

# SUSTAINABLE BOND AGUA 17X & 17-2X REPORT

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**TCFD** EST-B  
**SASB** IF-WU-000.C

This report pertains to the accrued results of the use of the resources we obtained through the two issuances of our sustainable bond.

*Agua 17X*

Issued in 2017 for \$600 million pesos, with a 3-year maturing in June 2020, and prepaid in February 2020.

*Agua 17-2X*

Issued in 2017 for \$1.40 billion pesos with a 10-year term and maturing in June 2027. Subsequently, two reopenings have been made; the first in 2018 for \$1.00 billion pesos, and the second in 2020 for \$1.60 billion pesos.



With the prepayment of the AGUA 17X issuance and the second reopening of the AGUA 17-2X issuance in February 2020, the total sum of the current program amounts to \$4.0 billion pesos, maturing in June 2027 with a fixed rate of 8.65%. The second reopening of AGUA 17-2X had a 3.04x excess demand.

**Through the bond, we seek to finance initiatives that improve access to water and sanitation.**

Specifically, those projects and solutions with which we generate social development, improve health, and protect the environment. The bond's framework is aligned to the Principles of Green and Social Bonds, as well as to the guidelines for Sustainable Bonds from the *International Capital Market Association (ICMA)*. Compliance with the guidelines and key indicators presented below was validated by an independent third party (see annual bond review letter).

The Corporate Practices and Strategy Committee is in charge of selecting the projects to which the resources from the

Sustainable Bond will be destined, and it is comprised of 3 independent board members. The resources are intended for the development of solutions in 4 categories, depending on the objective sought: 1) Provision of drinking water, 2) Water storage, 3) Sanitation in homes, 4) Treatment, reutilization, and recycling of wastewater.

Through the resources raised, we strengthen our contribution to the **Sustainable Development Goals (SDGs)**. For instance, with the treatment plants and drinking water service, we also help to **reduce the environmental footprint of our customers.**

By the end of 2021, we had used 73.9% of the net resources obtained through the issuances of the Sustainable Bond<sup>1</sup>. Of the total resources, 56.3% was destined to wastewater treatment (category 4), 17.6% to drinking water solutions<sup>2</sup> (category 1), and the remaining resources are still unused.

Every year we present the key indicators related to each category:

In annual terms, we experienced an impact related to COVID-19 as economic uncertainty limited the closing of new treatment plant contracts, and the shutdown of school facilities caused a standstill in the operation of drinking fountains throughout the year. Likewise, workplace purifiers had limited operation at the beginning of the year as people remained at home.

For indicators of purified water consumption in households, we applied daily consumption rates obtained from IoT (Internet of Things) devices.

<sup>1</sup> The decrease in the percentage of resources used compared to that reported in 2019 matches the new total resources received, since it considers the resources obtained in 2020 through the second reopening of the bond.

