and OHSAS 18001 safety certification. It bears mentioning that although our other plants do not currently have this certification, they operate under the same principles and guidelines, and we are working on a medium-term plan to certify all our Group operations.

As part of our value chain, we take special care in selecting our suppliers, 60% of which are local. Through various programs and contracts, we ensure that our suppliers' operations meet our quality requirements, as well as complying with our values and Code of Ethics and Conduct. We ask our suppliers to meet all legal requirements regarding their employees.

Some of the supplier development programs we offer are:

- **Productive chains program:** in collaboration with *Nacional Financiera* (NAFIN), we support the supplier's liquidity on being able to make advance payments, if required.
- **Annual supplier assessment:** assessing suppliers allows us to guarantee better costs, service, quality, and delivery time, with the aim of ensuring that we work with the best suppliers.
- **Calls for tender:** we invite suppliers to participate in bids to encourage competition and free market participation among them, in order to ensure that we deliver the final consumer quality solutions and an integrated service.
- **External surveys:** we apply annual surveys to identify areas of opportunity and ensure that our commercial relationship is productive for both parties.



## Stakeholders

Two-way interaction with the people and organizations we work with is vital to responsibly manage our business. We must know and understand the opinions of those impacted by our operations, and we have therefore identified seven main groups who have a distinct type of relationship with our Company. This allows us to understand their needs and expectations, and stay informed about our operational performance and areas of opportunity.

	Stakeholder	Contact frequency	Topics	Outstanding topics in 2015
<b>Customers</b>	Distributors.	Daily.	Prices, volume, discounts, sales, margins, marketing plans, business plans, delivery of advertising materials, visibility, and sales displays.	2015 Institutional Campaign: redesign of image and point of sale materials with a new institutional campaign.
	Government bodies.	Varies according to projects.	Bids, consultancy, information exchange.	Bids in the regions where we operate.
	End user.	Varies according to type of solution.	Training in the use and management of solutions.	According to the nature of the relationship.
<b>Employees</b>	Part time: developing professionals and interns.	Daily.	Company results, growth opportunities, corporate culture, launching new communication platforms, improving processes.	Performance assessment and development plan.
	Full time: employees, including unionized workers.			
<b>Suppliers</b>	Suppliers of raw materials and services.	Ongoing.	Agreed prices, delivery times, meeting and aligning with Company policies.	Development of suppliers and integration of best practices.
<b>Board of Directors and its internal bodies*</b>	Board of Directors.	Quarterly or when necessary.	General themes on the functioning of the business, strategic decision-making.	Organic and inorganic growth plan.
	Audit Committee.	Quarterly or when necessary.	Supervising themes related to audits, internal controls, related parties, officials' activities and presents reports to the Board, reporting in case of irregularities.	Risk assessment, auditing, and compliance.
	Corporate Practices Committee.	Quarterly or when necessary.	Gives opinions to the Board on management practices and operations, and provides assistance in preparing annual reports.	Defining guidelines for being a public company.
	Compensation Committee.	Quarterly or when necessary.	Supporting the Board in areas related to organizational structure, employee ethics, and recommendations on organizational development processes.	Plans for employee development and growth.

<b>Financial Community</b>	Investors	Quarterly or when necessary, through active participation in meetings with investors, teleconferences, newswires, and distribution lists.	Quarterly and annual financial results; operational, financial, and sustainability performance; social responsibility and Corporate Governance; organic and inorganic growth plan, and development of Company strategy.	Destination of resources from the initial public offering, inorganic growth plans, current situation in the markets where we operate.
	Banking institutions - debt	Quarterly or when necessary.	Review of quarterly financial statements and renewal of lines of credit.	According to the nature of the relationship.
	Standard & Poor's - assessment body	At least once per year or when necessary.	Annual review of Grupo Rotoplas' private rating since 2007.	Annual review of the Group's operations
<b>Authorities and Regulatory Bodies</b>	Mexican Stock Exchange (BMV) and National Banking and Securities Commission (CNBV)	Quarterly or when necessary.	In relation to the company's listing on the Stock Exchange.	Timely and proper publication of quarterly results; the CNBV's 'traffic light' was green throughout the year
	Financial authorities of each country	Monthly contact by means of tax returns.	Tax matters: applicable regulations, payment of taxes, among others.	According to the nature of the relationship.
	Ministry of Labor and Social Welfare	Once per year.	Review of the Safety and Health at Work Self-management System.	Annual review
<b>Community</b>	Non-governmental organizations	Constant, according to the Institutional Relations plan and forums in which we participate.	Specific water solutions projects for rural regions or those without access to water infrastructure.	Consolidation and development of work plans that benefit both parties
	Universities	Constant, according to our relations plan.	Forums on water care and sanitation, forums about sustainability, development, and innovation.	Joint coordination in consolidating relationships that foster development and research into water themes
	Community at large	Daily, depending on the actors.	Care of water, the importance of water consumption, sanitation, training.	<i>Fan del Agua</i> Platform, website, and social media
	Media	Daily, depending on communication plan.	Sending information, interviews, relevant themes.	Business performance and development
	Chambers and associations	According to the meeting agenda of each body.	Care of water, water storage and sanitation solutions.	Development and working plans to provide water solutions

\*Full information about the functions and responsibilities of the Board of Directors and its internal bodies can be found in the Corporate Governance chapter.

# Rotoplas Way

The way of working that distinguishes us as an innovative organization, and that has allowed us to grow profitably and sustainably.



## Rain Water Harvesting System

We put our Brazil plants into operation in 18 months, delivering rain water harvesting systems in record time, and improving quality of life for more than 1,305,000 people.



G4-4, G4-8

# Water Solutions

Access to drinking water and decent sanitation conditions improves people’s health, hygiene, and economy, and with it, their quality of life. However, meeting these basic needs through conventional methods is becoming increasingly complex due to growing urbanization, lack of infrastructure, and the consequences of climate change.

In order to mitigate these problems, in Rotoplas we are constantly innovating to satisfy demand to offer decentralized solutions that meet the need at the point of use, as well as water storage, flow, and improvement systems for both rural and urban areas.

Our solutions are continuously improved by our Research and Development Center, where we also work to make headway into new technologies and raw materials. We therefore seek to complement our current portfolio and increase our presence within and outside of the markets we participate with, and thereby grow in a sustainable way.

To efficiently address water problems, we have divided our portfolio into two types of solutions: individual and integrated. These solutions allow us to identify and capitalize the opportunities offered by our industry.

**Our solutions are continuously improved by our Research and Development Center, where we also work to make headway into new technologies and raw materials.**

## Innovative Solutions



Storing



Carrying



Carrying Pumps



Purifying



Filtering



Treatment



## Individual Solutions

These are designed to store, carry, and improve the quality of water in urban and rural areas, offering the end-user a complete solution for their needs. These solutions do not require complementary services in order to function.

- To ensure water availability, we have **water storage solutions** for immediate or future use.
- Our water **flow solutions** ensure that water is transported to where it is required, mitigating a lack of pressure.
- We have **purification and treatment systems** to improve water quality.

Our main clients in this category are hardware stores, home-improvement retailers, and building supply stores.

These solutions have grown steadily and remain our primary source of income today. As of December 31, 2015, they represented 79% of the Company's income.



# Integrated Solutions

The aim of these solutions is to meet more complex client needs through rain water harvesting systems, outdoor composting bathrooms, water fountains, water purifying units, and wastewater treatment plants, with value added services such as engineering, installation, site development, as well as project management and maintenance.

Most of the clients for these types of solutions are government and non-government entities and agencies that carry out social programs, as well as different branches of industry that want better water management in their operations.

In the last five years, integrated solutions have positively impacted more than 2.2 million people. We estimate that by 2019, these solutions will represent 50% of the Group's total sales. We are therefore making significant effort on promotion, sales, and marketing to that end, since these kind of solutions generate greater profitability and will benefit more people.

## Customer Satisfaction

All of the work we do to develop, innovate, and generate our water solutions would mean nothing without one core element: our customers' satisfaction.

To ensure that we provide a good service to our direct customers, we have a series of programs for them to understand our products, in order to get the greatest possible benefit from them. We also offer training for those who install our solutions.

As part of our customer care, we implement two surveys to assess how satisfied customers are with our call center services, delivery services, accounts payable, advertising, products, training, refunds, and technical service. This survey is applied to a representative group in all the regions we serve. The results have allowed us to define our priority goals in each country, with the aim of improving our customers' satisfaction level.

In 2015, the results showed the highest possible satisfaction with the quality of the product. And as an opportunity area, the promotional support given at the point of sale shall be improved, and we are currently addressing.



