

GRUPO ROTOPLAS' CLIMATE CHANGE POLICY

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**Objective**

The document establishes Grupo Rotoplas' position on climate change, including the guidelines to reduce the contribution from the company's operational processes and in its value chain, as well as the maximization of the contribution that the already developed solutions have for the adaptation of the users to the climatic effects on water supply and quality.

**Scope**

Internal: applies to all processes and operations within Grupo Rotoplas with activities that contribute directly or indirectly to climate change, for example by the generation of Greenhouse Gases (GHG) associated with the burning of fossil fuels and the use of electricity.

External: these guidelines also apply to suppliers, distributors and customers who are part of the company's value chain and whose operations are also related to climate change, either due to the inputs and effluents from operations or participation in the Provision of water solutions to users with needs associated with climate effects.

**Description**

The policy sets out the basic guidelines for greater efficiency in the use of resources and the reduction of waste, and with it the associated GHG emissions; it also considers guidelines to maximize the benefit that the solutions developed by the company provide in contexts of alterations in rainfall flows and water availability associated with climate change.

All this is presented in a comprehensive and coherent manner with the creation of value for the different stakeholders, which in turn constitutes the purpose of our Sustainability Strategy. These guidelines are established based on the processes, operations and solutions especially linked to climate change, as it has been previously referenced.

**Terms and Glossary**

**Value chain:** entities that are part of the flow of materials required by the company, as well as the produced products, including users and the beneficiaries of the provided services.

**Climate change:** can be defined as any significant change in the climate system of the planet, which remains for decades or longer.

**GHG emissions:** correspond to greenhouse gas emissions (GHG), which contribute to a higher temperature of the atmosphere due to the increase in its concentration, which is mainly due to activities and processes of the human being. Among the gases that have this denomination are: Water Vapor, Carbon Dioxide, Methane, Nitrogen Oxides, Ozone, CFCs and HFCs.

**Circular economy:** use of resources system, whose purpose is to maintain its usefulness and value at all times of the life cycle, until the end of it, through the design/redesign of processes, innovation in materials, optimization of use and establishment of alliances.

**Renewable energies:** clean resources whose impact is practically null and always reversible, generated from natural sources, which do not emit greenhouse gases and are not subject to depletion, as in the case of fossil fuels.

**Science Based Targets (SBTs):** objectives to reduce GHG emissions in line with the level of decarbonization required to maintain the global temperature below 1.5 ° C increase compared to pre-industrial temperatures.

## **Roles and Responsibilities**

**Sustainability and Institutional Businesses Vice President:** in charge of leading Rotoplas Group's commitments on climate change, both those derived from the application of this policy and those arising from the initiatives included in the Sustainability Strategy.

**Vice President of Administration and Finance:** responsible for the supervision of the Purchasing Management, which is the application of the Sustainable Purchasing Policy, which includes environmental requirements for suppliers.

**Vice President of Service:** responsible for the supervision of the HSE (Health, Security and Environment) Management, in charge of initiatives to reduce the environmental impact in operation.

**Innovation Director:** responsible for considering resilience to climate change as a driver, together with other needs of users, when detonating the design and development of solutions in the company.

**Sustainability Committee:** responsible for promoting and monitoring commitments regarding climate change and associated initiatives, including the analysis of the results obtained in its implementation by the different areas involved. It will also be responsible for proposing the necessary adjustments to the commitments acquired by Grupo Rotoplas in terms of climate change, including those related to the intensity of energy use and the intensity of GHG emissions.

**Sustainability Coordinator:** Responsible for coordinating the implementation of initiatives associated with climate change commitments, as well as presenting to the Sustainability Committee the degree of progress in its implementation and the results that are obtained, through the corresponding indicators.

**Manager of Hygiene: Security and Environment (HSE):** responsible for ensuring the implementation of the HSE Policy and the operation of the associated management system, including initiatives and measurements of environmental impact, which are related to commitments regarding climate change.

**Purchasing Manager:** responsible for ensuring the implementation of the Sustainable Purchasing Policy, including the application of environmental requirements to suppliers.

**Centralized Manufacturing Manager:** responsible for the implementation of changes and updates in operating processes and technologies to make manufacturing cost more efficient, including energy efficiency initiatives and material utilization.

## Policy

### General guidelines

- We are committed to a business model and operation that addresses the impacts, risks and opportunities linked to climate change, in a manner consistent with our values, including social and environmental responsibility to promote the care of our environment, referenced in the Code of Ethics and Conduct.
- We design and implement our operation with criteria of efficiency in the use of materials, water and energy, in order to reduce the GHG emissions that result from the activities; This also includes our commitment to incorporate energy from renewable sources. We also work on a waste management that maximizes its use over the final disposal, with circular economy criteria.
- Grupo Rotoplas' commitment to reduce the carbon footprint of our operations also includes guidelines for the supply as well as for the distribution of our solutions with the participation of third parties in our value chain.
- Our portfolio of solutions seeks to deliver more and better water, which is a key element in the resilience of the population to the instability of rainfall as a result of climate change. From the company we work in close dialogue with users and we are attentive to their needs for the design and development of relevant solutions, which contribute to the provision of water in households as well as in economic sectors such as agriculture or industry.
- The identification and attention of the impacts, risks and opportunities associated with climate change is part of the company's performance monitoring exercise carried out by the risk, commercial and teams involved in the implementation of the Sustainability Strategy, including the Sustainability Committee and the coordinator of the efforts.
- The variation in these impacts, risks and opportunities, as a result of the company's own performance and the evolution of the climate change context, as it is a global phenomenon, is incorporated continuously in the performance of the areas, as well as periodically in the update that is made to the Sustainability Strategy, also aligned with the configuration of the business model and the perspective that the stakeholders are contributing.
- Grupo Rotoplas is also aware of the particularities that the effects of climate change have on the different countries in which it operates, in order to deliver the most relevant solutions in each case and make use of the experience acquired by the operation and the relationship with customers and users.
- Climate change is one of the global challenges to sustainable development, an objective that Grupo Rotoplas seeks to contribute through its operation, products and services, as established in our Sustainability Policy.