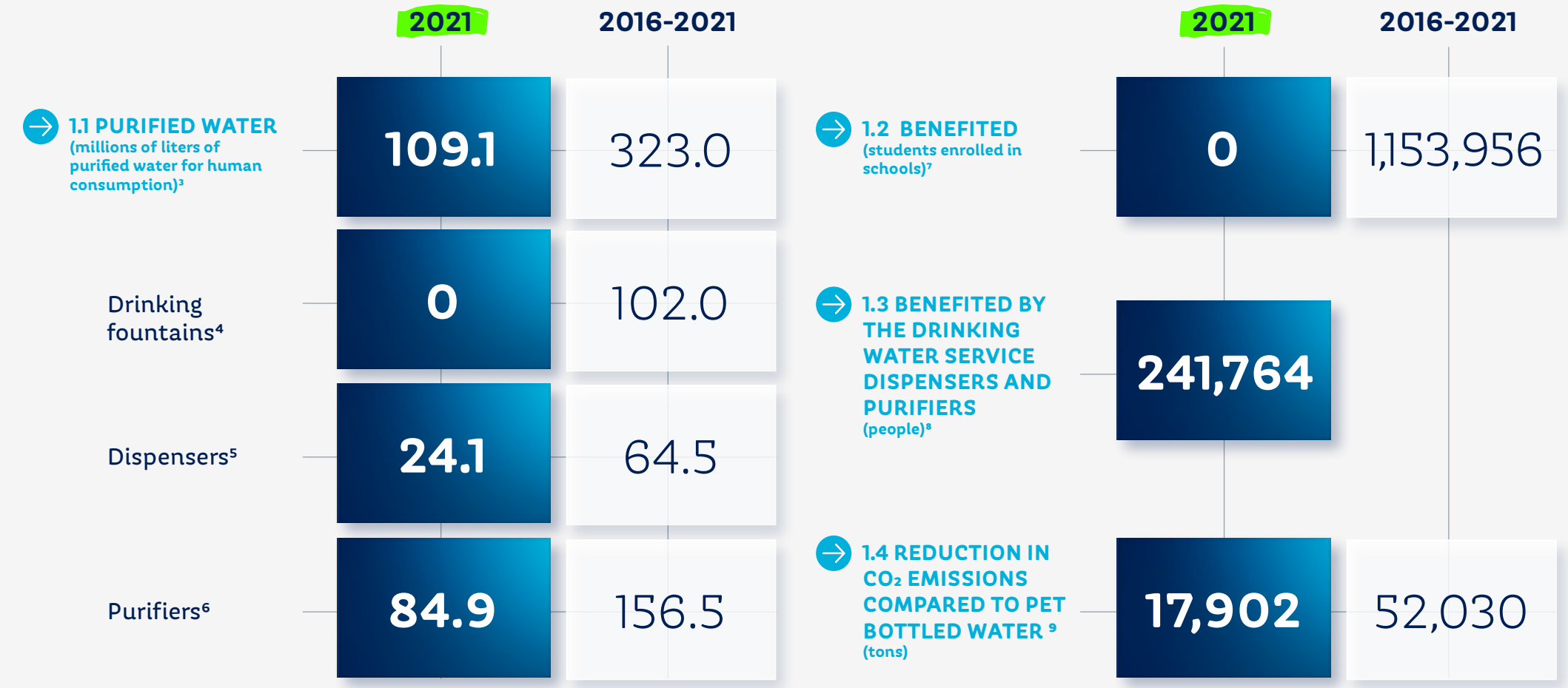
<sup>2</sup> Category 4: 56.3% of the total resources raised and category 1: 17.6% of the total resources raised; the difference corresponds to unused resources.



# Category 1: Drinking water solutions

## Purpose

To provide access to clean water to people in situations of scarcity or where tap water is not safe to drink; for instance, through drinking fountains, water filters, and purifiers (integrated in our drinking water service).



3 It integrates the water treated by the drinking fountains installed since 2016 with the dispensers and purifiers operating since 2017.  
 4 Considers consumption until 2020, given that in 2021, the drinking fountains did not operate because of school shutdowns due to the pandemic.  
 5 Water treated in the dispensers: average number of dispensers in the year \* average daily consumption per dispenser (obtained from meters in a sample of dispensers) \* 365 days of the year (270 days in 2020 and 300 days in 2021).

6 Treated water in purifiers: Average number of purifiers in the year \* average daily consumption per purifier (obtained from meters in a sample of purifiers) \* 365 days in the year; for 2020, 3 months of activity were excluded as an approximation to the limitations caused by the pandemic in the operation of offices and other work centers; for 2021, 2 months were excluded because the limitations were lower.  
 7 In 2021, drinking fountains were not in operation because of the school shutdowns due to the pandemic.  
 8 Considering the number of dispensers (for work centers) and purifiers (homes) installed by December 2021.

