



PROCEDURE FOR THE DEFINITION AND UPDATING
OF THE SUSTAINABILITY STRATEGY

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Objective

To formalize the methodology, define and update the the Sustainability Strategy (hereinafter "the Strategy"), including the identification of the follow points and projects, as well as the associated initiatives and the construction of their action plans.

Scope

The present procedure applies to the Sustainability and Institutional Businesses team, as well as to the members of the Sustainability Committee, given that it is responsible for approving the Strategy and monitoring its application, including any update needs that may arise.

Description

The **Strategy** constitutes the roadmap for Grupo Rotoplas to act in an integrated manner in the social, environmental and economic dimensions, as well as in accordance with excellent practices in corporate governance. Specifically, the Strategy is defined based on **material issues**, those that are key to the performance of Grupo Rotoplas considering the perspective of impacts, risks and opportunities stated by stakeholders and the company itself.

Starting from the material issues, we determine the follow points and projects that make up each initiative. In turn, each line of work is composed of different initiatives, whose definition and implementation involve different areas throughout the company. Each initiative has an action plan, which includes monitoring indicators.

The Sustainability Strategy is established for a defined period aligned with Business Strategy; however, it may be necessary to **update** it before the expiration of the date, either at the level of the components of the Action Plan (activities, managers, indicators, deadlines) by initiative, or by the initiatives themselves (including withdrawal, modification and / or aggregation of new ones). This update may be due to the evolution in the perspective of the stakeholders, the activity context of Grupo Rotoplas and / or its operations and, consequently, the impacts, risks and opportunities of the company.

The update of the follow points and projects is reserved, except for extraordinary situation, for when the expiration of the established date occurs and is also associated with the realization of a new materiality analysis that throws the new set of key issues to address by the company.

The present procedure is related to the Sustainability Policy, as well as the Institutional Relationship Policy and Stakeholders.

Terms and Glossary

BSC (Balance Scorecard): selection of indicators which measure the performance of team leaders considering the performance of their areas.



Stakeholders: entity or individual significantly affected by the activities, products and services of the company or whose actions affect the company's ability to implement its business strategy and achieve its objectives.

Indicator: data or information that serves to know the current development of sustainability in Grupo Rotoplas and that allows to manage its future evolution.

Materiality: procedure for analyzing sources and consulting partners to learn about the issues related to the impacts, risks and opportunities for Grupo Rotoplas from the perspective of the company's strategic interests and stakeholders. The most significant issues based on both criteria will be those key (material issues).

Action Plan: breakdown of the components for the planning, implementation and monitoring of the Strategy's initiatives, including (but not limited to): main activities, responsible area, deadline and indicators.

PMO (Project Management Office): corporate platform to manage significant projects by measuring its risk and value creation, which includes those related to sustainability.

Sustainability: the purpose of the company is to create value for the stakeholders through time, while working on its impacts through social responsibility, and adding their efforts to others in a collective contribution to sustainable development.

Roles and Responsibilities

Vice President of Sustainability and Institutional Business – President of the Sustainability Committee, is responsible for presenting the material issues on which the Strategy is based to the Corporate Practices and Strategy Committee. It also validates the focus/pillars and lines of work prior to the approval of the Sustainability Committee, as well as the updating of the same at the proposal of the areas and/or the Sustainability team.

Senior Business Partner of Strategy – In charge of giving support for the approach of the focal points/pillars and lines of work of the Sustainability Strategy. He is also responsible for supporting the Sustainability Coordinator in identifying the initiatives that the company already has aligned with these focal points/pillars and lines, in order to ensure the relationship and relevance of the Sustainability Strategy with those of the different areas and at company level.

Sustainability Coordinator - Responsible for carrying out the management and development of the main activities for the definition of the Sustainability Strategy. Its functions range from leadership in the definition of material issues, to the establishment of focal points/pillars, lines of action, initiatives and action plans, as well as their implementation and monitoring.

