

# alpek<sup>®</sup> polyester



# 20 20

CORPORATE  
SOCIAL  
RESPONSIBILITY  
REPORT

# Message from our Presidents

We are pleased to present our 2020 Annual CSR Report. Even when this past year exposed just how vulnerable we are to unexpected natural events, and made the threat of climate change even more apparent, along with a global health crises, the good news is that this realization is spurring change: Sustainability has become a global priority across public and private sectors, and with policymakers and individuals alike.

At Alpek Polyester, this is not new to us — sustainability has been at the core of our business strategy for the past 10 years, and it continues to strengthen as we advance towards growing responsibly.

2020 was a year full of challenges that put our discipline as a company to a test. And we believe we passed said test with a very low rate of COVID1-9 affected employees, meeting the needs of our customers, and trying our best to provide support for our communities an vulnerable groups.

Regarding health and safety, the implemented COVID protocols allowed our employees to continue with their regular activities with a low risk of contagion, and we strengthened all other HSE processes, lowering every single accident/injury rate throughout all facilities.

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**We are working on establishing tangible targets that we are sure will aid the global effort of building back better.**

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As for the communities, we reinforced our knowledge regarding what we do: it is a very important element of safety for society. PET face shields, medical equipment, innocuous packaging are needed more than ever, just to name a few of the applications of our products. We were also able to aid communities with donations, support for schools before they were closed, and providing either cash or in-kind assistance to local organizations.

We are well aware that these efforts, along with those in favor of de accelerating climate change, must continue and even intensify in the coming years. With this in mind, we are working on establishing tangible targets that we are sure will aid the global effort of building back better.

We invite you to see what we are doing right now, and what we recognize it is yet to be done in order to fulfill this goal.

# Alpek Polyester at a glance



## HIGHLIGHTS

- More than 95% of waste kept out of landfills
- 5.5 billion pet bottles recycled in 2020
- 10% reduction in complaints by close collaboration with customers
- Alpek Polyester has managed successfully through the COVID-19 crisis by implementing safety practices throughout its entire staff, maintaining full operational facilities



# Operations and Presence

Alpek Polyester is the integrated business unit of Alpek, S.A.B de C.V., and is comprised of Grupo Petrotemex S.A. de C.V., and DAK Americas LLC & subsidiaries. These businesses have merged operations to create one stronger market-leading organization to maximize value in the global polyester marketplace.

Diverse companies in the beverage, food, personal care and hygiene, carpet, clothing, and other types of consumer goods industries are among our main customers. The products we offer include PTA, PET Resins, Polyester Staple Fibers, rPET and Specialty Polymers.

In 2020, our holding company, Alpek, completed the acquisition of Lotte Chemical UK Limited, which operates a PET production plant located in Wilton, United Kingdom with a capacity of 350,000 tons per year. This new plant further solidifies Alpek Polyester's position as the largest Americas based PET producer.



# Products and Services

In Alpek Polyester we create value – for our customers and consumers, our employees, our neighbors, our shareholders, for the communities we operate in, and for our company – while reducing our environmental footprint at the same time. This idea is central to our sustainability strategy and our ambitious goals. We work continuously at all of our sites to reduce our environmental footprint and to maintain high quality and safety standards.

Key elements driving our growth include the using of cutting-edge technologies, constant research and development, and sustainable innovation. As a market leader, we understand that making our operations more efficient, while bearing in mind our responsibility towards the planet and society, is critical to our success.



**Polyethylene  
Terephthalate Resin:  
PET Resin**

PET resin is the main resin used to produce plastic bottles and packaging for many products. It is strong, light-weight and hygienic, and the preferred material of many major brand owners. PET is the most recycled plastic in the world. The US PET manufacturing assets serve primarily North American needs and some fraction of Central America. Mexico assets primarily serve Mexico and many Latin American countries, but also serve the US. Argentina assets serve the Mercosur countries. PET exports outside of the Western Hemisphere are minimal.

In 2020, we completed the acquisition of Lotte Chemical UK Limited, which operates a PET production plant located in Wilton, United Kingdom with a capacity of 350,000 tons per year. This new plant further solidifies Alpek Polyester's position as the largest Americas based PET producer.



**Purified Terephthalic Acid:  
PTA**

PTA is the main material used to produce polyester products. Mixing oxygen with a hydrocarbon called paraxylene forms PTA. Combining our technology, efficiency in logistics, and field experience, has enabled Alpek Polyester to continue to be one of the main producers of PTA in the world, and the largest in the Americas. PTA is the foundation of the production of the Laser+® family of PET and Polyester Staple Fiber (PSF).



**Polyester Staple Fiber:  
Fiber -PSF**

Synthetic fiber is used in the production of textiles. Uses include, but are not limited to apparel, personal care and household items, industrial uses, accessories, and medical applications. The majority of sales are directed to the NAFTA, CAFTA and Latin American markets. A minimal volume is exported outside of the Western Hemisphere. The markets served include PSF for Wovens, Nonwovens and Knits. Both Apparel and Textile applications utilize Alpek Polyester PSF offerings, including the Carpet market. PSF products are sold under the brands of Dacron® fibers, Delcron® Hydrotec fibers, SteriPur® AM fibers, and HydroPur® fibers, which are trade brands and products are generally branded for consumer use according to customer's specification and end use requirements. Customers are brand owners and/or converters in many markets.



### **Polyester Filament**

Textured filament DTY (draw textured yarn) is manufactured from the processing of POY (partial oriented yarn) which goes through a stretching and crimping process to give strength, volume and softness to the yarn. Applications are wide, but the most common uses are in fabrics, knits, clothing, ribbons, labels, sporting and decorative items (cushions and duvets), fabrics for tennis apparel, car seats and even zippers. These products are produced in Brazil and primarily serve Mercosur countries.

Akra Polyester Products (Textile and Industrial Filaments and Fiber Grade Polymers) in the U.S., Canada and Europe are marketed through DAK Americas.



### **Specialty Polymers: Custom Niche Resins**

DAK Americas specialty polymers business unit produces differentiated polymers for unique applications and end uses. This business unit builds on DAK's expertise, synergy, and core competence in polyester-based products, polymers, and technologies. Furthermore, DAK Americas has acquired the manufacturing technologies for a select group of 2GT based polyester resin products formerly produced under DuPont's Crystar® brand.

Array® Specialty Polymers is the trade brand and products are generally branded for consumer use according to customer's specification and end use requirements. Customers are brand owners and/or converters in many markets.



### **Technology Services**

IntegRex® polymer processing covers more than ten years of research advances in production efficiency and quality. Based on specific innovation, the redesigning and simplification of processes, this technology allows for the production of PET and PTA with significant economic savings, as well as the reduction of energy, water, raw materials and operating costs. Therefore, our operations are more environmentally friendly, respectful and caring of natural resources.

