

Grupo Rotoplas SAB

Type of Engagement: Annual Review

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

¹ 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

		<ul style="list-style-type: none"> • Metrics on improvements in water quality e.g. Biochemical Oxygen Demand (BOD)
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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,² 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
Use of Proceeds Criteria	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
Reporting Criteria	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

² 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.

Appendix

Appendix 1: Allocation and Impact Reporting by Eligibility Criteria³

Use of Proceeds and Eligibility Criteria Category ⁴	Impact Reported by Eligibility Criteria <i>(Cumulative, as of December 31, 2021)</i>	Net Bond Proceeds Allocation (MXN) ⁵
Drinking water solutions		
Litres of water purified	322,999,147	683,327
Children benefited through the installation of water fountains (school enrolment)	1,153,956	
People benefitted from PoU purification (users)	241,764	
Tons of avoided CO ₂ emissions versus bottled water made from PET	52,030	
Water and Wastewater Treatment		
Litres of water treated	40,077,119,000	2,184,070
Litres of water reused	18,365,773,342	
Total allocation of bond proceeds		2,867,397
Net bond proceeds raised⁶		3,879,494
Balance of unallocated net proceeds		1,012,097
Percentage of bond allocation		73.9%

³As of December 31, 2021.

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

⁵The allocation amounts include acquisition, working capital and capital expenditure costs.

⁶Amount after deducting the expenses and price differential at the re-openings.

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