In 2015, in terms of the regulatory compliance of our products, there were no incidents recorded for failing to comply with regulations concerning the health and safety impacts of our products and services, nor did we record any shortcomings to regulations or voluntary codes referring to our products and services' information and labeling.





## Community

At Rotoplas, we want to go beyond what a production process means. Offering more and better water has a purpose that transcends the boundaries of our business.

We want our solutions to alleviate water scarcity and a lack of decent sanitation, as well as generating additional social benefits for the communities who use them, comprehensively improving people's quality of life.

Through using our solutions, end-users gain health benefits by reducing gastro-intestinal and respiratory diseases; they improve their economy by spending time that would have been dedicated to sourcing and providing water for their homes on productive activities; and they increase the value of their homes, among other benefits. At the same time, we also help the environment by encouraging saving water and avoiding soil and groundwater pollution.

In order to ensure that our solutions are used appropriately and generate these benefits, we have training programs for people who distribute, install, or use our solutions. Likewise for seven years, we have put in place a training and certification program aimed at various sectors of the population such as plumbers, women who have been victims of violence, and high school and college students, with the purpose of encouraging a water-care culture.

The main workshops, training activities, and conferences that we offered to our stakeholders throughout 2015 were as follows:

<b>Plumbers</b>	<p>We have a permanent plumber certification program for installation of hydraulic solutions.</p> <p>In 2015, in support of the professionalization and standardization of the productive, social, and government sector trades in Mexico, the Mexican National System of Competency (SNC, by its name in Spanish) recognized us as a sector representative to certify plumbers' competence.</p> <p>We also seek to encourage gender equality by providing plumbing training to women who are victims of violence and in need of income in order to have a productive activity which helps them to move forward and succeed. In Durango, we trained 70 women, during 2015, and received a distinction for this initiative by the Municipality of Durango.</p> <p>We also trained mothers in the Southeast of Mexico in how to maintain their household water tanks, through the <i>Integrando a la Familia</i> program, which encouraged the dynamic of family interaction.</p> <p>In total, we trained 9,810 plumbers in 2015, more than the double, compared to the previous year.</p>
<b><i>El Cuidado del Agua</i></b>	Program aimed at elementary school students to make them aware of water use.
<b>Driving a trade</b>	Training university and technical students in solutions' installation, management, and function of our solutions.
<b>World Water Day</b>	We participate in various sustainability forums to promote water care, with the purpose of raising public awareness of the importance of using this resource responsibly.
<b>University lectures</b>	<p>Every year, we offer a series of lectures to various universities with the intention of raising awareness about the global water situation, driving water care, and disseminating new technologies.</p> <p>In 2015, these lectures were given by ecology and environment experts at the <i>Universidad Nacional Autónoma de México</i> (UNAM), as part of the event "Three Days of Water". They also took place in <i>Instituto Tecnológico de Monterrey</i> and <i>Universidad Anáhuac</i>, around the theme of "Eco-tech".</p>
<b>Mer-Rotoplas Contest</b>	For the second year running, we organized the Mer-Rotoplas Contest, in partnership with Edify, to drive education and encourage new generations of architects to use water efficiently through their projects.
<b>Training for communities in Mexico and Brazil</b>	We offered end-users training on rain water harvesting systems and outdoor composting bathrooms in Mexico and Brazil, with the aim of making sure the solutions generated the expected benefits and met the populations' needs.

As well as training and knowledge-transfer programs on the efficient use of water and our solutions, we also seek to communicate the urgency of caring for this vital resource through other initiatives.

*Fan del Agua* (Water Fan) is perhaps one of our most innovative projects. It is a virtual community that we created with the purpose of generating an emotional and conscious connection with the Mexican population about water care, in such a way that those who join the initiative commit themselves to saving water through small actions. These actions represent small water savings that Rotoplas turns into water pipes that are donated to communities with water scarcity.

The program is open to anybody who wants to join by following our website, Facebook page, Twitter feed, or our app. We send daily tips through these channels on how to save water, as well as information and data about the current water situation.

To find out more about Fan del Agua, please visit:  
[www.fandelagua.com](http://www.fandelagua.com)

As part of our mission, for people to have more and better water, and being a socially responsible business, we support various civil society organizations, joining them as allies in their water and sanitation programs.

Some of the organizations we provided in-kind support to during 2015 were: Ah-kambal, Casasistencia, Mayan World Haciendas Foundation, *Fundación Vivienda Fideicomiso Proviváh*, Pedro y Elena Hernández Foundation, *Social Promotion Banamex*, *Nurture a Child*, and *Patrimonio Indígena Mx* Foundation, among others.

Furthermore, and with the aim of increasing the availability of our products and services within the neediest sectors of society, we offer 2 for 1 scheme to some non-profit organizations, donating one product for every one purchased. In this way, we double the impact of these organizations' social actions and increase the availability of our products.

We also participate in the National Crusade Against Hunger promoted by the Mexican Government's Secretariat of Social Development (SEDESOL, by its name in Spanish), a project that provides rain water harvesting systems and outdoor composting bathrooms to highly-marginalized populations through resources from federal, state, and municipal governments, as well as from the private sector. This guarantees these communities access to water and sanitation. In 2015, we installed more than 15,000 solutions, and trained and taught workshops to beneficiary families on their adequate use and maintenance.





## Our Impact: Water for All, Brazil

One example of the impact of our solutions is the installation of rain water harvest systems in Brazil, one of our most important markets where we have presence since 2001.

We participated in the *Agua para Todos* program, together with the government of Brazil, revolutionizing the market by introducing rain water harvest systems, and installing more than 300,000 systems in record time, equivalent to the number of cement cisterns installed in the previous 10 years. We achieved this due to the Rotoplas Way, which allowed us to open plants within a short time and reduce the learning curve by following previously-proven processes in other countries.

The rain water harvesting systems we provided carried our hallmark, and the quality of water accessed by the beneficiaries therefore increased compared to that provided by the cement systems. Other benefit was that drinking water for homes increased from 6.6 to 10.2 glasses per day; there was greater access to water for cooking, and an increase in the average quantity of weekly showers from 8 to 15, therefore more than 90% of this program's beneficiaries consider that their families' state of health improved after our solutions were installed. An economic benefit was also generated by increasing the families' income by 24%, as they spent a lower proportion of their family expenditure purchasing water. They also spent less time finding clean water, which allowed them to invest more time to other activities.

The results of this program show the sustainable impact of our solutions in the communities where we operate.



G4-4

# Innovation

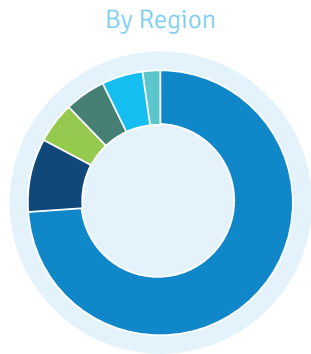
At the Research and Development Center we employ new technologies to improve our portfolio and make more efficient the use of raw materials.



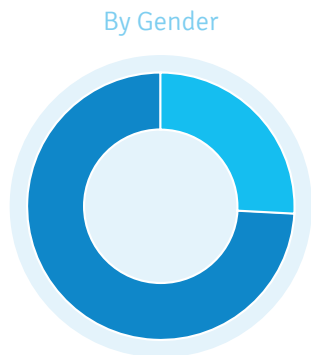
## outdoor composting bathrooms

Designed as an innovative and sustainable solution to the lack of sanitation, improving people's quality of life and reducing susceptibility to diseases.





Mexico	74%
Brazil	9%
Argentina	5%
Central America	5%
Peru	5%
USA	2%



# Sustainability

Correspondingly, with the Rotoplas Way, we reinvented our work approach in 2015. We moved our company headquarters in order to grow, drive innovation, and increase collaboration. Our new LEED Platinum-certified workplace helps us live by the Rotoplas Way and our collaborative culture. It improves communication between different areas, generates better commitment among employees, aligns our processes, and creates an environment that enhanced faster and more assertive decision-making processes, resulting in increased productivity for the Group.

The Rotoplas Way allows our 2,272 employees to commit to our Company in order to develop, produce, and provide solutions that offer our clients more and better water.

**LEED certification (Leadership in Energy and Environmental Design) recognizes environmental friendly buildings, which use less water and energy, and also contribute to the reduction of greenhouse gas emissions.**

Number of employees by region		
Region	Men	Women
Argentina	87	19
Brazil	177	37
Central America	84	18
USA	42	7
Mexico	1,211	473
Peru	90	27
Total by Gender	1,691	581
<b>Total</b>	<b>2,272</b>	

Number of employees on permanent contracts		
Men	Women	Total
1,383	465	1,848

Number of employees on temporary contracts		
Men	Women	Total
308	116	424

G4-EC3, G4-LA2, G4-LA9, G4-LA10, G4-LA11, G4-SO1

We aim all of our employees to feel part of our Company, and live the Rotoplas Way. To achieve this, we engage in continuous dialogue with our staff through internal communication campaigns, which broadcast our key operation and culture messages, thereby helping to maintain focus on the Company's strategies and reinforcing our practices according to our strategy, culture, processes, and Corporate Governance.