We also offer consulting services in the field of PTA and PET manufacturing, polymer processing, industrial design services and licensing of intellectual property.





# AXIS 1. SUSTAINABLE ECONOMIC VALUE CREATION

*Core business strategic action: Continuous search for growth and innovation opportunities.*

*Sustainable model pillar: Sustainable economic value creation.*

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**The foundations of Alpek Polyester are based on the values of confidence, ethics and a business strategy.**

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The year of 2020 has been extraordinary in every sense. Now, more than ever, we are convinced that we, as a Company, must deliver more than only financial profit, because the real value is what we deliver for society. We work constantly to exceed our stakeholders' expectations and investing in cutting-edge technology to make them ever more sustainable.

The foundations of Alpek Polyester are based on the values of confidence, ethics and a business strategy that consider the integral growth of its human resources and talent, as well as the care and respect of the environment, our communities and value-chain.

# Our values, our guide

Our values and ethics are the base of every decision taken in Alpek Polyester. We are convinced that the very growth of our business depends on this fundamental belief, and it's the main foundation, if we want to generate sustainable value and continue to deliver effective products and long-term solutions for our clients.



## Our values are:

### **Responsibility.**

We act responsibly with the environment, our community, and the safety and the development of our people.

### **Integrity.**

We do everything with integrity and respect.

### **Innovation.**

We innovate and challenge the status quo to find new alternatives that create value.

### **Customer orientation.**

We exceed the needs changes in our customers and our markets.

### **Collaboration.**

We succeed and create value collaborating and learning together.

### **Commitment to excellence.**

We deliver results that fill us with pride through performance extraordinary.

# Our Mission and Vision

## Our Mission

*“To excel at improving everyday lives delivering better and more responsible solutions through chemistry and materials”.*

This mission will enable Alpek Polyester to be the favorite option of our clients and shareholders by offering a steady value through exceptional performance in the world market of polyester.

## Our Vision

*“Strengthen our market leadership in the chemicals and materials industries by exceeding the evolving needs of our customers”*

Alpek Polyester will fulfill this commitment, as a leader in the industry, through the following strategic actions:

- Superior positioning with our clients.
- Occupational and functional excellence.
- Talent development.
- Continuous pursuit of growth and innovation opportunities.



# Ethics and Integrity

In 2020, Alpek launched its Human Rights Policy, as well as its own Code of Conduct, both of which we abide and comply with. Guidelines for the expected behaviors of our employees are described in Alpek's Code. It contains 12 basic principles and consider, among others, the following: honest and integrity behaviors, respect the dignity of others, as well as Health, Safety and Well-being.

In order to have communication channels and whistle-blower means with our stakeholders, we have a Transparency Mailbox and a whistle-blower Report Line which is available 24 hours per day, 7 days a week, and 365 days of the year. All the reports and suggestions about our operations can be done anonymously through the mentioned channels and they are properly answered.

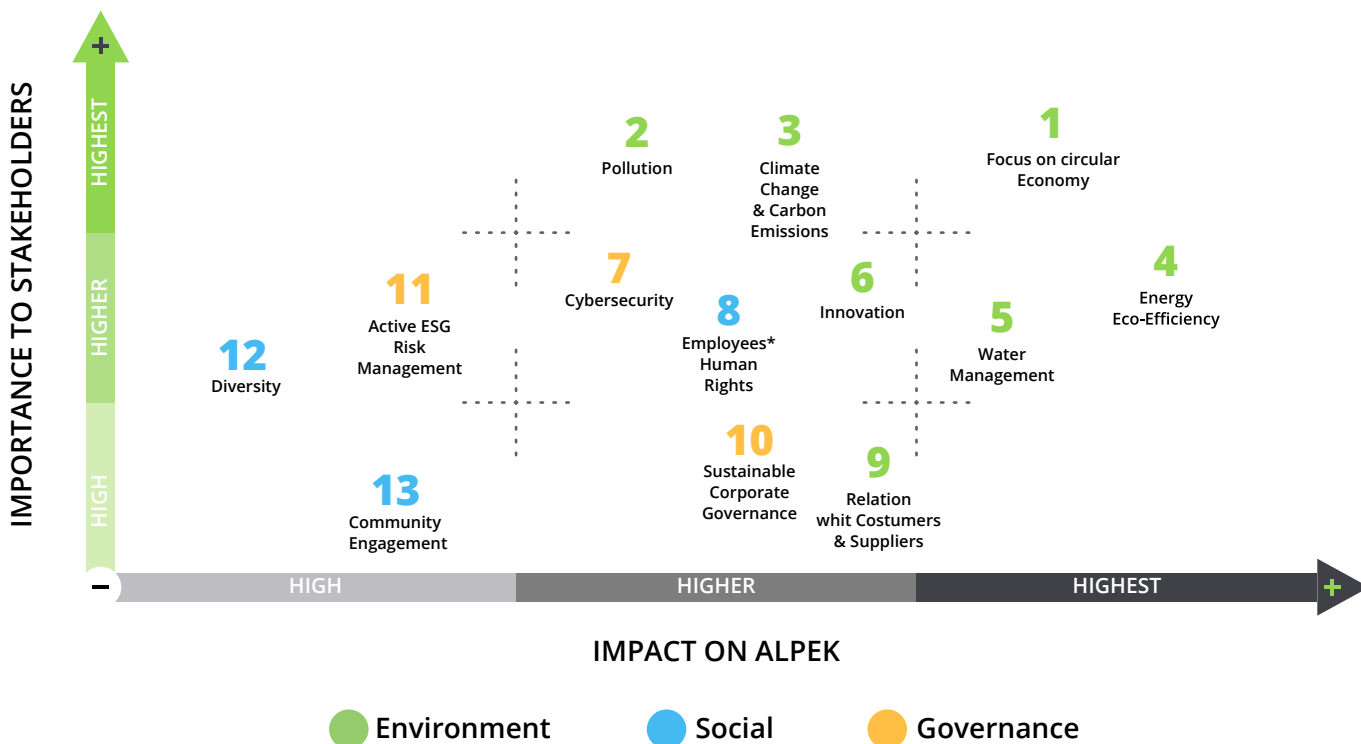


# Materiality Analysis and Matrix

GRI Standards: 102-11, 102-43, 102-46, 102-47, 103-a, 103-b, 103-c, 103-2, 103-3.  
 Material aspect: CSR Management.  
 SDG 17: Partnerships for the goals.

In 2020 Alpek updated its Materiality Matrix, which we have adopted as our own, as part of our Risk Management initiatives, given that we represent more than 80% of Alpek’s businesses.