Other areas – Responsible for supporting the Sustainability Coordinator in the determination of material issues, based on the information available to them from the stakeholders with which they are related and their participation in specific consultations. Likewise, they participate in the definition of the Sustainability Strategy, reporting on the initiatives they have in their areas, as well as the implementation of those new and/or pre-existing that are defined as part of it, including the report of the monitoring indicators to the Sustainability Coordinator.

Sustainability Committee – Body responsible for approving the material issues, as well as the focus/pillars and lines of work that make up the Sustainability Strategy. In addition, it participates in the definition of the initiatives of the Strategy, approving their deadlines and following up the progress through the monitoring information presented by the Sustainability Coordinator.

Stages and activities

1. Determination of material themes

1.1. Establishment of the list of potentially relevant topic

- The Sustainability Coordinator identifies the sources to be considered, consulting the different areas on the mechanisms for dialogue they have with interest groups and requesting the results of these surveys, meetings or other instances/modalities.
- The Sustainability Coordinator analyses the results of the previous dialogue with stakeholders, i.e. pre-existing stakeholder consultations (e.g. work climate survey); completes the analysis with a study of publications on sector, country, consumer, etc. trends that he or she has identified and/or has been made aware of the areas.
- Based on the consultation with the sources, the Sustainability Coordinator prepares a list of potentially relevant issues, i.e., which may be material, and which will be subject to evaluation by stakeholders.

1.2. Consultation and setting of material themes

- The Sustainability Coordinator, together with the Sustainability Committee, determines which stakeholders will be specifically consulted in the materiality process and the scope of the consultation, including key entities and actors, in accordance with the guidelines of the Institutional and Stakeholder Relations Policy.
- The Sustainability Coordinator designs the consultation by interest group and implements it jointly with the team of the area that has the greatest relationship with that interest group; it is also possible to incorporate the support of external specialists to guarantee greater objectivity in the consultation and greater freedom on the part of the participants. Stakeholder consultation must be designed and implemented in accordance with the guidelines of the Institutional and Stakeholder Relations Policy, as well as the company's specific policies for each stakeholder (e.g., commercial policies).
- The Sustainability Coordinator consolidates the data from the consultations into a weighting of importance by topic, for the axis of perspective of the interest groups in the materiality matrix.
- The Sustainability Coordinator, together with the Sustainability Committee, sets the company's directors for interviews in order to raise the strategic perspective.
- The management and conduct of the interviews is the responsibility of the Sustainability Coordinator himself, and based on the information provided by the interlocutors, he constructs the weighting of importance by topic from the strategic perspective of the company, which forms the second axis of the materiality matrix.
- Once the weight is available for both axes, the Sustainability Coordinator constructs the materiality matrix, in which the different potentially relevant topics are arranged. Those of greater significance in both axes or very predominantly in one of the axes will remain as material issues, in a selection made by the Sustainability Coordinator and presented to the Sustainability Committee for approval.
- The VP of Sustainability and Institutional Businesses, who chairs the Sustainability Committee, reports on the material issues to the Corporate Practices and Strategy Committee.

2. Establishments of the follow points and projects

- Based on the material issues, the Sustainability Coordinator and the VP of Strategy, with the possible participation of external specialists, raise the follow points on which the Strategy is based and the lines of work that make up each focus.

- By focus / pillar is understood a great concept that brings together those material issues among which include action synergies; each focus / pillar is broken down into a series of more landed concepts.
- The architecture of follow points / pillars and lines of work must be integrated with the company's business model and the organizational culture guidelines reflected in the Rotoplas Way. At the moment of conceptualizing the model that will be presented publicly, the relationship (of the follow points and projects with the business model and the Rotoplas Way) must be present and reflected.
- The follow up / pillars and lines of work are presented by the Sustainability Coordinator to the VP of Sustainability and Business for a first validation and then to the Sustainability Committee for approval.