Aligned with our unique working style, 2015 saw the launch of *R-Conecta*, our corporate social network, which aims to build a social knowledge repository with real-time, multidirectional connections. The network seeks to enhance collaboration among staff regardless of geographical barriers, and encourages sharing and duplicating best practices among countries, providing a project management platform among multidisciplinary teams.

## Training and Development

We acknowledge that in order to respond dynamically to the global environment in which we operate, we must develop a well prepared technical and professional skilled team. As such, we offered 17,870 hours of training to our employees in 2015, through initiatives specifically tailored to their geographical location and job profile.

Some of the training programs offered in this period were:

- Zero Based Budget Initiative
- Launching initiatives for technological platforms such as SAP Success

Factors

- Project Management Institute (PMI) Certificate
- Performance Evaluation Methodology
- Design Thinking
- Mentoring Program
- Emotional Intelligence Program
- Teambuilding
- Language classes: English, Portuguese, and Spanish
- Scholarships to support Diplomas and Masters studies

Furthermore, to enhance our team's professional development, we measure performance, carry out 360° evaluations, and have Balanced Scorecards, tools which allow us to determine areas of opportunity where we need to reinforce skills or knowledge. Performance evaluations are tailored according the employee's role or profile, and they are part of our variable remuneration process.

Number of administrative employees evaluated		Percentage by gender	
Men	Women	Men	Women
590	210	34%	36%

Through our Sustainable Succession initiative we enhance the organization's intellectual capital, identifying and developing key talent, and favoring exchange of knowledge, experience, and vision with the aim of promoting our future leaders' growth. The goals for this initiative are:

- Understand, consolidate, and collaborate through the Rotoplas Way.
- Develop and train internal talent to support organizational growth.
- Innovate through contributions from internal talent.
- Build an empowerment culture that enhances our employees' decision-making abilities with the aim of taking advantage of opportunities that shall generate business value.



17,870

Total Training Hours

7.79

Average Training Hours  
per Employee

Strategic Adherence was another initiative developed during 2015 as we reinforce our employees to understand, promote, and live the business strategy, as well as the Rotoplas Way. We intend for the Rotoplas Way to be a working model that documents valuable Company practices, enabling us to have a unique approach of working and coordinating.

As part of developing and preparing employees for retirement, or those who are ceasing to work for us, we work with external consultants who offer transitional support, known as outplacement.

We offer our team all labor benefits required by law in every country where we operate, along with providing a Savings Fund, Christmas bonus, and vacation pay beyond that required by local regulations. Full-time employees also receive life and medical insurance, and managers have the option to buy Company shares according to our internal policies.

We encourage our employees' personal development through social activities and community involvement in near our corporate and manufacturing facilities. Some key projects developed in 2015 were:

- **Reforestation and cleanup campaigns** at the Lerma and Anáhuac Plants, planting 1,500 trees and collecting 500 kg of garbage in Ocoyoacac, State of Mexico.
- **Support for Centro de Atención Múltiple 15**, a school for children with special education needs, where corporate staff sold some art paintings in benefit of the school, and volunteered to maintain its facilities.
- **Alliance with the Ciudad de los Niños A.C.** in Monterrey, Nuevo León; medications were donated to this organization.

G4-11, G4-LA5, G4-LA6, G4-LA7, G4-LA8, G4-HR4

## Health and Safety

We promote a safety culture through the *Haz de tu parte* (Do Your Share) program, which aims to increase employee risk awareness and encourage them to prevent accidents through various initiatives. The Company has the purpose of being a zero-accident business by living and implementing the Rotoplas safety culture.

**Absenteeism and lost days due to accidents in 2015**

Description	Women	Men	Total
Minor injuries	10	82	92
Occupational diseases	0	0	0
Fatalities	0	0	0
Lost days for injuries	139	1,159	1,298

Due to the working conditions in some areas of the business, some workers are exposed to the risk of contracting work diseases. We therefore provide them with adequate training, safety equipment and engineering and administrative controls to reduce the risk of suffering work related illnesses or injuries.

Possible disease risks	Number of employees exposed	Protection given by the Company
Hearing	232	Hearing protection
Respiratory	316	Respiratory protection
Spinal	449	Lumbar protection (lumbar support belts and lifting management courses)

50.3% of our employees are covered by collective agreements and are duly represented by their peers on Hygiene, Health, Safety, and Environmental committees both at plants and at headquarters.

The aim of these committees is to develop a management model that guarantees strict compliance with the applicable relevant laws and standards, eliminating risk factors for our employees and promoting a culture focused on prevention of diseases, accidents, and negative environmental impacts. In 2015, we held 247 training events related to hygiene, health, safety, and environmental aspects.

At Rotoplas, there is no evidence that the employees' freedom of association or right to collective bargaining has been threatened in any of our workplaces.

**In 2015 we organized 247 training events related to hygiene, health, safety and environment.**







## Environment

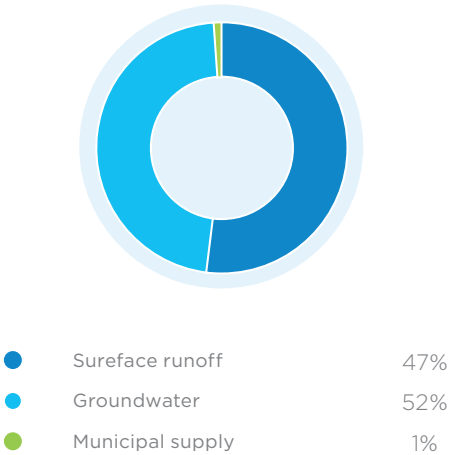
“In all our operations, hygiene, safety and the environment are as important as quality, productivity and cost, which commits us to continually improve the standards, culture and development in HSE topics”

**Rotoplas HSE Policy commitment.**

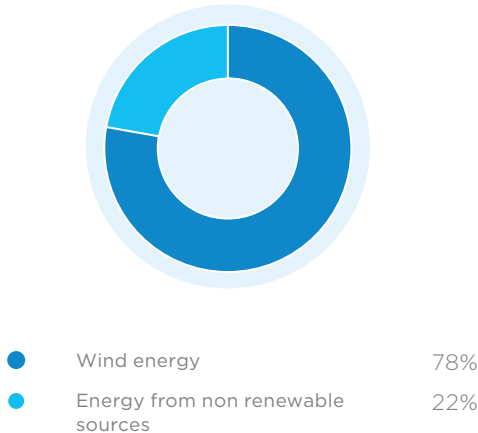
Throughout our value chain we make efforts with the goal of reducing environmental impacts in our operation.

One of the main efforts, in line with our philosophy, is to efficiently use water in our productive processes, and reduce its consumption every year.

Water consumption by source



Energy consumption



96,856,000 lt.

Total Water Consumption

Of the consumed energy in 2015, 78% was from renewable sources, while the main fuel we used in our operation was gas.

Energetic intensity Kwh 2015

Intensity by processed ton of plastic	0.564
---------------------------------------	-------

The raw materials used in our products are polyethylene and polypropylene. We employ recycled materials in our daily activities to manufacture and pack our products, some of which have up to 30% of these components on the exterior, enabling us to ensure that quality controls for human consumption are maintained. In 2015, our production lines used 3,600,000 kg of recycled materials in production.

Likewise, of the generated waste from our operation, during the year we transported a total of 50 tons of hazardous waste that were handed over to authorized suppliers for proper disposal.

No spills of any substance affecting the environment were recorded this year, but we did receive an environmental fine at the Pacific Center Plant, from which action was taken according to the commitment of our Company with the authorities and the community.

Regarding biodiversity, all our plants are located in industrial parks that comply with regulations, including environmental ones, ensuring that each of our processes do not generate damage. In this sense, during 2015 we did not registered affected habitats by our Company.

We are a Company that since its origins has been committed to offer more and better water for people; however, the commitment to measure, evaluate, and report environmental development in our operations is recent, so we are working to improve management and to get more quantitative data in order to present it in the next years.

78% of the energy consumed in 2015 came from renewable sources



## Distribution

A solid distribution network strategically located allows more people to access our water solutions, generating lower greenhouse gases emissions from the distribution chain.