The Matrix resulted in 13 material aspects, on which we have been focused on in recent years. The main change we noticed, is that these aspects have evolved into more complex ones or are now related to one another. These material aspects will help us continue to strengthen our Sustainable Business Model.



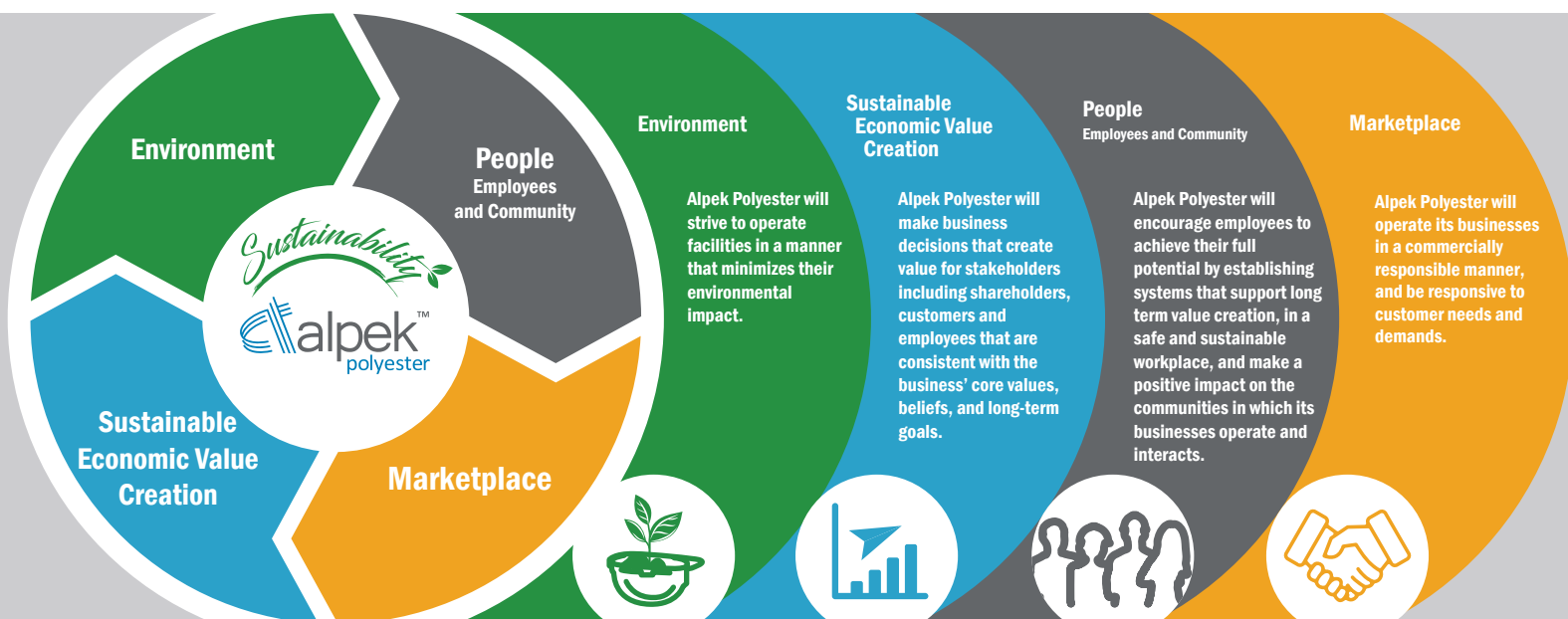
# Our Sustainable Platform

Since 2018, we have implemented our Sustainable Business Model based on four axis, that constitute our core business strategic actions and our approach to sustainable performance.

- 1) Sustainable Economic Value Creation
- 2) Environment
- 3) People: Employees and Communities
- 4) Marketplace

Our Sustainability Vision is the framework that guides our corporate philosophy. The strategy is based on the efficient use of the natural and material resources in our production processes, reduction of the environmental impacts of our operations, and continued improvement of the labor environment and collaboration with our communities. We focus on improving our relations with the community, employee safety and wellness, waste reduction activities, and greenhouse gas emission reductions.

Alpek Polyester supports business solutions that are economically, ecologically, and socially responsible, thereby creating long term value for its businesses, customers and stakeholders.



Employee Development • No Landfill Policy • Comprehensive Wellness Programs • Environmental Excellence • Customer Excellence and Product Quality • Safety and Health Excellence • Energy Reduction Program • Annual Earth Day Celebrations • Post Consumer PET Recycling • Hazardous Waste Reduction • Volunteerism and Community Involvement

This model aligns with Alpek's new Long-Term Growth Strategy, which focuses on:



Through diverse ways, but with the same environmental, social and governance purpose, we have confirmed we are on the right path to become an even more sustainable company and offer a wider range of sustainable possibilities.





# Dialogue with stakeholders

GRI Standards: 102-44, 102-46, 102-47, 103-1b, 103-1c.  
Material aspect: Active ESG Risk Management

We consider different communication channels with every stakeholder in order to properly pursue and achieve our strategic commercial and sustainability actions:

STAKEHOLDER	COMMUNICATION CHANNEL	FREQUENCY	MAIN CONCERNS AND ISSUES	HOW WE HAVE RESPONDED
Employees	Daily Safety Talks Organizational climate survey Face-to-face meetings Quality and performance scorecard Transparency helpline Communication and safety teams Email	Ongoing	Health and Safety  Home office and flexible working schemes  COVID Safety procedures  Goals, training, and objectives status	Brief and important EHS topics are communicated to prevent exposure to hazards.  Adapting the working schemes Providing all the safety measures  The status of the objectives, an overview of the business and important topics that occurred in the quarter are presented
Customers	Press releases Face-to-face meetings Transparency Helpline Website On-site visits Surveys Phone Calls / Email Response on CDP and S&P Global CSA platforms	Ongoing	Product quality and new products Commercial issues Commercial issues Delivery in time and form, technical services Quality and HSE Policy Objectives	We address every concern by communicating clearly and in the most transparent way possible.  We also implement improvements to our products and services in a consistent manner.
Shareholders	Shareholders' meeting Quarterly and annual reports Dialogue and in-person meetings	Monthly Quarterly Annually	Responsible Care Objectives Accidents and Safety issues CAPEX, OPEX Establishment and accomplishment of KPIs	Through a constant dialogue and reports, we address any concern our shareholders may have.
Suppliers	Phone Calls Email Face-to-face meetings On-site visits Website Talks and training	Ongoing	Requisitions, delivery times and payments Suppliers' assessment and relations with the company Information about HSE Commercial and Quality issues Budgets Logistics	We address every issue with our suppliers through training, meetings for clarifications, as well as talks with the companies responsible about our safety, logistics, budgets and other processes and their compliance.