3. Initiative approach

- Once the follow up/pillars and work lines have been defined, the Sustainability Coordinator makes a first analysis of which initiatives of the different areas of the company are related to it and could be integrated into the Strategy. To do this, it will use the existing public information and the internal information it has available (for example, that available in the management platforms), as well as consult the VP of Strategy on the priorities that it has defined for the different areas of the company. In this way, the aim is to guarantee the creation of value through the Sustainability Strategy in a manner aligned with the Business Strategy.
- As reinforcement, a session of the Sustainability Committee will be held, convened by the VP of Sustainability and Institutional Business. For this session, together with the formal members of the Committee, representatives of other areas and countries that the Sustainability Coordinator identifies are related to the follow points and projects of work defined for the Strategy will be convened.
- In this session of the Sustainability Committee, a dynamic will be developed, managed by the Sustainability Coordinator, so that the participants indicate those initiatives of their teams that are related to the focuses and lines of work, or propose new ones that they consider.
- Additionally, the Sustainability Coordinator, with the possibility of the participation of external specialists, will propose new initiatives that respond to the gaps and opportunities that still need to be filled.
- The Sustainability Coordinator will carry out a consolidation of the initiatives, select those most relevant to the Strategy based on the approach with which the Sustainability Committee has been working and will propose a proposal of times (short, medium and long term) so that the efforts are distributed throughout the validity of the Strategy. The selection and temporary prioritization of initiatives will be presented to the Sustainability Committee for validation.

4. Action Plan Design

- For the initiatives that will be finally considered in the Strategy, the Sustainability Coordinator will formalize the correlation of areas related to each one in the company.
- Considering the above correlation, the Sustainability Coordinator will convene working sessions with each area, in which the action plan will be defined by initiative. The action plan must include at least: main activities, responsibilities, deadlines and monitoring indicators. For the elaboration of such plan, the availability of resources of the area that will implement the initiative is considered.