### Storage

Rotoplas was the pioneer in designing the polyethylene water tank that revolutionized the industry; with our wide distribution network we have delivered this product to a lot of customers in various geographies.

G4-34, G4-35, G4-36, G4-37, G4-38, G4-39, G4-40, G4-41, G4-42,  
G4-43, G4-48, G4-49, G4-50, G4-51, G4-52, G4-53

## Corporate Governance

Our business leadership is greatly indebted to the strong team that composes our Board of Directors. At Grupo Rotoplas, our central commitment is based on collaboration to address the lack of access to water and sanitation, to thereby encourage the sustainable economic growth of our organization through different initiatives, and at the same time continue to generate long-term value for our shareholders and serving the interests of our customers.

Our Board of Directors focuses on efficiently leading our Company, and it achieves this with the industry experience and knowledge of our 13 directors, six of whom are independent. In this way, we comply with the Mexican Securities Markets Law (LMV, by its name in Spanish) which establishes that at least 25% of Board members must meet this condition.

The Board of Directors is our main governing body and is chaired by Carlos Rojas Mota Velasco, Co-founder and Executive President of the Company.

Directors are nominated by the General Shareholders' Meeting according to the shareholders' proposals, and based on the experience, skills, and professional prestige of the possible candidates. Their ability to perform their roles free of conflicts of interest and without being subject to personal, property, or economic interests is also considered.

Once selected, there is an induction process during which they are provided with the Code of Ethics and Conduct, as well as with the Company's policies for their knowledge. They are also advised of the shareholders' expectations and objectives, the Company's strategic plan, their main responsibilities, reporting periods, and the way in which results will be presented.

Pursuant to the Company's bylaws and the LMV, among other matters, the Board of Directors must approve to take any action in connection with its operations not expressly reserved to the shareholders; authorize the Company's general strategy; monitor the Company's management and that of its subsidiaries; and approve the following, always in consultation with the Audit and Corporate Practice Committees:

- i. The transactions with related parties, subject to certain limited exceptions.
- ii. The election and compensation of the Company's Executive President, his removal for justified cause and the policies for the description of the faculties and remuneration of other Company officers.
- iii. The Company's guidelines on internal control and internal audit and those of its subsidiaries.
- vi. The Company's consolidated financial statements and those of its subsidiaries.
- v. Unusual or non-recurring transactions, as well as any transaction or series of related transactions, in one year that involve: the acquisition or sale of assets with a value equal to or exceeding 5% of the Company's consolidated assets; or the granting of guarantees or the assumption of liabilities, equal to or exceeding 5% of the Company's consolidated assets.
- vi. The engagement of external auditors; call shareholders' meetings and execute their resolutions.

54%

Directors

46%

Independent  
Directors

The Board of Directors must also submit to the General Shareholders' Meeting the Executive President's annual report, and his opinion in respect to such report; approval of any transfer of shares of the Company's subsidiaries; creation of special committees and granting them power and authority, provided that the committees will not have the authority which by-law or under the Company's bylaws is expressly reserved for the shareholders or the Board of Directors; determine how to vote the shares of

the subsidiaries; and the exercise of general powers in order to achieve the Company's corporate purpose.

The biographies of Members of the Board of Directors are available on our website.

Image which links to:

[www.rotoplas.com/consejo-de-administracion](http://www.rotoplas.com/consejo-de-administracion)

2015 Meetings of the Board of Directors		
Date of Meeting	Percentage attendance	Matters discussed in the meetings
February 11	100%	<ul style="list-style-type: none"> <li>• Approval of Financial Statements.</li> <li>• Report by the Executive President and the Vice-President of Finance and Administration on the state of the Company</li> </ul>
May 14	100%	<ul style="list-style-type: none"> <li>• Approval of status of repurchases report.</li> <li>• Approval of the minutes of previous meetings.</li> <li>• Approval of reports for the Annual Ordinary Shareholders' Meeting.</li> </ul>
August 10	85%	<ul style="list-style-type: none"> <li>• Approval of the Company's self-regulating Corporate Governance policies.</li> <li>• Approval of the audit and corporate Practice Committees.</li> <li>• Approval of subsidiaries' corporate actions.</li> </ul>
November 11	93%	<ul style="list-style-type: none"> <li>• Discussion and approval of inorganic growth operations.</li> </ul>

The advance in the Company strategy is reviewed at each Board of Directors meeting and by its three Committees: Audit, Corporate Practice, and Compensations. These are chaired by Independent directors and perform different functions.

The Audit Committee's main duties are supervising external auditors; analyzing the audit reports made by the Company accountants, informing the Board of Directors about the existing internal controls; supervising the execution of related party transactions, requesting reports from our executive when needed, informing the Board of any irregularities, supervising the activities of our executives, and present an annual report to the Board.

On the other hand, the Corporate Practices Committee gives opinions to the Board in respect to the managing practices and operations; requires and obtains opinions from independent third-party experts, calls shareholders' meetings, provides assistance to the Board for preparing the annual reports and presents an annual report on the activities to them.

Finally, the Compensation Committee's purpose is to assist the Board of Directors in reviewing the Company's organizational structures and making sure they are consistent with its strategy, determining salaries and compensation policies; reviewing ethical values and relationships among employees, proposing initiatives to improve the work environment, and proposing methodologies to improve organizational development processes.



G4-56, G4-57, G4-58, G4-EN34, G4-HR3, G4-HR5, G4-HR6, G4-HR8, G4-HR12, G4-SO5, G4-SO6, G4-SO7, G4-SO8, G4-SO11, G4-PR7, G4-PR8, G4-PR9

It is important to note that all committees meet at least once every quarter.

We also have a Sustainability Committee that monitors the Group's environmental, social, and Corporate Governance matters and is made up of the areas of Human Resources, Institutional Affairs, Government Relations, Legal, Investor Relations, Quality, Marketing, and Innovation.

This multi-disciplinary committee drives, coordinates, and monitors initiatives that incorporate sustainability into the business model. Such initiatives are presented to the senior management for their review before being distributed to the relevant committee according to their nature and possible impact. When considered relevant, emerging themes are included on the agenda for the Board of Directors meeting for that quarter. The Vice-Presidency of Administration and Finance is responsible for approving the Integrated Annual Report of Grupo Rotoplas.

Our senior management is made up of four Vice-Presidencies and 10 directions, which are led by experts in their field and responsible for guiding the direction of our Business in each specific area.

Information on our senior management can be found on our website.

[www.rotoplas.com/consejo-de-administracion.html](http://www.rotoplas.com/consejo-de-administracion.html)

Members of the Board and company officers receive fixed remuneration and benefits according to the internal guidelines of the Compensations department. Benefits and compensations received by company officers in addition to salary and legal benefits include life insurance and major medical expenses, as well as long-term incentives through the creation of an Action Plan and an Equity-Referenced Units (UVR) Plan.

We have an Investor Relations department as well as a section on our website [www.rotoplas.com](http://www.rotoplas.com) dedicated to monitoring themes related to the Board of Directors, shareholders, and investors, where we maintain two-way communication with our stakeholders. From this interaction, in 2015 we received 23 requests which were channeled and dealt with by the corresponding areas..

## Ethics and Human Rights

At Grupo Rotoplas, we adhere to the strictest Corporate Governance norms and respect all applicable legislation in every country in which we operate. We also promote acting with integrity and responsibility through our six values, as well as compliance with our Code of Ethics and Conduct.

The Rotoplas Code of Ethics and Conduct is the document which sets out the expected guidelines for internal conduct and performance, and our relations with colleagues, Directors, customers, suppliers, and other key groups. The code seeks to ensure that when interacting, we treat all people with fairness and respect.

This document establishes the rules for internal and external conduct as well as general rules. It includes our position on matters such as anti-corruption, competition, legal compliance, conflicts of interest, bribery, on discrimination, political contributions, and fraud, among others.

All of our employees, shareholders, Directors, and vendors are certified in understanding the Code of Ethics and Conduct when joining any of the Grupo Rotoplas businesses and are re-certified every year. The document also gives examples of non-compliance for better understanding by employees and stakeholders, and in case of doubts or controversies on its understanding; the Human Resources Direction as well as the Legal Direction can always give advice.

In order to guarantee respect for the human rights of all people we have a relationship with, we follow our Values and Philosophy, and we also include in our working contracts specifications that guarantee that we do not use child labor and that nobody is forced to work or works involuntarily.