STAKEHOLDER	COMMUNICATION CHANNEL	FREQUENCY	MAIN CONCERNS AND ISSUES	HOW WE HAVE RESPONDED
Communities	<ul style="list-style-type: none"> <li>Community development programs</li> <li>On-site visits</li> <li>Grievance mechanisms</li> <li>Community committees</li> <li>Engagement with local authorities</li> <li>Job fairs</li> <li>Open door policy</li> <li>Claims communication protocols.</li> <li>Community Advisory Panels</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>Safety measures, contingency management, and drills</li> <li>Environmental care</li> <li>Coordination of operational issues</li> <li>Recycling programs</li> <li>Environmental education</li> <li>Jobs opening</li> <li>Social actions and donations</li> <li>Knowing about the projects, programs and activities the company is carrying out</li> </ul>	<p>Every issue is investigated as a non-Conformance, followed by establishing an action plan to resolve it permanently.</p> <p>In late 2020 we started the development of our Community Engagement Policy, to establish engagement guidelines. We also helped our direct and indirect communities with COVID-related support.</p>
Other	<ul style="list-style-type: none"> <li>On-site visits</li> <li>Educational talks</li> <li>Communication with Local Authorities</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>Safety</li> <li>Events in Universities and Job Fairs</li> </ul>	<p>We respond to every concern, question or suggestion through the appointed channels</p>





## **AXIS 2.**

# **ENVIRONMENT**

*Core business: Functional and operational excellence.*

*Sustainability model pillar: Environment.*

*Material aspects: Focus on Circular Economy, Pollution.*

This “new reality” sets the broad context for our ongoing efforts to reduce our products’ impact by using more sustainable materials, leveraging durability, reuse, recycling, circularity, and reducing waste along our entire value chain, including the final consumers of the products our materials are used in. All materials carry an environmental impact, and we are aware of it.

Therefore we continue to invest more and more on environmental betterment actions, initiatives, equipment and processes, so we can continue reducing our impact on current and future generations.

CATEGORY	2020 (USD)	2019 (USD)	2018 (USD)
<b>Waste reduction</b>	1,346,721	0	1,482,500
<b>Waste treatment</b>	3,110,154	905,261	0
<b>Emissions reduction</b>	3,361,029	11,400,000	11,200,000
<b>Remediation costs</b>	0	0	0
<b>Prevention costs</b>	43,731	43,731	0
<b>Environmental management costs</b>	31,156	31,156	100,000
<b>Others</b>	3,147,000	3,147,000	2,861,000
<b>Total</b>	11,039,791	15,527,148	15,643,500

We establish comprehensive policies to monitor, oversee and improve our environmental actions, either through implementing the ISO 14001 management system or through site and corporate Safety, Health, and Environmental (SHE) programs. These, and the following described actions, have earned us the Industria Limpia (Clean Industry) Certification in Mexico.

# Renew and Recycle: Our promise to the Planet

*GRI Standards: 301-2, 416-1.*

*Material aspect: Focus on Circular Economy; Pollution; Innovation.*

*SDGs 8 and 12: Decent work and economic growth; Responsible consumption and production.*

Our continued acquisitions of PET recycling facilities highlight the business commitment to sustainability and recycling, and the opportunity for our PET and rPET products to participate and lead in true circular economies. In 2020, we continued to work towards establishing the foundations for a circular economy business model, by finding ways to align our goals to our parent company's (Alpek) renewed ESG Strategy - Foster Circular Economy is one of their three long-term strategic focus points. As part of this strategy, three actions are being implemented:



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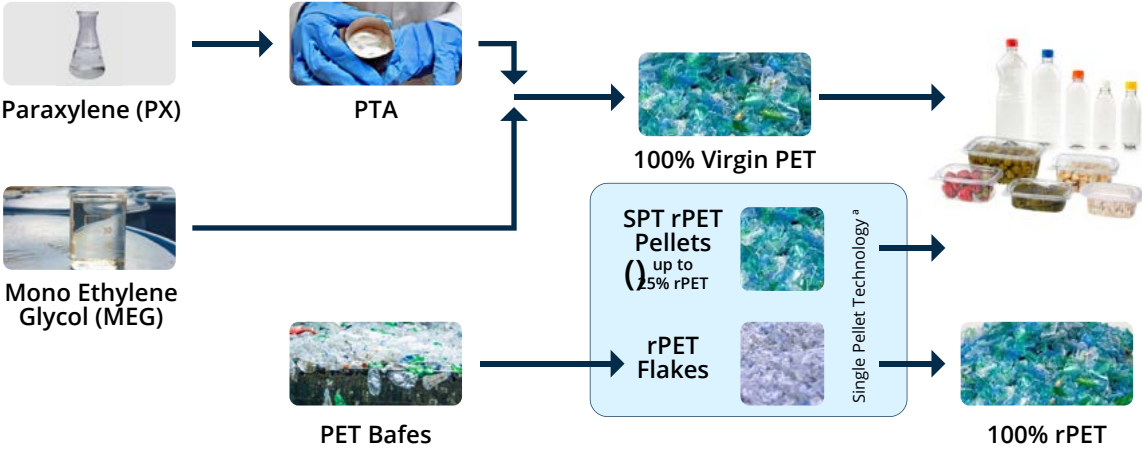
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### **1) rPET Leadership**

We continue to keep billions of bottles a year from ending up in landfills and redirect them back into valued consumer products, reducing the carbon footprint of these consumer-based needs and reducing the climate change impact. In 2020, we recycled 5.5 billion PET bottles. This was made possible by our rPET expansions in 2019 and 2020, which included acquiring a new PET recycling plant in Indiana. Also, we moved closer to the stated goal of helping our clients reach 25% of recycled PET content by focusing not just on bottle-to-flake recycling, but pelletization, which increases the amount of rPET that is used in recyclable bottles and food containers.

Our new site in Wilton, UK, is the only manufacturer of virgin PET resin in the UK. All PET Resins produced at the Wilton Site are 100% recyclable and have long been at the forefront of sustainability improvements for PET products and their consumer-end uses. With its premium fast reheats resin formulation, Laser+<sup>®</sup> enables reduced power consumption in customer molding processes, resulting in energy savings and subsequent reduced environmental impact. Continued research, development and reformulation over the years have further improved color, clarity and overall performance of its PET offerings and have helped establish strong links with customers and brand owners.

Taking traditional mechanical recycling to the next step, Alpek Polyester’s “Single Pellet Technology™ – SPT” is an innovative hybrid recycling process of integrating Post-Consumer Recycled PET (rPET) material into conventional virgin Polyethylene Terephthalate (vPET) production operations to create a Recycled PET (rPET) solution with integrated recycle content in a single pellet form.



