Rotoplas: AGUA Day 2022 - Results + Target Progress

ESG Highlights from the AGUA Day

Rotoplas hosted its investor day yesterday, where top management shared an update of their business and sustainability strategy results and targets. The key messages for the ESG strategy in the event were:

- **ESG 2022 Results**: Rotoplas managed to deliver important progress on all three ESG pillars this year, including that:
  - Recycled resins now amount to 14% of all resins used, a 25% increase versus last year.
  - The CO_2 intensity reduction target per ton of processed resin was exceeded (at June 2022).
  - The number of cubic meters of delivered purified water goal was surpassed through solutions like *bebbia* (which also decreases the use of plastic water bottles).
  - Continuous commitment to strengthen its D&I agenda was shown.
  - A robust governance system for key sustainability issues was developed with a renewed Sustainability Committee structure. Furthermore, in September it was announced that the Group's Sustainability area would be the joint responsibility of the CFO and the Sustainability & Human Capital VP.

- **ESG 2025 Target Progress**: Rotoplas also gave an update on its progress on the targets it launched last year aligned with its 2025 Sustainability Strategy, including:
  - *Evaluate 100% of suppliers under ESG criteria*. 21% of suppliers were evaluated during 2022.
  - Aligned with SBTi to formally plan and execute Rotoplas's carbon neutrality goal set for 2040, comprising scope 1 and 2 emissions. The inclusion of scope 3 emissions will come in the medium term.
  - *Increase participation of women in the team to 30%*. It currently stands at 24.2%.

Company: Grupo Rotoplas S.A.B. de C.V.
Ticker: AGUA.MX
Market Cap: P15,530m (US$791m)

ESG Ratings:
- S&P Global's CSA: 61
- MSCI ESG: BBB
- CDP: B

ESG Indices Constituency:
- S&P/BMV Total Mexico ESG Index
- DJSI MILA Pacific Alliance

ESG Debt:
- **AGUA 17X** (issued P600m in 2017, matured in 2020)
- **AGUA 17-2X** (issued P1.4bn in 2017, P1.0bn in 2018, and P1.6bn in 2020, matures in 2027, fixed rate of 8.65%)

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Rotoplas is an ESG research client of Miranda ESG

We applaud the company's ability to show progress on its sustainability targets and strategy and look forward to seeing how Rotoplas progresses in its ESG efforts in the short and medium term.

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Details on Science Based Targets alignment (E)

Rotoplas announced that it has joined the Science Based Targets initiative to validate its CO_2 emission goals and establish a clearly defined roadmap to achieve its carbon neutrality target. The company announced that, once it has clearly developed its plan and timeframe, it will be better prepared to include scope 3 emissions into reduction efforts. This would push Rotoplas's strategy one step further since its current carbon emission commitments only comprise scope 1 and 2 emissions.

Details on D&I efforts (S)

The company continued to make progress on its broader diversity and inclusion agenda, defining the principles that will guide its team members with regards to each of its D&I Strategy's pillars: gender, LGBTQIA+, and disabilities. The leadership team reiterated its commitment to a zero-tolerance policy for gender violence and any form of discrimination. Rotoplas has also undertaken a widespread awareness and training process to ensure that their D&I principles and commitments are understood and adopted throughout the company.

Details on Rotoplas's new Sustainability Committee (G)

This revamped committee is comprised of seven people with experience in environmental, social, and governance issues. They are the leaders responsible for investments and capital allocation strategies. The committee will work alongside a multidisciplinary executive team tasked with developing and executing Rotoplas's strategy. To ensure the pace of execution, ESG efforts have been specifically designated as a joint responsibility of the CFO, Mario Romero, and José Luis Mantecón, Sustainability and Human Capital VP. The most relevant ESG issues will be reported to the Corporate Practices Committee. Hence, two of the six vice-presidents at the Group level are now directly involved in ESG efforts and management.

With this team, the board's oversight, and the support of the multidisciplinary and multi-regional working groups, Rotoplas presented a strong corporate structure that will enable the company to maintain its status as best-in-class in the ESG space, ensuring accountability, visibility, and reach. As a result of these efforts, during 2022 AGUA was awarded the HSBC Leading Companies in Sustainable Innovation Prize in the governance category.

2022 Progress on 2025 Targets

Profit	Target 2022	Progress 2022	Target 2025
Suppliers evaluated with ESG criteria	20%	21%	100%
Customer Satisfaction (NPS Score)	68	Measured annually**	80
Planet			
CO_2 intensity – Scope 1 & 2 per Ton of processed resin	0.5	0.42 (June)	0.41
m^3 of water purified by our solutions (cumulative)	314K	583K (November)	1.7M
People			
People with access to water and sanitation (cumulative)*	549K	631K	1M
Women in the workforce	24.0%	24.2%	30%

*Includes sanitation, rainwater harvesting, and purification

** Results will be available in 2023

Other relevant results:

ENVIRONMENTAL	SOCIAL	GOVERNANCE
• **New storage solutions** can now contain more than **20% recycled material** without affecting their durability and overall quality. • Up to **80%** increased water use efficiency and **13%** energy cost reduction in storage tank manufacturing process. • Substitution of LP gas use with **renewable energy** in new storage tank manufacturing process. • Joined **SBTi** to validate CO_2 emissions roadmap. • 2nd year responding **CDP evaluation.**	• Obtained the **Great Place to Work Certification.** • **Training** to ensure gender, LGBTIQIA+, and disabilities D&I. • Commitment to **zero-tolerance policy** for gender violence and any form of discrimination.	• **Sustainability metrics** and impact measurements for **capital allocation.** • **Two of six** vice-presidents are now directly involved in ESG governance. • Improvement of **ESG scores** (S&P CSA and MSCI ESG). • Continued reporting under **GRI** and **SASB** frameworks. • 3rd year incorporating **TCFD** recommendations. • **Winner** of the HSBC Leading Companies in Sustainable Innovation Prize in the governance category.

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