## **Operational efficiency**

### *1. Management by processes*

- In Grupo Rotoplas we have an operational structure based on processes, monitored with a continuous improvement focus.
- Work centers work under operational criteria that follow the policy and management system of Hygiene, Security and Environment (HSE).
- We foster a culture of prevention and respect towards the environment among our employees which include those possible impacts to climate change.

### *2. Energy supply and consumption*

- At Grupo Rotoplas we understand the impact of energy use on climate change, and therefore we establish guidelines for the annual reduction in the energy intensity of our operations, measured per ton of resin in the manufacturing of our products.
- For the reduction of energy requirements, we monitor their use and propose strategies for the contraction on an annual basis.
- We are committed to use renewable energies, both in self-supply schemes and in supply contracts with third parties, combining climate change requirements with those of supply guarantee and security for operational continuity.
- We are committed to reviewing our energy supply and consumption commitments as performance progresses.

### *3. GHG Emissions*

- In order to identify particularly significant processes in terms of GHG emissions and to propose initiatives for their reduction, we establish an annual inventory.
- This inventory will be carried out in accordance with the guidelines of the international standard Greenhouse Gas Protocol of the World Business Council for Sustainable Development (WBCSD) and will include both the direct emissions associated with sources that are part of Grupo Rotoplas (Scope 1) and the indirect emissions associated with the generation of the electricity required by the company (Scope 2). Likewise, the calculation of GHG emissions in our value chain (Scope 3) will be gradually extended.
- Considering the results of the GHG emissions inventory and the analysis of the emission sources and operational processes of which they form part, we undertake to work on initiatives with the objective of reducing our GHG emissions intensity on an annual basis, measured per ton of resin incorporated in the manufacture of the products.
- In addition to reducing the intensity of GHG emissions in our operation, we consider reduction commitments in absolute terms (total amount of GHG emissions). The determination of these will be made considering the Science Based Targets, aligning us to the level of decarbonization required to maintain the global temperature below 1.5°C of increase.

- As part of our performance to encourage the reduction of emissions in the company, we set ourselves an internal carbon price, which we can consider in the analysis of the profitability of the investments to be undertaken for the initiatives (for example in terms of energy efficiency).
- We reinforce the monitoring of GHG emissions with the calculation of the carbon footprint of our products, gradually increasing the portfolio that is incorporated into the measurement, based on the international standard ISO 14067: 2013.
- The product's carbon footprint analyses its entire life cycle, both the part that corresponds to our operation and that which is carried out throughout our value chain, from the supply of raw materials to their use and disposal phase. In this way, it is possible to identify the environmental impacts associated with all stages and to work on our own initiatives and/or in alliance with third parties that form part of the value chain; it is also a powerful tool for raising awareness among customers and users.

#### 4. *Innovation with environmental perspective*

- When considering the development of solutions for our portfolio, we look at the needs of users, also in terms of their requirements for the impact on climate change; also part of the design criteria is the analysis of the impact of the life cycle of the product and service in terms of energy necessities, materials and waste generation.

#### 5. *Use of materials and residual management*

- In accordance with the principles of the circular economy, we carry out reuse and recycling processes in our plants, seeking to maximize the use of those wastes with potential as by-products in our operations and/or those of third parties.
- Waste management is part of the scope of the HSE management system under which we operate in our plants.
- We also work with efficiency criteria in the use of materials, as well as looking for those with less environmental impact that meet the requirements established by the technical specifications of the products. To this end, we work closely with suppliers, to whom we extend our emphasis on working from the operation a commitment to reduce the contribution to climate change.

#### 6. *Work with value chain*

- At Grupo Rotoplas, we seek to ensure that our suppliers have high standards and environmental performance, including aspects related to climate change. To this end, we have incorporated evaluation criteria that reward good environmental practices at the time of selection, as referred to in our Sustainable Purchasing Policy.
- We also work closely with our distributors and customers to ensure that activities in the value chain are consistent with a joint commitment by all participants to reduce their contribution to climate change.

7. *Use of the product or service*

- By providing solutions for improved water availability and quality, we strengthen the resilience of our users to the effects of climate change on rainfall flows and water availability. For the development of our portfolio of products and services we always considerate the needs of users and experience with our solutions.
- In addition, we are strengthening service solutions, which are characterized by a contracting scheme that includes maintenance, favoring the useful life of the solutions and their longer use, to the detriment of the need to acquire new products with the consequent environmental impact, including aspects related to climate change.
- We promote the consumption of drinking water through filtering systems from the network, with different solutions for homes, businesses, schools or other. In this way we favor a culture free of packaging in this field, with less environmental impact.
- Through the promotion of a culture of responsible use of water in the users of our solutions, both products and services, and in the population in general, we also seek to extend a culture of awareness towards efficiency in the use of materials and energy, which together give a greater contribution of each individual in the fight against climate change.

8. *Commitment of senior management*

- The senior management of Grupo Rotoplas is committed to the company's efforts to reduce the impact of its operations to climate change and maximize the potential of water solutions in the resilience of the population to the adverse effects of the phenomenon, working closely with the different members of our value chain.

**Main Sources of Information and References**

Paris Agreement	ISO 14067: 2013
GHG Protocol (WBCSD)	The Science Based Targets initiative