The SPT process injects clear 100% rPET flake produced from consumer recycling programs into the virgin production process, which further decontaminates and undergoes partial glycolysis, utilizing Continuous Polymerization assets. This process has the potential to incorporate up to 25% rPET in every single resin pellet made. The result is an improved method of incorporating PCR into preforms and bottles while delivering nearly the same characteristics and performance as virgin PET. SPT enables simpler downstream processing for customers focused on adding recycle content to their end-use offerings. With SPT resin having integrated recycle content, dual feeding, inventory, and storage of two materials is eliminated at customer operations to add recycle content to their end use offerings.




## 2) Recycling promotion

One of our main goals in this matter is to work hand in hand with authorities, organizations, and other stakeholders to make PET recycling a regulatory issue. So far, in the USA, DAK Americas participates as silver founder of The Recycling Partnership, a non-profit organization that seeks to promote changes in the recycling culture throughout the United States. It also belongs to the GAPC, a movement to spur the development of public policies to integrate the synergy of the circular economy. Also, DAK is a founding member of the Climate Registry,

Which is a non-profit organization that empowers North American organizations to do more in the fight against climate change by providing services and tools that help them reduce their emissions. The Climate Registry also drives climate action and ambition on the road to net zero by recognizing and showcasing sub-national leadership, and by building strategic partnerships with and between national and international entities. TCR is advised by a Council of Jurisdictions that includes representatives from diverse U.S. states and Canadian provinces and territories.





### 3) Sustainable Product Portfolio

Innovation does not stop with Single Pellet Technology. Alpek Polyester intends to demonstrate at scale enhanced recycling technologies that depolymerise more difficult to recycle PET products such as colored bottles, trays and multi-layer, multi-material products. This will give brand owners the confidence that will enable advanced plastic composites to be used in the marketplace to deliver special enhanced properties, but still enable these typically harder to recycle end-use applications to be recycled at the end of life.

Alpek Polyester continues the expedition and is evaluating several enhanced recycling technologies within its extensive R&D portfolio and will bring the winning solutions to the market alongside partners.

# Climate Change and Carbon Emissions

GRI Standards: 305-1, 305-2, 305-5, 305-7.

Material aspect: Climate change and Carbon Emissions; Pollution.

SDGs 3, 12, 13, 14 y 15: Good health and well-being; Responsible consumption and production; Climate action; Life below water; Life on land.

SASB RT-CH-110a.1., RT-CH-110a.2.

While we have made some progress in our emissions reduction strategy, we are in the process of establishing medium and long-term goals so we can more aggressively contribute to the Paris Agreement and the Sustainable Development Goals. This we do by understanding at a deeper level our carbon footprint, and it is something we will be focusing on in the short-term.

Our emissions in 2020 were:

Emissions in Ton CO <sub>2</sub> e	2020	2019	(2)2018
<b>Direct GHG emissions (Scope 1)</b>	763,279	532,656.12	1,799,787
<b>Indirect GHG emissions (Scope 2)</b>	1,089,265	1,212,820	811,380
<b>NOx</b>	361	285.3	321.25
<b>SOx</b>	16	85	120
<b>VOC</b>	639	767	826
<b>HAP</b>	283	396	368.6
<b>PM</b>	149	115	160.1

Initiatives such as equipment maintenance, for optimal performance, to installing new CO<sub>2</sub> sequestering systems, as well as the installation of new furnaces to reduce NOx emissions allowed us to avoid emitting 228,007 ton CO<sub>2</sub>eq into the atmosphere, which represents the emissions of approximately 50,000 passenger vehicles driven for one year.



# Energy Eco-Efficiency

*GRI Standards: 302-1 to 4, 102-48.*

*Material aspects: Energy Eco-Efficiency.*

*SDGs 7 and 13: Affordable and clean energy; Climate action.*

*SASB RT-CH-130a.1.*

In accordance with our Climate Change goals, the need for being increasingly efficient, regarding our energy consumption and usage, is more important than ever. To this matter, we have taken several steps to achieve this, as well as to address the challenge of shifting towards greener and renewable energy options in our operations.

Efficiency is our key strategy. As part of our management, we focus on the compliance with international and national standards. In 2020, our facilities implemented initiatives and programs such as refrigeration system controls optimization, cooling tower pump upgrades, steam temperature reductions, tuning vaporizer burners and fans, among others.

Our energy consumption was distributed like this:

SOURCE	2020	2019 (GJ)	(2)2018 (GJ)
<b>Natural gas and other fuels (Direct consumption)</b>	23,515,332	24,557,011	23,122,990
<b>Electricity and steam (Indirect consumption)</b>	5,258,578	4,707,555	5,570,409
<b>Total</b>	28,773,910	29,264,566	28,693,399

# Water Management

GRI Standards: 303-1, 303-2, 303-3, 304-1.

Material aspect: Water management.

SDGs 6, 8, 12 and 14: Clean water and sanitation; Decent work and economic growth; Responsible production and consumption; Life below water

One of our main initiatives for water efficiency is the increase in reusing processes water. We aim to reuse at least 1,000 ML by 2022. In 2020, in our facilities in Mexico, we were able to reach that goal which gets us closer to our overall objective.

Also, it is important to highlight that our withdrawals in the US, which are the highest, are only for cooling processes; more than 95% of the water that's withdrawn is returned to its source almost immediately and with the quality standards dictated and required by law. Nevertheless, the company is fully aware of the importance of this resource on a broader,

Worldwide scale and makes its best effort to contribute to conservation through reducing consumption and/or increasing recycling every year by making investments in water treatment plants and other actions. As part of our commitment of improving our overall environmental performance, we have carried out a water risks assessment with the WRI Aqueduct tool, identifying the water-stressed zones in which we have operations. We identified our plant in Altamira, Mexico, has a baseline water stress due to the river basin it withdraws water from. However, the initiative mentioned before helps us address this issue in a responsible manner.

WATER IN K MEGALITERS	2020	2019
Withdrawn	100.9	100.4
Discharged	85.3	88.3
Consumption	16.7	13.1
Produced water	1.1	1.0



# **AXIS 3. PEOPLE: EMPLOYEES AND COMMUNITIES**

*GRI Standard: 102-10.  
Material aspect: Community Engagement.*

Alpek Polyester's approach to employee and business growth is fueled by the belief that diversity – in all its forms – unlocks innovation. We know that leveraging different perspectives, experiences, and backgrounds generates unique ideas. To enable this, it's imperative that we continue to build a creative and inclusive culture, where all voices are welcomed and heard.

