



Grupo Rotoplas
S.A.B. de C.V.

**Supplier ESG
Program 2023**

Supply Chain Management

At Rotoplas, it is essential to recognize each of our stakeholders such as our distributors, plumbers and suppliers, whose efforts and commitment have allowed us to deliver quality products and services in a constantly changing environment, where their support and belief in our purpose have allowed people to have more and better water. That's why we aim to develop top-quality products by carefully selecting and interacting with our suppliers. We focus on innovating our raw materials to ensure the best possible outcome.

3,800 tier 1
suppliers

111 critical suppliers

56 critical suppliers
evaluated

By the end of 2023, 92% of our active suppliers at Grupo Rotoplas level were validated by VP360 as “reliable suppliers”

IDENTIFICATION OF CRITICAL SUPPLIERS

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

We work with all the members of our value chain to generate opportunities for mutual learning and to promote good environmental, social, and corporate governance practices. Our suppliers, who provide us with the right quality of raw materials needed for production. We have a Sustainable Procurement Policy in which we have established the social, environmental, and corporate governance requirements for suppliers, thus ensuring that our supply chain is aligned with our principles, values and commitments to sustainability.



ESG Program for Suppliers: Driving Sustainable Excellence

How it works

- **Comprehensive questionnaire to assess sustainability:** In our commitment to promoting responsible practices, we have developed a thorough questionnaire that we send to all our suppliers, where we cover various **key themes**, including **environmental, social, governance**, and **business-related** aspects.
- **Internal management of the questionnaire:** The evaluation process of our suppliers is conducted internally, ensuring a rigorous review and dedicated attention to each response received. The purchasing team, that has a direct relation with suppliers are trained to help suppliers complete the questionnaire.
- **Evaluation by Purchasing and Sustainability teams:** Both teams conduct the evaluation of the questionnaires. This combination of knowledge and expertise allows us to gain a holistic view of our suppliers' sustainable practices.
- **The process is verified and defined by the Sustainability Committee, the CFO and the Purchasing and Sourcing Director**
- **Targeted at critical suppliers (Tier 1):** Our ESG program applies to all our critical suppliers, those with whom we maintain a strategically important relationship. This ensures that sustainable practices are a priority throughout our supply chain.
- **Common questionnaire for all suppliers:** Our assessment is based on a standardized questionnaire that is applied to all suppliers(Tier 1). This allows us to establish a baseline and fairly compare the sustainability practices of each supplier.
- **Internal analysis of information:** All the information gathered through the questionnaire is internally analyzed. We use this data to understand if our suppliers' practices align with the principles of our business and international sustainability standards and if measures must be taken to correct the practices.
- **Complemented by quality, supply assurance, and price evaluation:** In addition to the ESG questionnaire, our Purchasing team conducts a comprehensive evaluation that enables us to make informed decisions based on a combination of sustainable and business criteria. After the comprehensive evaluation, better ESG qualified suppliers are preferred by the Company.
- **Sustainable Procurement Policy:** To support our commitment to sustainability, we have a robust sustainable procurement policy. This policy establishes clear guidelines and specific requirements for our suppliers, thereby fostering responsible and sustainable practices throughout our supply chain.

Together, through our ESG program for suppliers, we are moving towards a more sustainable future and strengthening our collaboration with those who share our values and commitment to sustainable excellence.



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