The Code of Ethics and Conduct is available on our website:

[www.rotoplas.com/documentos-de-interes.html](http://www.rotoplas.com/documentos-de-interes.html)

For the cases in which our working philosophy is not performed according to this Code, or otherwise infringes it, we have the Trust Grupo Rotoplas means of complaint available:

- Telephone numbers in every country
- Through the Intranet for employees
- Through the website <http://secure.ethicspoint.com/domain/es>

An independent third party receives the complaints through any of these means, and they are channeled to the Ethics Committee which is made up of the Director of Human Resources, the Vice-President of Administration and Finance, the Vice-President of Operations, and the Vice-President of Innovation. Once they are analyzed and discussed, cases are presented to the Executive President.

All complaints are anonymous, confidential, and managed by an independent company of Grupo Rotoplas, thereby guaranteeing that these communication channels are trustworthy and objective.

In 2015, we received no complaints, fines, or sanctions for the following issues:

- Violation of human rights or any discrimination issue within or outside of our Company.
- Cases of violation of the rights of indigenous populations.
- Cases of corruption.
- Non-compliance with regulations or voluntary codes on marketing, publicity, promotion, or sponsorship.
- Violation of our customers' privacy or data breach.
- Non-compliance with regulations or legislation regarding the supply and use of our products.
- Unfair competition, monopolistic practices, or practices contrary to free competition.

In 2015, a complaint was received on the basis of environmental and social impact at our at the Pacific Center Plant, from which action was taken according to the commitment of our Company with the authorities and the community.

In order to guarantee respect for the human rights of all people we have a relationship with, we follow our Values, and we also include in our working contracts specifications that guarantee that we do not use child labor and that nobody is forced to work or works involuntarily.

Grupo Rotoplas does not make contributions to political parties and our Code of Ethics and Conduct establishes that we respect the freedom of our employees and Directors to participate in, or contribute to, political parties, as long as this is done on a strictly personal basis and without interfering in Company activities.

! G4-2, G4-14, G4-45, G4-46, G4-47, G4-EC2

## Risks

Like any organization, our Company is exposed to environmental risks that may affect the way we operate or do business if they are not detected or mitigated swiftly.

We have therefore listed the main risks that may significantly impact our Business, some of which are as a consequence of climate change, and others derived from the industry in which we operate, from changes in consumption habits, political or economic contexts in the countries where we operate, among others.

By identifying the risks, we can focus on factors under our control in order to deliver the reliable, consistent, and profitable results which we have become known for throughout our history.

Risk	Risk type	Description	Potential impact
Increase in cost of raw materials	Market	The main raw materials we use are petroleum derivatives whose prices fluctuate according to the market conditions.	Successful, timely, and profitable purchase of raw materials has an important role in achieving our strategic objectives and developing operations in the long term. The price of our raw materials is subject to the international price of oil, and we therefore cannot ensure its availability at reasonable and constant prices, which would affect the Company's profitability.
Changes in consumer income and preferences	Market	We are exposed to the economic, political, and social contexts of the countries where we operate, where a drastic change could affect consumers and their preferences regarding our water solutions.	Changes in economic conditions and consumer trust may adversely affect final consumer preferences, their purchasing power, and their consumption patterns. A general reduction in consumer spending as a result of changes in the economic conditions in countries where we operate, including government bodies that acquire our solutions, would affect our sales and negatively impact the Company income.
Limits to foreign trade operations	Regulatory	There are different policies and standards for import and export of goods and raw materials in the countries where we operate and where we acquire raw materials.	These policies and standards may change without warning, or commercial restrictions may be imposed, limiting or prohibiting international trade of goods or raw materials. Such measures may affect production time for our solutions or cause an interruption in our distribution supply chain.

G4-56, G4-57, G4-58, G4-EN34, G4-HR3, G4-HR5, G4-HR6, G4-HR8, G4-HR12, G4-SO5, G4-SO6, G4-SO7, G4-SO8, G4-SO11, G4-PR7, G4-PR8, G4-PR9

Costs of compliance with environmental and safety laws	Regulatory	We are subject to various federal, state, and municipal laws and regulations related to the environment, as well as the health and safety of our employees.	<p>The environmental laws where we operate may demand modifications to current processes and procedures, or require additional authorizations or permits not currently required.</p> <p>This may cause delays in the solutions' production chain or require financial resources that are not currently considered which may affect the Company's profit as a consequence.</p>
Operations affected by natural disasters	Environmental	Natural disasters may difficult our operations, damage infrastructure or adversely affect production plants and distribution centers.	<p>Plants and distribution centers have insurance policies against damage caused by natural disasters, accidents, or other similar events which result in damage to goods; however, it is not possible to ensure that losses caused by these events will not exceed the limits of these policies.</p> <p>Damages that significantly exceed the limits of insurance policies, or which were not foreseeable or covered by the same, may have a negative effect on our Business.</p> <p>Furthermore, even if insurance payments are received as a result of a natural disaster, our facilities may suffer interruptions in production, which would have an important and adverse effect on operations, results, the financial situation, and perspectives.</p>
Extreme weather conditions	Environmental	Extreme weather conditions affect our operations and may have a seasonal effect.	<p>Historically, the volume of sales remains constant over the course of the year; however, prolonged periods of rain may affect levels of demand for some storage solutions, because an excess of this resource reduces the need for storage for future use.</p> <p>Conversely, during prolonged periods of drought, sales of these products increase.</p>
Inability to develop products and solutions of high quality and innovation	Intellectual	The strength of our brand is due to the high quality of our solutions, as well as the ability to satisfy consumers' water needs.	There are risks associated with introducing new solutions, including a lack of acceptance in the market, delays in developing new solutions, or failures in manufacturing processes. The rhythm of this development depends on the ability to successfully implement cutting-edge technology in design innovations, engineering, and manufacture, which requires significant and constant investment.

Closure of plants or distribution centers	Supply	Substantial interruptions in production plants, supply chains, distribution centers, or distribution networks for reasons outside our control.	<p>Interruptions in the supply of any raw material, especially resins and other oil derivatives, may cause delays in operations at production plants. A prolonged interruption may significantly affect production.</p> <p>We are currently able to obtain raw materials from different providers and constantly compare prices, ensuring the best price; however, we cannot ensure that problems in the supply of raw materials will not cause delays in the production and supply chain, affecting the Company's operational or financial situation.</p>
Underperformance of investment destined for increasing and improving production capacity	Distribution	The water solutions business requires significant capital investment in the design and construction of plants near to the points of sale and distribution.	<p>It is possible that the performance of investments may be lower than expected, or not within the estimated time.</p> <p>It is also possible that current or future projects are not concluded completely or in a timely manner, due to factors such as inability to obtain financing, regulatory changes, lack of compliance or availability of contractors and subcontractors, as well as logistical problems.</p>
Inability to effectively manage the Company's growth	Management	To effectively manage the Company's business and growth, processes and controls, as well as operational, financial, and management systems and procedures must all continue to be improved.	<p>The success of the expansion plan requires investment of resources prior to generating income, as well as a series of factors such as the ability to find and secure suitable locations for our operational needs, hiring and training suppliers and qualified staff, the existing and future skill levels, the availability of additional capital, the ability to successfully implement sales concepts and innovative products, and favorable economic conditions in the regions where we have a presence.</p> <p>In case that these processes and procedures are not followed effectively and in a timely manner, the business profit may be reduced or grow at a lower rate than expected, which may in turn delay the business strategy.</p>
Inability to successfully expand operations into new markets	Growth	We continuously analyze and explore the possibility of expanding our operations into new markets.	<p>Achieving positive results in new markets may require greater investment than anticipated in order to consolidate our position as a brand among other water solutions.</p> <p>Every risk to our ability to successfully operate in our current markets also applies to our ability to successfully operate in new markets. As well as these risks, we must consider the possibility of not having the same level of familiarity with the dynamics and market conditions in the new market, which may limit the expansion rate.</p>

There is no legal requirement in Mexico obligating the Company to designate an independent person to deal with possible conflicts of interest. Therefore, in case that a conflict of interest arises, the Company cannot ensure that this will be duly dealt with. For more information, please see "Risk Factors" in the 2015 Annual Report.



## Rotoplas Tomorrow

We are aware of the impact we have on the communities where we operate, and we therefore recognize the scope of our operational and management responsibilities. Our mission, for people to have more and better water, is the main driver to consolidate us and to capitalize on opportunities in the water industry.

There is significant potential for expansion in the industry, mainly due to population growth, increased scarcity of water on a global level, as well as the need for better infrastructure for sanitation and access to better-quality water. We will continue to broaden our portfolio of products with innovative solutions and robust operation processes.

We want to generate a positive impact with a focus that ensures that our operations do not produce social or environmental negative effects; and we want to continue creating value for our customers, shareholders, and society at large.






We understand the consumer dynamic that seeks to solve water needs at the point of use, at a reasonable cost, and with a small environmental impact. Our integrated solutions must be able to solve and anticipate changes in consumption patterns, and as such, we see offering decentralized water services as an attractive opportunity, where the end user pays for consumption without the need for an initial investment. This business model will generate recurring revenue from the use of the solutions themselves and from maintenance services.