Our staff, in 2020, was distributed like this:

Country	Gender	2018	2019	2020
ARGENTINA	Women	48	49	51
	Men	283	279	286
<b>ARGENTINA Total</b>		<b>331</b>	<b>328</b>	<b>337</b>
BRAZIL	Women		139	140
	Men		417	413
<b>BRAZIL Total</b>		<b>533</b>	<b>556</b>	<b>553</b>
CANADA	Women	18	17	17
	Men	49	54	52
<b>CANADA Total</b>		<b>67</b>	<b>71</b>	<b>69</b>
USA	Women	203	242	244
	Men	958	1,072	1,104
<b>USA Total</b>		<b>1,161</b>	<b>1,314</b>	<b>1,348</b>
MEXICO	Women	127	132	134
	Men	814	752	759
<b>MEXICO Total</b>		<b>941</b>	<b>884</b>	<b>893</b>
United Kingdom	Women			14
	Men			85
<b>United Kingdom Total</b>				<b>99</b>
<b>GRAND TOTAL</b>		<b>3,033</b>	<b>3,153</b>	<b>3,299</b>

Age Group	Gender	2018	2019	2020
<30	Women	91	155	172
	Men	459	631	688
		<b>533</b>		
<b>1 Total</b>		<b>1,083</b>	<b>786</b>	<b>860</b>
30<X<50	Women	208	298	307
	Men	1,092	1,296	1,334
<b>2 Total</b>		<b>1,300</b>	<b>1,594</b>	<b>1,641</b>
>50	Women	97	126	121
	Men	553	647	677
<b>3 Total</b>		<b>650</b>	<b>773</b>	<b>798</b>
<b>GRAND TOTAL</b>		<b>3,033</b>	<b>3,153</b>	<b>3,299</b>



# Labor practices, Health and Safety

*GRI Standards: 202-1, 405-1, 405-2.*

*Material aspect: Employees Human Rights.*

*SDGs 1, 5, 8 and 10: End poverty; Gender equality; Decent work and economic growth; Reduced inequalities.*

In 2020 we focused our efforts mainly on two things: to keep the majority of our workforce, meaning not letting anyone go, and to keep them safe.

The COVID19 crisis highlighted the necessity of having the strictest health and safety measures in place, to be disciplined, empathic and apply alternate working schemes, without it having a negative impact on our performance and productivity and to understand that now, more than ever, we are a team.

Several working schemes were implemented throughout the year, with the aim of safeguarding employee health as much as possible, such as home office, flexible hours, etc., and following every COVID19 protocol the percentage of infected workers was not more than 6% in 2020.

We also continued implementing our regular health and safety initiatives and programs, so we could continue

running our operations as smoothly as possible. These initiatives include national social security programs, access to Medical Departments at most production sites, and routine safety focused high-performance work team discussions. These initiatives follow-up on safety issues and concerns. In addition, the safety and hygiene commission holds quarterly meetings, where staff from different areas address these issues.

A total of 32 programs continued running, such as Health Advocate, Know your Numbers, Heart Health Seminar, Weight Management, cancer awareness, mental health care (through an app called Total Brain and through the implementation of the NOM 035 standard in Mexico), and other programs aimed at increasing our workforce health. These, among others, amounted to an investment of US \$15.3 million.



	2020	2019*	2018*
<b>Total Injury Rate (Based on 200,000 mh)</b>	0.69	0.85	0.68
<b>Employee injury rate</b>	0.69	1.09	0.82
<b>Contractor injury rate</b>	0.70	0.52	0.55
<b>Number of incapacitating accidents (Total)</b>	23	29	27
<b>Employee LWCs</b>	15	21	14
<b>Contractor LWCs</b>	8	8	13
<b>Number of non-incapacitating accidents (Total)</b>	16	26	22
<b>Employee Other</b>	9	19	13
<b>Contractor Other</b>	7	7	9
<b>Lost days</b>	1,072	1,294	1,019
<b>Fatal accidents Total</b>	0	0	1
<b>Employee</b>	0	0	0
<b>Contractor</b>	0	0	1

*\*Numbers for 2018 and 2019 are different from the previously reported because of a re-calculation of indices under the SASB methodologies.*



# Advocating for a Better Quality of life

*GRI Standards: 202-1, 405-1, 405-2.*

*SASB*

*Material aspect: Employees Human Rights.*

*SDGs 1, 5, 8 and 10: End poverty; Gender equality; Decent work and economic growth; Reduced inequalities.*

Our Human Resources Program, CreSer, aims to:

1. Keep abreast of best practices for employees and improving opportunities through internal programs and processes.
2. Be willing and prepared to respond quickly and efficiently to the requests of our employees and giving a personalized follow-up.
3. Know all employees so we can meet their needs, as we recognize their efforts and reward their work. This results in the improvement of the working environment.





**We listen to our employees and invest in our culture to create a workplace where all employees feel valued and have opportunities for career growth**



Based on these principles, we listen to our employees and invest in our culture to create a workplace where all employees feel valued and have opportunities for career growth. In 2020, despite having to work under different and a bit adverse conditions, we continued to work on their integral wellbeing, with programs and events such as the EAP (Employee Assistance Program) through which we offer legal, medical, psychological and other free counseling to our employees and their family, which accounted for the 10% of people that made use of this platform in 2020. The Niños de Excelencia (Excellent Children) program continued; we recognized 386 employee's children for having high grades in school. More than US \$1 million was invested in these activities and others.

Regarding the benefits and salaries, we provide to our staff, these are established and granted according to the category of employee and the activities to be performed in the operation, not on any gender-based approach.

Our non-unionized employees have benefits that may include Christmas bonuses, paid vacations, savings accounts, life insurance and retirement accounts, among others. Those covered under a collective agreement have similar benefits.



# Training and Development

*GRI Standards: 102-30, 102-40, 102-42, 102-43, 102-44.  
 Material aspect: Employees Human Rights; Diversity.  
 SDG 8: Decent work and economic growth.*

We remain deeply committed to fostering a culture and workplace where employees have a meaningful work experience, feel valued and supported, and have the right tools and resources to be successful. We know developing our employees is critical to both personal achievement and business success and we continue to approach this growth from several angles.

Almost a million dollars US was invested in training and development in 2020, benefiting more than 3,000 employees. Our main programs were aimed at safety, flexible hours and working schemes, and innovation. Most of the training is provided through the company’s computer-based training program. Also, we granted 17 scholarships for our employees to continue improving their skills in external institutions, which was something we encourage them to do every year.

The hourly training in 2020 is shown below:

CATEGORY	2020	2019	2018
All employees (average)	10	24	24
Men	13.6	24.3	24.3
Women	10	21	21
Unionized	7.1	16.1	16.1
Non-unionized	13.3	25.8	25.8



# Our communities

*GRI Standards: 413-1, 413-2.*

*Material aspect: Community engagement.*

*SDGs 1 and 2: End poverty; Zero hunger.*

Our communities are our people. 2020 was a year to prove it. We were able to aid our communities by donating antibacterial gels, N95 and PET face shields, among others to help with COVID19 practices. Our *Vive Verde* program had to be suspended in 2020, due to safe distancing and quarantining measures. However, we were able to provide support to 3 schools, benefiting 404 students. By the time schools closed, we focused our efforts on helping the entire community and hospitals in this unprecedented situation.