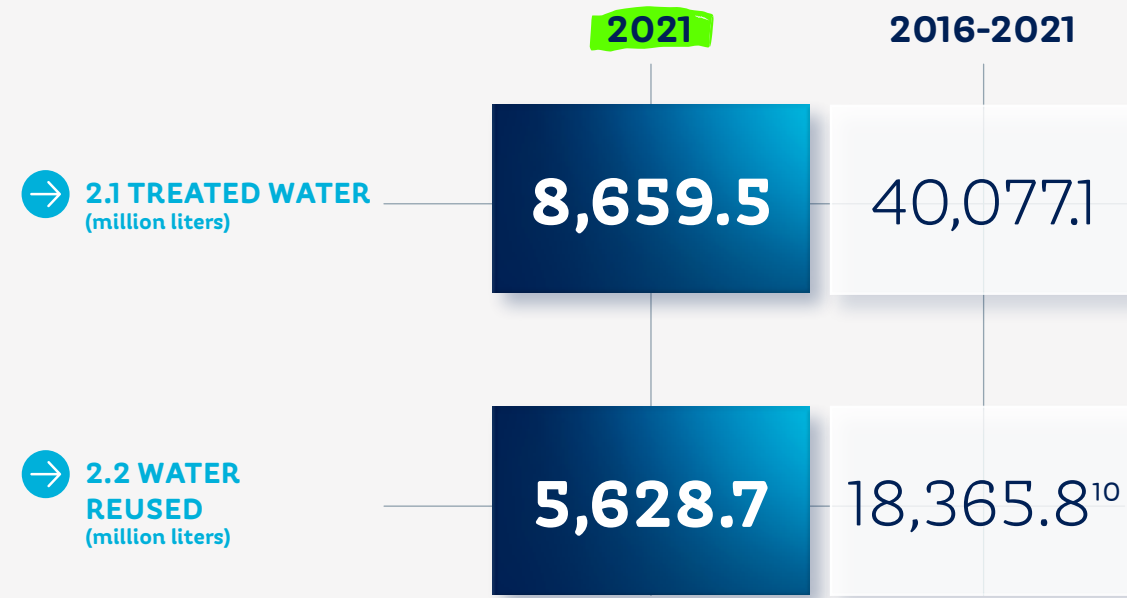
9 Obtained by dividing the total liters purified by 0.5 to identify the number of 500ml bottles and multiplying it by 82.8 grams of CO<sub>2</sub> per bottle, and the result is converted from grams to tons. Next, the emissions in tons are subtracted from Rotoplas' purification solutions (with the 2021 electricity emission factor for Mexico).

# Category 4: Water and Wastewater Treatment

## Purpose

To improve water quality and increase efficiency in the use through recycling and reusing wastewater; for instance, wastewater treatment and recycling plants, acquisition of technology for treatment, recycling, and purification.

This year, the first plants to go online in Brazil are added to the treatment plants in Mexico.



For the calculation of reused water, we consider a reutilization rate of 35% of treated water until the end of 2019, a rate of 54% for 2020, and a rate of 65% for 2021.

*The increase in the rate has been achieved through technological improvements implemented in the new plants.*

<sup>10</sup> The figure varies from what was reported the previous year due to a miscalculation in 2020.



sustainable bond



## Grupo Rotoplas SAB

**Type of Engagement:** Annual Review

**Date:** April 6, 2022

**Engagement Team:**

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### Introduction

In 2018, Grupo Rotoplas SAB (Rotoplas) issued sustainability bonds aimed at financing and refinancing, in whole or in part, existing and future projects that improve access to water and sanitation among underserved populations and increase water use efficiency. The use of proceeds is guided by the Rotoplas Sustainability Bond Framework (the "Framework").<sup>1</sup> Sustainalytics provided a Second-Party Opinion on the Framework in September 2018. In 2022, Rotoplas engaged Sustainalytics to review the projects funded through the issued sustainability bonds and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Framework.

### Evaluation Criteria

Sustainalytics evaluated the projects funded with the bonds proceeds between 2018 to 2021, based on whether the projects:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs.

**Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs**

Use of Proceeds	Eligibility Criteria	KPIs
<b>1. Drinking Water Solutions</b>	Projects that provide access to clean water for individuals in areas that lack water supply or where tap water is unsafe to drink	<ul style="list-style-type: none"> <li>• Descriptions of projects including the need for such infrastructure in various communities</li> <li>• Number of water fountains installed</li> <li>• Number of schools benefitted</li> <li>• Volume of water (cubic meter) purified</li> </ul>
<b>2. Water Storage</b>	Projects that provide access to water for households or commercial facilities in water scarce areas or areas lacking reliable water supply	<ul style="list-style-type: none"> <li>• Descriptions of projects including the need for such infrastructure in various communities</li> <li>• Volume of water (cubic meter) captured/stored</li> </ul>
<b>3. Sanitation and Sewage Treatment</b>	Projects that provide access to adequate sanitation facilities in areas with underdeveloped sewage infrastructure	<ul style="list-style-type: none"> <li>• Descriptions of projects including the need for such infrastructure in various communities</li> <li>• Number of sustainable bathrooms installed by region</li> <li>• Number of self-clean biodigesters installed by region</li> <li>• Number of households benefitted</li> </ul>
<b>4. Water and Wastewater Treatment</b>	Projects that improve water quality and increase water-use efficiency through water recycling and reuse	<ul style="list-style-type: none"> <li>• Descriptions of projects including the need for such infrastructure in various communities</li> <li>• Volume of water (cubic meter) treated/recycled</li> </ul>

<sup>1</sup> Rotoplas Sustainability Bond Framework is available on Rotoplas website at: [https://rotoplas.com/investors/rtp\\_resources/eng/related-documents/AGUA17-2X\\_Rotoplas\\_Sustainability\\_Bond\\_Framework.pdf?624638fa](https://rotoplas.com/investors/rtp_resources/eng/related-documents/AGUA17-2X_Rotoplas_Sustainability_Bond_Framework.pdf?624638fa)



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		<ul style="list-style-type: none"> <li>Metrics on improvements in water quality e.g. Biochemical Oxygen Demand (BOD)</li> </ul>
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**Issuing Entity's Responsibility**

Rotoplas is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

**Independence and Quality Control**

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Rotoplas's Sustainability Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Rotoplas employees and review of documentation to confirm the conformance with the Framework.

Sustainalytics has relied on the information and the facts presented by Rotoplas with respect to the projects. Sustainalytics is not responsible, nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Rotoplas.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

**Conclusion**

Based on the limited assurance procedures conducted,<sup>2</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed financed projects, funded through proceeds of Rotoplas's sustainability bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Framework. Rotoplas has disclosed to Sustainalytics that 73.9% of the proceeds of the sustainability bonds were allocated as of December 31, 2021.

**Detailed Findings**

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
<b>Use of Proceeds Criteria</b>	Verification of the projects funded by the sustainability bond from 2018 to 2021 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the projects funded by the sustainability bond from 2018 to 2021 to determine if impact of projects was reported in line with the KPIs outlined in the Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 1.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

<sup>2</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

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**Appendix**

**Appendix 1: Allocation and Impact Reporting by Eligibility Criteria<sup>3</sup>**

Use of Proceeds and Eligibility Criteria Category <sup>4</sup>	Impact Reported by Eligibility Criteria (Cumulative, as of December 31, 2021)	Net Bond Proceeds Allocation (MXN) <sup>5</sup>
<b>Drinking water solutions</b>		
Litres of water purified	322,999,147	683,327
Children benefitted through the installation of water fountains (school enrolment)	1,153,956	
People benefitted from PoU purification (users)	241,764	
Tons of avoided CO <sub>2</sub> emissions versus bottled water made from PET	52,030	
<b>Water and Wastewater Treatment</b>		
Litres of water treated	40,077,119,000	2,184,070
Litres of water reused	18,365,773,342	
<b>Total allocation of bond proceeds</b>		2,867,397
<b>Net bond proceeds raised<sup>6</sup></b>		3,879,494
<b>Balance of unallocated net proceeds</b>		1,012,097
<b>Percentage of bond allocation</b>		73.9%

<sup>3</sup>As of December 31, 2021.

<sup>4</sup> No allocation was made under categories 2 (Water Storage) and 3 (Sanitation and Sewage Treatment) defined in the Framework.

<sup>5</sup> The allocation amounts include acquisition, working capital and capital expenditure costs.

<sup>6</sup> Amount after deducting the expenses and price differential at the re-openings.



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