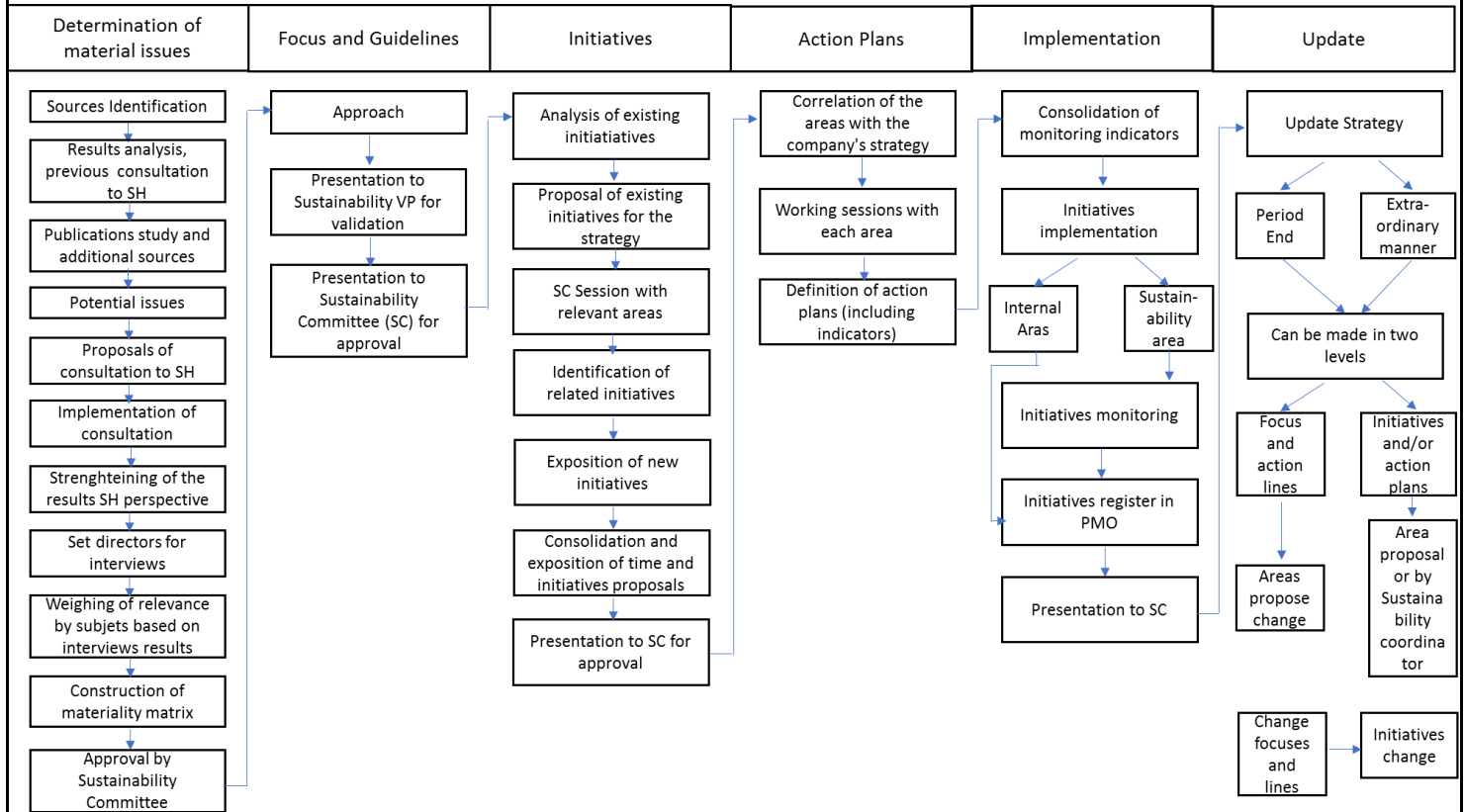
5. Implementation and monitoring

- Based on the action plans, the Sustainability Coordinator prepares a consolidated set of monitoring indicators. For each one of them, the period in which they must be reported by the people in charge in the assigned areas is proposed.
- The implementation of each initiative corresponds to the designated area within the company. The Sustainability team has two functions in this respect: the implementation of those initiatives it is responsible for carrying out and the monitoring of the set of initiatives, regardless of the area responsible for their execution.
- Strategy initiatives are registered in the PMO platform by the Planner in charge of it, at the request of the Sustainability Coordinator; in the same way, the degree of progress of the registered initiatives is updated by means of an indicator of the % carried out and the assigned budget that has been used. This information is presented monthly by the Sustainability Coordinator to senior management.
- The indicators available in the PMO are complemented with those established in the action plans of the initiatives, which are registered by the Sustainability Coordinator in a specific platform. This information is presented by the Sustainability Coordinator to the Sustainability Committee.

6. Strategy Update

- The Strategy is designed for periods coinciding with the Business Strategy, which may be modified by collegiate decision of the Sustainability Committee.
- Once the term of the Strategy expires or if the Sustainability Committee decides that it is necessary to update it, this stage begins.
- The updating of the strategy in extraordinary periods may be due to feedback from stakeholders, as well as to changes in the operating context and/or in the company's business model, among other factors.
- The Strategy can be updated at two levels:
 - 1) Initiatives and/or action plans.
 - 2) Focuses/pillars and lines of work.
- In case 1), the areas in charge of the initiative will propose the change, which will be validated by the Sustainability Committee.
- In case 2), although the change may be proposed by the areas, it must be channeled by the Sustainability Coordinator, who may also propose it. It will be reviewed by the VP of Sustainability and Institutional Business and approved by the Sustainability Committee.
- If the focus/pillars and lines of work are modified/updated, this inevitably entails a modification/update of the initiatives and action plans.
- If the update is due to the expiration of the period, i.e., that it is not extraordinary, it will be necessary to carry out a previous materiality study. From this point on, the procedure will run as if it were the determination of a first strategy.

Flowchart



*SC: Sustainability Committee.
*SH: Stakeholders

Sources of Information and References

- Sustainability Policy.
- Institutional and Stakeholder Relations Policy.
- Sustainability Committee operating procedure.

Appendix (Formats)

- Materiality matrix and list of material topics.
- Sustainability Model.
- Table of identified stakeholders (set out in the Policy on Institutional and Stakeholder Relations).
- Action Plan Format.