Also, regarding our communities' safety, we continued to follow all the protocols we have established so that our operations do not represent a direct risk for the neighbors.

We have defined procedures that establish how we should respond in case of an emergency. In general, our strategy comprises the following stages:

1. We identify and evaluate the risks of our processes.
2. We establish procedures to act in case of emergency.
3. We interact with our communities and conduct drills.
4. Together, we identify actions that allow us and them to prevent risk.
5. We get involved and coordinate with authorities such as town halls, civil protection and others.

In 2020, Alpek Polyester in the US donated US \$2000 to join the effort to fight hunger from COVID-19. Also, a meeting was held with BBQ for doctors from the Ochsner Medical Center in appreciation of

the work they have done during the pandemic, and they donated safety glasses to regional medical staff in Orangeburg, SC.

In the UK, we made donations of PET resin for the manufacture of medical masks. They made around 50 thousand medical masks, which are used by the United Kingdom's national health service. We also provided 2 mini-iPads to keep COVID-19 patients in contact with their families.

Meanwhile, Alpek Polyester Brasil in conjunction with Grupo Heineken and Unilever and with the support of Universal Chemical, BrasALPLA, CCL, Alemolde, WestRock, CRX Design and Trident, produced 300 thousand bottles of CIF Sanitizer surface cleaner, in an exclusive formula, as well as made donations of PET resin for the elaboration of 150 thousand medical masks. We donated US \$18,000 to the Real Hospital Português for the acquisition of a lung ventilator and assisted breathing devices and US \$53,000 dollars to the State of Pernambuco for the purchase of hospital beds, PPE and other medical supplies.



# **AXIS 4. RESPONSIBLE ECONOMY FOR ALL**

# Economic Performance

**Core business strategic action: Superior positioning with our customers**

**Sustainability model pillar: Marketplace**

*GRI Standards: 201-1, 201-2.*

*Material aspects: CSR Management; Wealth distribution;*

*Operations and risks strategy.*

*SDGs 8 and 12: Decent work and economic growth; Responsible consumption and production.*

Alpek has always stated that demand for its product portfolio is highly resilient. Never has this been more evident than in 2020, as COVID-19 shut down entire industries globally. It also emphasized the importance of safety and hygiene, driving a rise in the use of PET and polypropylene in food and beverage packaging over other alternatives, in addition to use in personal protective equipment (PPE).

This made us remember how important it is that we successfully and timely provide the services and products we deliver, what our purpose as a company is, and why we do what we do. This moves us and helps us improve daily to create more value for our shareholders, and all our stakeholders.

Our economic performance in 2020 was:

CATEGORY	2020 (US million)	2019 (US million)	2018 (US million)
Revenues	3,979	4,685	5,179
Capital investments	228.4	544	-501
Operational expenses	3,626	4,241	4,544
Salaries	180.6	159	157
Benefits	60.2	64	53
Payments to governments	0.051	0.059	0.025
Investments in the community	1.5	2	1
Economic value distributed	4,097	5,069	4,278
Economic value retained	-118	-384	901



# Our Value Chain

*GRI Standards: 102-43, 204-1, 308-1, 308-2, 414-1, 414-2.*

*Material aspect: Relations with our value chain.*

*SDGs 12 and 17: Responsible consumption and production;*

*Partnerships for the goals.*

To be able to properly establish a more sustainable business, we must work hand in hand with our value chain. Downstream and upstream impacts need to be measured to develop attainable goals to reduce or eliminate them. Being transparent, assertive, and collaborative with both customers and suppliers is one of our top priorities for responsible growth.






## Our customers

During 2020, we saw a marked increase in the number of investors and customers who expressed that a company's Environmental, Social and Governance-related performance mattered in their decision-making processes. One of the processes we carried out was a refresh of our Materiality Analysis to respond to their requests and needs, as well as to find new ways to collaborate with them.

We continued to increase, through our Innovation Department, process technologies to make better use of PET after consumers have finished using it, mainly from plastic bottles. Products like PET have been proven to have a lower carbon footprint than its packaging alternatives, like aluminum and glass. Our PET recycling infrastructure is growing at a rapid pace,

Since we want to continue our leadership as the largest rPET producer in the Americas. These initiatives will allow us to continue being the best option for our customers, while generating sustainable value. Also, we continued to increase transparency by providing more information to the platforms our customers and investors are requesting from us. This led our holding company, and consequently us, to increase our ESG ratings internationally. This also helps us to be clear in the commitments we can fulfill and those gaps we still must fill in for a more responsible operation.

We also make sure to comply with all the norms and regulations of our industry, and work within cross-functional groups, including Technical Marketing, R&D, and Manufacturing, to assess our products' capabilities and any limitations. Providing our customers with a product with a comprehensive safety assessment is a key goal.



## Our Suppliers

We work to enable fair and safe working conditions at our suppliers' factories and facilities. We expect our suppliers to safeguard the communities where they operate, and we work with our suppliers to help protect the environment. 52% of our procurement spending came from local suppliers in 2020. Supporting local businesses was more important than ever. We also continued with our sustainability assessments on our most critical suppliers, in which we proudly found no irregularity or violation to our ethics or values.