We are still focused on expanding the business of individual solutions in the United States and we will continue the process of analysis and seeking new business opportunities there through organic and inorganic growth, always including the innovation that characterizes us.

We are optimistic about the future of Grupo Rotoplas, and we will remain as a business in continuous growth, with the confidence that our products and services will continue to have a high demand throughout the Americas.



We have the following objectives with our stakeholders and industry:

Aspect		Objectives
	Financial performance	To have greater environmental and social goals to achieve operational efficiencies. Reinforcement of environmental and social risk management and mitigation.
	Human talent	Continuous training on ethics and human rights at all levels of the organization. Develop initiatives to make the most of human talent at Rotoplas and the knowledge of water management in training and volunteer programs for communities' social benefit.
	Value chain	Continue with training programs for customers and distributors. Evaluation of key vendors on environmental, labor, and human rights criteria. Development plan for key suppliers to contribute to improving their sustainable development. Measurement of environmental performance on energy, emissions, water, waste, and recycling.
	Environment	Establishing goals for: <ul style="list-style-type: none"><li>• Reducing energy consumption.</li><li>• Reducing greenhouse gas emissions from operations and product transportation.</li><li>• Reusing water in production processes.</li><li>• Reduction of waste from operations.</li><li>• Waste recycling programs.</li><li>• Incorporating recycled materials into products and product packaging.</li></ul>
	Community	Redesign of end user training programs to get the best use out of our water solutions. Encouraging alliances with stakeholders to encourage water care culture. Consulting stakeholders to understand social and environmental matters they consider relevant (material) to Rotoplas.

# Audited Financial Statements

## Management comments on the 2015 fiscal year

In 2015, despite a strong demand for our solutions in Mexico and in the Other countries, net sales decreased by 13% compared to 2014, due to a reduction of sales in Brazil. Excluding Brazil's operation, sales grew by 21%.

In Mexico, sales were mainly benefitted by the long-term strategy to drive the growth of integrated solutions. During the year we participated in governmental and non-governmental programs that demanded solutions to sanitation and water collection; we also expanded our customer base to industries seeking efficient water management in their operations, as well as having drinking water for consumption. Individual solutions were also benefitted, mainly by traditional sales methods. Annual sales in Mexico thereby increased by 18.4% compared to the previous year and represented 63.7% of Group sales.

The Other countries division includes our operations in Argentina, Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Peru, and since 2015, the United States. Together, these regions grew by 30.7% compared to 2014, due to deeper penetration of individual solutions, broadening of product portfolios, and publicity campaigns. In this way, Other countries contributed 16.7% of total Group sales.

We had good acceptance into the market during our first year of operation in the United States. We built three rotomolding plants in the Sun Belt region, which allowed us to cover more than 60% of the storage market. We will continue carrying out the expansion and penetration plan for this country to become increasingly relevant to our operations.

Lack of water and sanitation continued in Brazil in 2015; however, sales of integrated solutions were not made due to economic and political problems in the country over the whole year. Although sales of individual solutions increased in traditional channels during the first half of the year, during the second half they behaved differently due to consumer confidence being negatively affected. As a consequence of this, sales decreased by 59.5% and represented just 19.6% of Group sales, whereas in 2014, Brazil represented 42.1% of the Group's income.



In view of this situation, we reduced the size of our operation to avoid losing value. We also closed four of the eight rotomolding plants there, but relocated the machinery to other plants to continue a production capacity that allows us to meet demand when the market recovers.

Sales of individual solutions decreased by 7.7%. This decrease is due to these types of solutions being sold to government channels in Brazil in 2014, and during the last quarter they were migrated over to integrated solutions. Excluding this migration, individual solutions grew by 12.9%.

Meanwhile, integrated solutions decreased by 28.1%, primarily due to the previously-described impact of sales in Brazil.

The gross margin increased to 200 points due to a better mix of products made up of better prices and a greater product volume, which also generated better absorption of fixed costs. Furthermore, during 2015, we capitalized on the fall in price of oil derivatives, meaning our main raw material could be acquired at a lower cost than the previous year.

Since the end of 2014, we have started implementing the Zero Based Budget methodology in the whole organization. In 2015, the benefits of this methodology managed to offset the fall in sales, costs incurred by

mitigating the effects in Brazil, which totaled MXN \$70 million, and costs of starting operations in the United States. The operation margin therefore grew by 90 base points.

Based on the above, the annual EBITDA margins in Mexico and Other countries were benefitted. Profitability in Mexico was placed at 22.3% from 17.7% in 2014, and the margin in Other countries increased by 300 base points, while the EBITDA margin in Brazil was placed at 8.8%. However, it bears mentioning that in the last quarter of 2015, Brazil EBITDA remained at breakeven. This supports the effectiveness and timeliness of decisions made at the start of the year. At a Group level, the EBITDA margin only grew by 40 base points.

By solution, EBITDA of the individuals remained in line with 2014, and of the integrated increased to 170 base points, mainly due to greater sales of these in Mexico.

In 2015, faced with macroeconomic challenges, we trusted in the structural strength and flexibility of our operations and focused on factors we could control. In this way, the net profit margin expanded by 70 base points.

## Report Profile

We present the first Integrated Annual Report of Grupo Rotoplas S.A.B. de C.V., in which we share with our stakeholders the primary financial, social, environmental, and Corporate Governance results of our Company.

The document was prepared following the Global Reporting Initiative (GRI) guidelines in its G4 version, in accordance with the Essential option.

The information reported corresponds to the period from January 1 through December 31, 2015, and includes data from 12 countries where we have presence: Argentina, Belize, Brazil, Costa Rica, Ecuador, El Salvador, The United States, Guatemala, Honduras, Mexico, Nicaragua, and Peru.

During the period comprising our Integrated Annual Report there were no significant changes in the organization, nor were there recalculations of previously-reported information as this is the first Report prepared under GRI guidelines. The scope of this document is limited to the internal operations of the Group and does not include information related to third parties. The consolidated financial information include entities over which Grupo Rotoplas has control, the list of these entities can be consulted in the financial section, under "Subsidiaries".

Being this our first report containing sustainability indicators, materiality assessment was performed internally by consulting senior management, Company documentation, and relevant industry information. In this way, we identified relevant and available information to be presented within this document; however, we recognize that we do not have information on all material indicators for the reported period.

We are mindful that we have begun a process of transparency in terms of sustainability, which involves gathering quantitative and qualitative information on our economic, environmental, labor, human rights, social, product, and value chain performance, but to date we do not have enough available information in the terms required by the GRI G4 guide.

At Grupo Rotoplas we are firmly committed to managing and reporting our sustainable performance, and to determining the material areas for our stakeholders, and we are therefore working on this from 2016 and the coming years, such that we will shortly find ourselves in a position to present historic and comparable information on these topics.



## G4-15, G4-16

### Industry associations in which we participate

- **Mexican Employers' Association** - Voluntary membership company union. It joins business owners from all sectors who seek representation in labor and social areas.
- **SUMe Sustainability for Mexico A. C.** - Nonprofit association whose vision is to join forces towards a sustainable Mexico with the aim of improving quality of life for all through joint activities.
- **Indigenous Heritage Foundation MX** - Nonprofit organization that works to contribute to the wellbeing of indigenous people and communities, reinforcing their process of social and economic development, and respecting their culture and rights.
- **Global Sustainability Institute at the EGADE Business School of Instituto Tecnológico y de Estudios Superiores de Monterrey**
- **Green Business Summit** - Corporate event to present business and innovation opportunities around fighting climate change, preserving global natural capital, and efficient use of natural resources.
- **Agreement for a Sustainable Mexico** - Space for dialogue and information exchange about how sustainability is driving leading companies to innovate and improve their competitiveness.

### Sponsorships

- **CONAGUA, Water Race** - Race to raise awareness in society about using and caring for water resources.
- **Run 4 Education** - Race with the purpose of furnishing and equip public schools in marginalized areas, as well as giving scholarships to youngsters with the aim of helping them complete their studies.

### Collaboration agreements

- National Water Commission, CONAGUA.
- Research Centers at the National Council for Science and Technology, CONACyT.
- Applied Chemistry Research Center, Coahuila.
- COMIMSA Materials Corporation, Coahuila.
- Optics Research Center, León, Guanajuato.
- Columbia Water Center - Columbia University, New York.
- Center of Design, Cinema and Television.
- National Autonomous University of Mexico, UNAM.
- Edify - Lecture series at Universities and Mer-Rotoplas competition.

