

Grupo Rotoplas SAB

Type of engagement: Annual Review

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Introduction

In 2017, Grupo Rotoplas SAB (“Rotoplas”) issued a sustainability bond aimed at financing and refinancing environmentally and socially beneficial projects. In April 2019, Rotoplas engaged Sustainalytics to review the projects funded through the issued sustainability bond and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Rotoplas Sustainability Bond Framework.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded in 2018 based on whether the projects and programmes:

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

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

Table 1: Use of Proceeds and Eligibility Criteria

Use of Proceeds	Eligibility Criteria	Potential Impact Indicators
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 (m3) 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 various communities • Volume of water (m3) 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 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 various communities

		<ul style="list-style-type: none"> • Volume of water (m3) treated/recycled • 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, estimated and realized costs of projects, 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' 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 adherence to the Sustainability Bond Framework.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to oversee the process.

Conclusion

Based on the limited assurance procedures conducted,¹ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Rotoplas' Sustainability Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Sustainability Bond Framework. Rotoplas has disclosed to Sustainalytics that 67.3% of the proceeds of the sustainability bonds were allocated as of December 31, 2018.

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 in 2017 & 2018 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Sustainability Bond 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 in 2017 & 2018 to determine if impact of projects was reported in line with the KPIs outlined in the Sustainability Bond 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

¹ 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 1: Impact Reporting by Eligibility Criteria

Use of Proceeds and Eligibility Criteria Category	Environmental Impact Reported by Eligibility Criteria (Cumulative, until December 31, 2018)
1. Drinking water solutions	
Litres of water purified	77,500,307
Children benefitted through the installation of water fountains (school enrolment)	1,109,778
People benefitted from PoU purification (users)	63,590
4. Water and Wastewater Treatment	
Litres of water were treated	15,368,901,120
Litres of water were reused	5,379,115,392

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Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that support investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics "Best SRI or Green Bond Research or Ratings Firm" and in 2018 and 2019, named Sustainalytics the "Most Impressive Second Party Opinion Provider. The firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the "Largest Approved Verifier for Certified Climate Bonds" by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan for its contribution to the growth of the Japanese Green Bond Market.

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