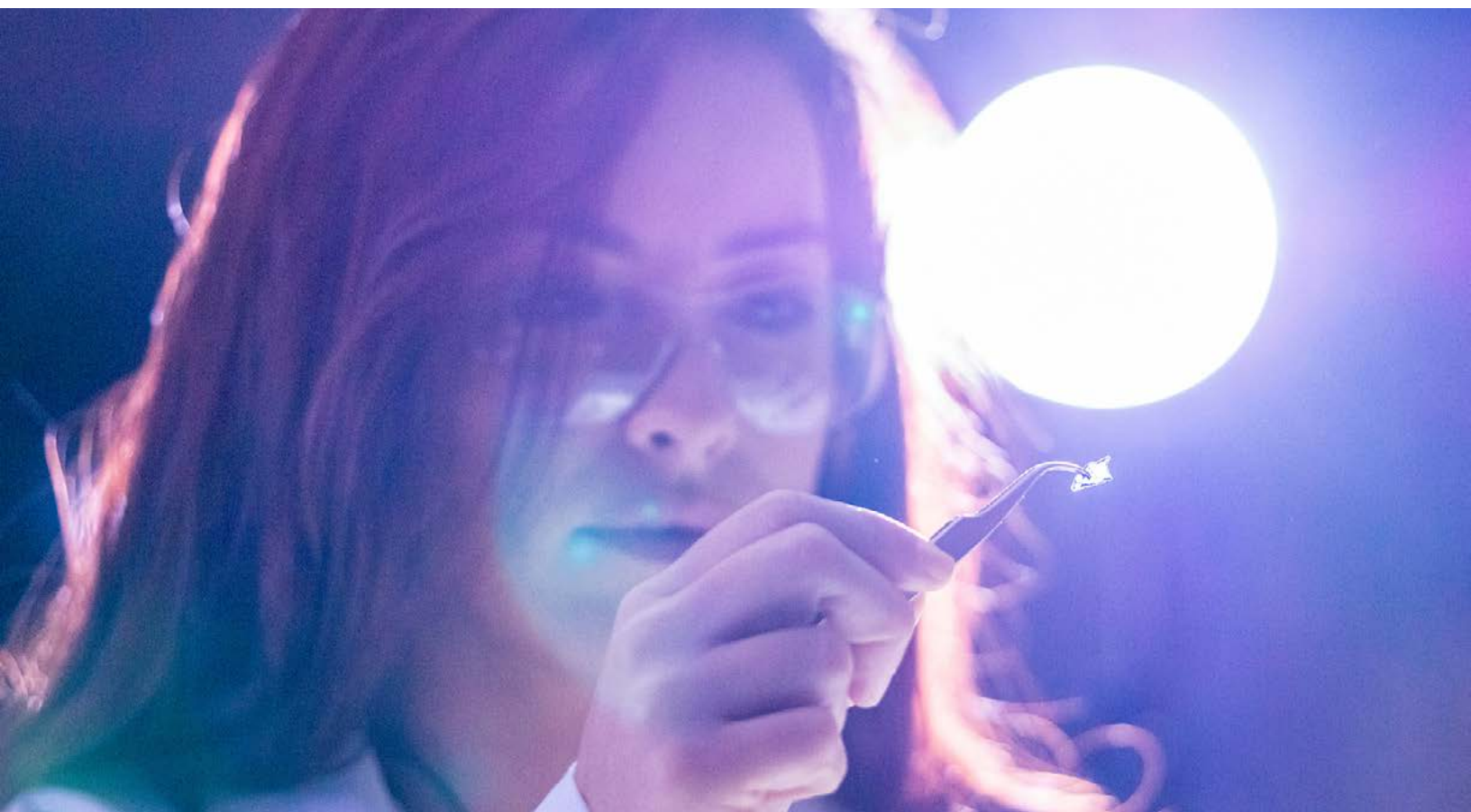
# Engaging to create value

GRI Standards: 102-12, 102-13.  
Material aspect: Active ESG Risk Management.  
SDG 17: Partnerships for the goals.

We work with governments, NGOs, and industry groups to create change. We actively participate in industrial, business, educational and sustainability associations in a selective and strategic manner. This keeps us abreast of the aspects that are relevant to our stakeholders and allows us to work as a team with other companies to share best practices. It also keeps us updated with respect to national and international regulations on trade, labor, and environmental issues.

SITE	CHAMBER OR ASSOCIATION	IS IT A STRATEGIC POSITION?
Alpek Polyester USA and Canada	The Recycling Partnership	Yes, we are Silver Funding Partners
	The Indiana Recycling Coalition	No
	Hancock County Chamber of Commerce	No
	NAPCOR (National Associate for PET Container Resources)	Yes, one of our directors participates as Vice President of the Association
	NCTO (National Council of Textile Organizations)	Yes, we are part of the Council
	PETRA (The PET Resin Association)	Yes, one of our directors participates as President of the Association
	CAPCA (Carolina Air Pollution Control)	Yes, we are part of the Council
	Mutuelle (Montreal)	Funding and discount on insurance premiums and training
	Chamber of Commerce (Canada)	No
	Montreal Est association	All industries that are physically located at the east of Montreal, are part of this association voluntarily. Mostly CEO's, engineers and GM are involved with the city count of the East.

SITE	CHAMBER OR ASSOCIATION	IS IT A STRATEGIC POSITION?
Alpek Polyester Mexico	ANIQ (Asociación Nacional de la Industria Química)	Yes
	AISTAC (Asociación de Industriales del Sur de Tamaulipas, A.C.)	Yes
Alpek Polyester Argentina	CAINTRA (Cámara Nacional de la Industria de la Transformación)	Yes
	CAIRPLAS (Cámara Argentina de la Industria de Reciclados Plásticos)	Yes
Selenis Canada	CAIP (Cámara Argentina de la Industria Plástica)	Yes
	Mutuelle (a coalition of petrochemical companies that collaborate on issues of safety, insurance, health and the environment)	Yes
United Kingdom	Chamber of Commerce of Canada	Yes
	British Plastics Federation	Yes
	Chemical Industry Association	Yes
	Committee of PET Manufacturers in Europe	Yes
	Northeast England Chamber of Commerce	Yes
	Northeast England Process Industry Cluster	Yes
	PET Container Recycling Europe	Yes
	RECOUP Plastics Recycling	Yes



# Awards and Certifications

PLANT OR FACILITY	AWARD OR CERTIFICATION	AWARD OR CERTIFICATION	COUNTRY
Alpek Polyester Mexico	Industria Limpia (Clean Industry)	PROFEPA (Procuraduría Federal de Protección Ambiental)	Mexico
	ISO 14001:2015	AENOR (Asociación Española de Certificación y Normalización)	Mexico
	Responsible care program	ANIQ (Asociación Nacional de la Industria Química)	Mexico
	Clean Industry Certificate	PROFEPA (Procuraduría Federal de Protección Ambiental)	Mexico
	PASST - Self-management Health & Safety Certificate	STPS (Secretaría del Trabajo y Previsión Social)	Mexico
Alpek Polyester USA, Canada and UK	Columbia Site - SCMA Safety Performance Recognition Award	SC Manufacturer's Alliance	USA
	Cooper River Site - SCMA Safety Performance Recognition Award	SC Manufacturer's Alliance	USA
	CC Contractors 15 years since last recordable	Mundy Company	USA
	CC Site - NCDOL Award for One Million Hours without lost Work Case	NCDOL	USA
	Mundy Safety Award - 15 Years w/o OSHA Recordable Injury (Cedar Creek Site)	The Mundy Company	USA
	Economic development corporation (EDC) Wayne County Community Award	Wayne County Economic development corporation (EDC)	USA
	ISO 14001:2015 Environmental Management System	British Standards Institute (BSI)	UK
	ISO 9001:2015 Quality Management System	British Standards Institute (BSI)	UK
	Comply with European Modern Slavery Regulations	Board Members approval and signatures	UK
	Better Health in the Workplace - Continuing Excellence	TUC and North East and Cumbria Councils	UK



## CONTACT

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