### Certification and awards

- ISO 14000 and OHSAS 18001 in the plants located at Lerma, Mexico State; León, Guanajuato and Lima, Peru.
- ISO 9001 certification in all of our Mexico Plants.
- Socially Responsible Company (ESR), award from the Mexican Center for Philanthropy (Cemefi), uninterruptedly since 2011.
- Clean Company Environmental Certification at our León Plant, Guanajuato.
- Our products have Official Mexican Standard (NOM) certification.
- Great Place to Work award at Monterrey Plant, Nuevo León.
- League of American Communications Professionals LLC (LACP)
  - Recognition of the 2014 Annual Report "More and better water". General: Gold, Americas: ranked 37/50, Mexico: ranked 5/10.
- Superbrands - Distinctive given to Big Brands that are consistent and recognized in relation to the criteria of: market presence, longevity and customers' loyalty.

# GRI Index

## Global Reporting Initiative Index

### GRI G4 (In accordance Essential)

G4		Description	Omissions
<b>Strategy and analysis</b>			
G4-1	5	Statement from the President of the Board of Directors, CEO or equivalent.	
G4-2	37	Key impacts, risks and opportunities.	
<b>Organizational profile</b>			
G4-3	9, 44	Name of the organization.	
G4-4	7, 17, 25	Primary brands, products and/or services.	
G4-5	9	Location of the organization's headquarters.	
G4-6	9, 44	Countries where the organization operates.	
G4-7	9, 44	Nature of ownership and legal form.	
G4-8	9, 17	Markets served (with geographic breakdown, sectors served, and types of customers).	
G4-9	3, 9	Scale of the organization (number of employees, total number of operations, net sales, and quantity of products or services provided).	
G4-10	26	Number of employees by employment contract, type, gender and region.	
G4-11	29	Percentage of total employees covered by collective bargaining agreements.	
G4-12	13	Organization's supply chain.	
G4-13	44	Significant changes during the reporting period (regarding size, structure, ownership, or supply chain).	
<b>Participación en iniciativas externas</b>			
G4-14	37	Whether and how the precautionary principle is addressed by the organization.	
G4-15	45	Economic, environmental and social principles or initiatives to which the organization subscribes or endorses.	

G4	Page	Description	Omissions
G4-16	45	Memberships of associations and national or international advocacy organizations in which the organization holds a position on the Governance body, participates, provides funding, or views membership as strategic.	
<b>Material aspects and Boundaries</b>			
G4-17	44	Entities included in the organization's consolidated financial and equivalent statements, and the entities not covered by the report.	
G4-18	44	Process followed to define the report content and the Aspect Boundaries.	
G4-19	44	List of material Aspects.	
G4-20	44	Aspect Boundary within the organization for each material Aspect.	
G4-21	44	Aspect Boundary outside the organization for each material Aspect.	
G4-22	44	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	
G4-23	44	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	
<b>Stakeholder engagement</b>			
G4-24	14	List of stakeholders engaged by the organization.	
G4-25	14	Basis for identification and selection of stakeholders.	
G4-26	14	Organization's approach to stakeholder engagement and frequency of engagement in the elaboration of the report.	
G4-27	14	Key topics and concerns that have been raised through stakeholder engagement.	
<b>Report profile</b>			
G4-28	44	Reporting period for information provided.	
G4-29	44	Date of most recent previous report.	
G4-30	44	Reporting cycle (annual, biennial).	
G4-31	56	Contact point for questions regarding the report or its contents.	
<b>GRI content Index</b>			
G4-32	44, 46	"In accordance" option chosen by the organization: essential or exhaustive, and GRI Context Index for the chosen option.	
G4-33		Organization's policy and current practice regarding external assurance for the report.	External assurance was not provided.

G4	Page	Description	Omissions
<b>Governance</b>			
G4-34	33	Corporate Governance Structure and Committees, and their responsible about social, economic and environmental topics.	
G4-35	33	Process for delegating authority for economic, social and environmental topics from the highest Governance body to senior executives and other employees.	
G4-36	33	Executive-level positions with responsibility for economic, environmental and social topics.	
G4-37	33	Processes for consultation between stakeholders and the highest Governance body on economic, social and environmental topics.	
G4-38	33	Composition of the Corporate Governance body and its Committees.	
G4-39	33	Indicate whether the Chair of the highest Governance body is also an executive officer, describing his or her function within the organization's management and the reasons for this arrangement.	
G4-40	33	Nomination and selection processes for the highest Governance body and its committees.	
G4-41	33	Processes for the highest Governance body to ensure conflicts of interest are avoided and managed, indicating if these are disclosed to stakeholders.	
<b>Highest Governance body's role in setting purpose, values, and strategy</b>			
G4-42	33	Highest Governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, and policies.	
<b>Highest Governance body's competencies and performance evaluation</b>			
G4-43	33	Measures taken to develop and enhance the highest Governance body's collective knowledge of economic, social and environmental topics.	
G4-44		Processes for evaluation and measures taken of the highest Governance body's performance with respect to economic, social and environmental topics. Indicate whether such evaluation is independent or not, and its frequency.	The Board of Directors' performance is based on their assistance, participation and contribution during the Board sessions. The lack of assistance has as consequence not receiving financial remuneration.
<b>Highest Governance body's role in risk management</b>			
G4-45	37	Highest Governance body's role in the identification and management of impacts, risks and opportunities. Indicate whether stakeholder consultation is used.	
G4-46	37	Highest Governance body's role in reviewing the effectiveness of the organization's risk management processes.	

G4	Page	Description	Omissions
G4-47	37	Frequency of the highest Governance body's review of impacts, risks, and opportunities.	
<b>Highest Governance body's role in sustainability reporting</b>			
G4-48	33	Highest committee or position that reviews and approves the organization's sustainability report.	
<b>Highest Governance body's role in evaluating economic, social and environmental performance</b>			
G4-49	33	Process for communicating critical concerns to the highest Governance body.	
G4-50	33	Nature and total number of critical concerns communicated to the highest Governance body, and the mechanism(s) used to address and resolve them.	
<b>Remuneration and incentives</b>			
G4-51	33	Remuneration policies for the highest Governance body and senior executives.	
G4-52	33	Processes for determining remuneration.	
G4-53	33	How stakeholders' views are sought and taken into account regarding remuneration.	
G4-54		Ratio of the annual total compensation for the highest-paid person to the median annual total compensation for all employees, excluding the highest-paid person, this from every country.	Confidential information
G4-55		Ratio of percentage increase in annual total compensation for the highest-paid person to the median percentage increases in annual total compensation for all employees, excluding the highest-paid person, this from every country.	Confidential information
<b>Ethics and integrity</b>			
G4-56	9, 35	Organization's values, principles, standards and norms, such as code of conduct or code of ethics.	
G4-57	35	Internal and external mechanisms for seeking advice on ethical and lawful behavior.	
G4-58	35	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior.	
<b>Economic Performance</b>			
G4-EC1	3	Direct economic value generated and distributed.	
G4-EC2	37	Economic consequences, risks, and opportunities to the organization posed by climate change.	
G4-EC3	27	Benefit plan obligations.	
G4-EC4		Financial aid received from government.	Aid from governments is not received

G4	Page	Description	Omissions
<b>Aspect: Market presence</b>			
G4-EC5		Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Information not available
G4-EC6		Proportion of senior management hired locally.	Information not available
<b>Aspect: Indirect economic impacts</b>			
G4-EC7		Development and impact of infrastructure investments and services supported.	Not performed as facilities are inside industrial parks
G4-EC8		Indirect economic impacts.	Information not available
<b>Aspect: Procurement practices</b>			
G4-EC9	13	Proportion of spending on local suppliers.	
<b>Environmental Performance</b>			
<b>Aspect: Materials</b>			
G4-EN1		Materials used by weight or volume.	Information not available
G4-EN2	30	Percentage of materials used that are recycled.	
<b>Aspect: Energy</b>			
G4-EN3	30	Energy consumption within the organization.	
G4-EN4		Energy consumption outside of the organization.	Does not apply
G4-EN5	30	Energy intensity.	
G4-EN6		Reduction of energy consumption.	Information not available.
G4-EN7		Reductions in energy requirements of products and services.	Information not available.
<b>Aspect: Water</b>			
G4-EN8	30	Total water withdrawal by source.	
G4-EN9		Water sources affected by withdrawal of water.	Information not available.
G4-EN10		Percentage and total volume of water recycled and reused.	Information not available.
<b>Aspect: Biodiversity</b>			
G4-EN11	30	Operational sites in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	
G4-EN12	30	Significant impacts of activities, products, and services on biodiversity in protected and of high biodiversity value areas.	



G4	Page	Description	Omissions
G4-EN13		Habitats protected or restored.	Not material.
G4-EN14		Species and habitats affected by operations, by level of extinction risk.	Not material.
Aspect: Emissions			
G4-EN15		Direct GHG emissions (scope 1).	Information not available.
G4-EN16		Indirect GHG emissions (scope 2).	Information not available.
G4-EN17		Other indirect GHG emissions (scope 3).	Information not available.
G4-EN18		GHG emissions intensity.	Information not available.
G4-EN19		Reduction of GHG emissions.	Information not available.
G4-EN20		Emissions of ozone-depleting substances.	Information not available.
G4-EN21		NOx, SOx and other significant air emissions.	Information not available.
Aspect: Effluents and waste			
G4-EN22		Total water discharge by quality and destination.	Information not available.
G4-EN23	30	Total weight of waste by type and disposal method.	
G4-EN24	30	Number and volume of significant spills.	
G4-EN25	30	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally.	
G4-EN26		Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.	Does not apply.
Aspect: Products and services			
G4-EN27		Extent of impact mitigation of environmental impacts of products and services.	Information not available.
G4-EN28		Percentage of products sold and their packaging materials that are reclaimed by category.	Information not available.
Aspect: Compliance			
G4-EN29	30	Fines and non-monetary sanctions for non-compliance with environmental law.	
Aspect: Transport			
G4-EN30		Environmental impacts of transporting products and other goods for the organization's operations, and transporting employees.	Information not available.

G4	Page	Description	Omissions
<b>Aspect: Overall</b>			
G4-EN31		Environmental protection expenditures and investments.	Information not available.
<b>Aspect: Supplier environmental assessment</b>			
G4-EN32		Percentage of new suppliers that were examined using environmental criteria.	Information not available.
G4-EN33		Significant actual and potential negative environmental impacts in the supply chain and actions taken.	Information not available.
<b>Aspect: Environmental grievance mechanisms</b>			
G4-EN34	35	Number of grievances about environmental impacts filed, addressed and resolved.	
<b>Labor Practices and Decent Work</b>			
<b>Aspect: Employment</b>			
G4-LA1		Total number and rates of new employee hires and turnover by age group, gender and region.	Information not available.
G4-LA2	27	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	
G4-LA3		Return to work and retention rates after parental leave, by gender.	Information not available.
<b>Aspect: Labor/management relations</b>			
G4-LA4		Minimum notice periods regarding operational changes and specifications in collective agreements.	Information not available.
<b>Aspect: Occupational health and safety</b>			
G4-LA5	29	Percentage of workers represented in formal health and safety committees.	
G4-LA6	29	Type and rates of injury, occupational diseases, lost days, absenteeism and fatalities related to work by region and gender.	
G4-LA7	29	Workers with high incidence or risk of disease related to their occupation.	
G4-LA8	29	Health and safety topics covered in formal agreements with trade unions.	
<b>Aspect: Training and education</b>			
G4-LA9	27	Average hours of training per year per employee, by gender and employment category.	
G4-LA10	27	Programs for skills management and lifelong learning.	
G4-LA11	27	Percentage of employees receiving regular performance and career development reviews, by gender and employee category.	

G4	Page	Description	Omissions
<b>Aspect: Diversity and equal opportunity</b>			
G4-LA12		Composition of Governance bodies and breakdown of employees by category according to gender, age group, minorities and other indicators of diversity.	Information not available.
<b>Aspect: Equal remuneration for women and men</b>			
G4-LA13		Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Information not available.
<b>Aspect: Supplier assessment for labor practices</b>			
G4-LA14		Percentage of new suppliers that were examined in terms of labor practice.	Information not available.
G4-LA15	13	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	
<b>Aspect: Labor practices grievance mechanisms</b>			
G4-LA16		Number of grievances about labor practices filed, addressed, and resolved through formal mechanisms.	Information not available.
<b>Human Rights</b>			
<b>Aspect: Investment</b>			
G4-HR1		Investment agreements and contracts that include human rights clauses.	Information not available.
G4-HR2		Training on human rights, including the percentage of employees trained.	Information not available.
<b>Aspect: Non-discrimination</b>			
G4-HR3	35	Total number of incidents of discrimination and corrective actions taken.	
<b>Aspect: Freedom of association and collective bargaining</b>			
G4-HR4	29	Operations and suppliers identified in which freedom of association and collective bargaining may be at significant risk, and measures taken to support these rights.	
<b>Aspect: Child labor</b>			
G4-HR5	35	Measures taken to contribute to the effective abolition of child labor.	
<b>Aspect: Forced or compulsory labor</b>			
G4-HR6	35	Measures taken to contribute to the elimination of all forms of forced labor.	
<b>Aspect: Security practices</b>			
G4-HR7		Percentage of security personnel trained in policies and procedures of the organization regarding human rights.	Information not available.

G4	Page	Description	Omissions
<b>Aspect: Indigenous rights</b>			
G4-HR8	35	Number of incidents of violations involving rights of indigenous people and actions taken.	
<b>Aspect: Assessment</b>			
G4-HR9		Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	Information not available.
<b>Aspect: Human rights grievance mechanisms</b>			
G4-HR10		Percentage of new suppliers examined using human rights criteria.	Information not available.
G4-HR11		Significant actual and potential negative human rights impacts in the supply chain and actions taken.	Information not available.
<b>Aspect: Supplier human rights assessment</b>			
G4-HR12	35	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms.	
<b>Society</b>			
<b>Aspect: Local communities</b>			
G4-SO1	21, 27	Percentage of operations with implemented local community engagement, impact assessments, and developed programs.	
G4-SO2		Operations with significant actual and potential negative impacts on local communities.	During 2015, there were no negative impacts on local communities
<b>Aspect: Anti-corruption</b>			
G4-SO3		Number and percentage of operations assessed for risks related to corruption and the significant risks identified.	Information not available.
G4-SO4		Communication and training on anti-corruption policies and procedures.	Information not available.
G4-SO5	35	Confirmed incidents of corruption and actions taken.	
<b>Aspect: Public Policy</b>			
G4-SO6	35	Total value of political contributions by country and recipient.	
<b>Aspect: Anti-competitive behavior</b>			
G4-SO7	35	Number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	
<b>Aspect: Compliance</b>			
G4-SO8	35	Monetary value of fines and number of non-monetary sanctions due to non-compliance with laws and regulations.	

G4	Page	Description	Omissions
<b>Aspect: Supplier assessment for impacts on society</b>			
G4-SO9		Percentage of new suppliers that were examined using criteria for impacts on society.	Information not available.
G4-SO10		Significant actual and potential negative impacts on society in the supply chain and actions taken.	Information not available.
<b>Aspect: Grievance mechanisms for impacts on society</b>			
G4-SO11	35	Number of grievances on society filed, addressed and resolved through formal grievance mechanisms.	
<b>Product Responsibility</b>			
<b>Aspect: Customer health and safety</b>			
G4-PR1	20	Percentage of product and service categories for which health and safety impacts are assessed for improvement.	
G4-PR2	20	Number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	
<b>Aspect: Product and service labelling</b>			
G4-PR3		Type of product and service information required by the organization's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements.	Information not available.
G4-PR4	20	Number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling.	
G4-PR5	20	Results of surveys measuring customer satisfaction.	
<b>Aspect: Marketing communications</b>			
G4-PR6		Sale of banned or disputed products.	In Rotoplas we do not sell banned or disputed products.
G4-PR7	35	Number of incidents of non-compliance with regulations or voluntary codes concerning marketing communications, including advertising, promotion and sponsorship.	
<b>Aspect: Customer privacy</b>			
G4-PR8	35	Number of sustained complaints regarding breaches of customer privacy and losses of customer data.	
<b>Aspect: Compliance</b>			
G4-PR9	35	Monetary value of fines for non-compliance with laws and regulations concerning the provision and use of products and services.	

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This annual report contains forward-looking statements and information subject to risk and uncertainties, which are based on current expectations and projections of future events and trends which may affect the Company's business. Such statements were made based on current assumptions and knowledge. By their very nature, forward looking statements involve assumptions, expectations and opportunities, both general and specific. Several factors could cause results, performance or future events to differ materially from those in such statements. We undertake no obligation to update or revise any forward-looking statement. Therefore, no undue reliance should be placed upon such forward-looking statements.

The Company has not registered (and has no intention to register) its securities under the United States Securities Act of 1933, as amended ("Securities Act") or any state or transparency regulations and the Company is not registered under the United States Investment Act of 1940, as amended. The securities of the Company may not be offered or sold in the United States or to US persons, unless registered under the Securities Act and other applicable securities state regulations or exempted from such registration.





