



2021

SUSTAINABILITY
REPORT



MESSAGE

from our President

FOR Alpek Polyester, 2021 was a year full of great accomplishments and learnings. Despite the ongoing challenges originating from the COVID-19 pandemic during 2020, we continued achieving improvements on safety, CO₂ emissions, water usage, and energy consumption, among other key performance indicators.

Our key markets experienced very strong demand thanks to the many underlying benefits of PET packaging and our net revenues increased 15% compared to the previous year. We were successful in 2021, as we continue with the transformation and growth of our company into a truly global business.

Aligned with achieving the Paris climate goals, we made significant strides in developing Science Based Greenhouse Gas reduction targets. We focused on improving our SCOPE 1 and 2 emissions inventories, developing a SCOPE 1 and 2 reduction strategies, and establishing our SCOPE 3 emissions inventory.

SCOPE 3 or value chain emissions represent the largest emission source for any company and Alpek Polyester is not the exception. During 2021, we were able to calculate both the baseline inventory for our SCOPE 3 FY2020 and FY2021 emissions.

Safety is fundamental for Alpek Polyester and should be present in every decision and behavior. We continued to work very hard during 2021 to avoid incidents and injuries as we strive to be among the very best chemical and polymer companies in terms of safety performance.

In late 2021 and continuing in 2022, we worked diligently to prepare for expanding our ISO 14001:2015 certification across the U.S. Sites. This certification is expected to be completed in 2023.

On the Human capital front, the company is undergoing critical cultural transformations that will help foster a strong and successful future for Alpek Polyester. We are taking these steps in order to build a culture based on open and authentic communications, an empowered workforce, and an agile environment to ensure our growth and transformational projects bring the highest value to Alpek Polyester, employees, and stake holders. Furthermore, these actions will help establish the company as a preferred place to work, develop and achieve a long successful career.

We are expanding community involvement with increased community outreach through volunteerism programs that promote the safety of our neighbors, encourage, and foster recycling programs, and promote environmental education and awareness.

I invite you to join and support Alpek Polyester as we continue to embrace these critical Sustainability initiatives to secure the future of our company and the world around us.

JORGE P. YOUNG CERECEDO

Alpek Polyester at a glance

HIGHLIGHTS

More than 89% of waste kept out of landfills during 2021

We have the capacity of recycling over 12 billion bottles per year

12% reduction in complaints by close collaboration with customers


Alpek Polyester has committed to an ambitious Carbon intensity reduction target for emissions Scopes 1, 2 and 3

89%

12
BILLION

12%


SCOPE 1
Direct emissions from operations


SCOPE 2
Emissions from utility supplier operations


SCOPE 3
Emissions from materials production, transportation, waste, etc.

Operations and Presence

**Alpek Polyester
PET Recycling
Reading, PA**



In June of 2021, we completed the acquisition of CarbonLite Recycling LLC's and CarbonLITE state-of-the-art PET recycling and pelletization facility in Reading, Pennsylvania. The site has a bottle-to-flake and flake-to-pellet input capacity of 115,000 tons and 40,000 tons, respectively, making it the largest integrated rPET facility in the Americas.

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.

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.

**Downtown
Reading,**

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.

Products and Services

Polyethylene Terephthalate Resin:
PET Resin



PET resin is the main resin used to produce plastic bottles and packaging for many products. It is strong, lightweight 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 US. Argentina assets serve the Mercosur countries. PET exports outside of the Western Hemisphere are minimal.

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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:
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, Delcra® 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.

Products and Services

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.

Specialty Polymers



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.



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.

Safety and Responsibility.

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

Integrity.

We do everything with integrity and respect.

Innovation.

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

Customer orientation.

We exceed the expectations and the everchanging needs of our customers and markets.

Collaboration.

We succeed and create value collaborating and learning together.

Commitment to excellence.

We deliver results that make us proud through best-in class performance.

Our Purpose

To provide sustainable packaging solutions to improve people's everyday lives.



Ethics and Integrity

Our company is committed to adhering to high ethical standards as we interact with all our stakeholders: customers, suppliers, shareholders, employees, competitors, government agencies and the communities in which we operate.

HUMAN RIGHTS POLICY

We comply with Alpek's Human Rights Policy, aligning our strategy and operations to the International Bill of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. These global standards of expected conduct are applicable to all our operations. Alpek is a signatory to the United Nations Global Compact and has undertaken to respect and support human rights and comply with internationally recognized standards and aligns to the Universal Declaration of Human Rights (UDHR).

CODE OF CONDUCT

Our Code of Conduct consolidates the principles of action that we must follow as part of this organization. Our ambition to improve the quality of everyday life in an extraordinary way is only possible through a spirit of leadership aligned to the values of responsibility, integrity, innovation, customer orientation, collaboration, and commitment to excellence. The same values are the pillar of our daily actions, accompanied by a high level of effort and perseverance to overcome obstacles and achieve our goals.

It contains guidelines for 12 principles that include Anti-corruption, Conflict of interests Internal and Confidential Information, Financial and Accounting Information, Intellectual Property, Information Technology and Communication, Community and Environment, Safety, Health, and Well-being, among others.

***We continuously
monitor aspects
such as:***

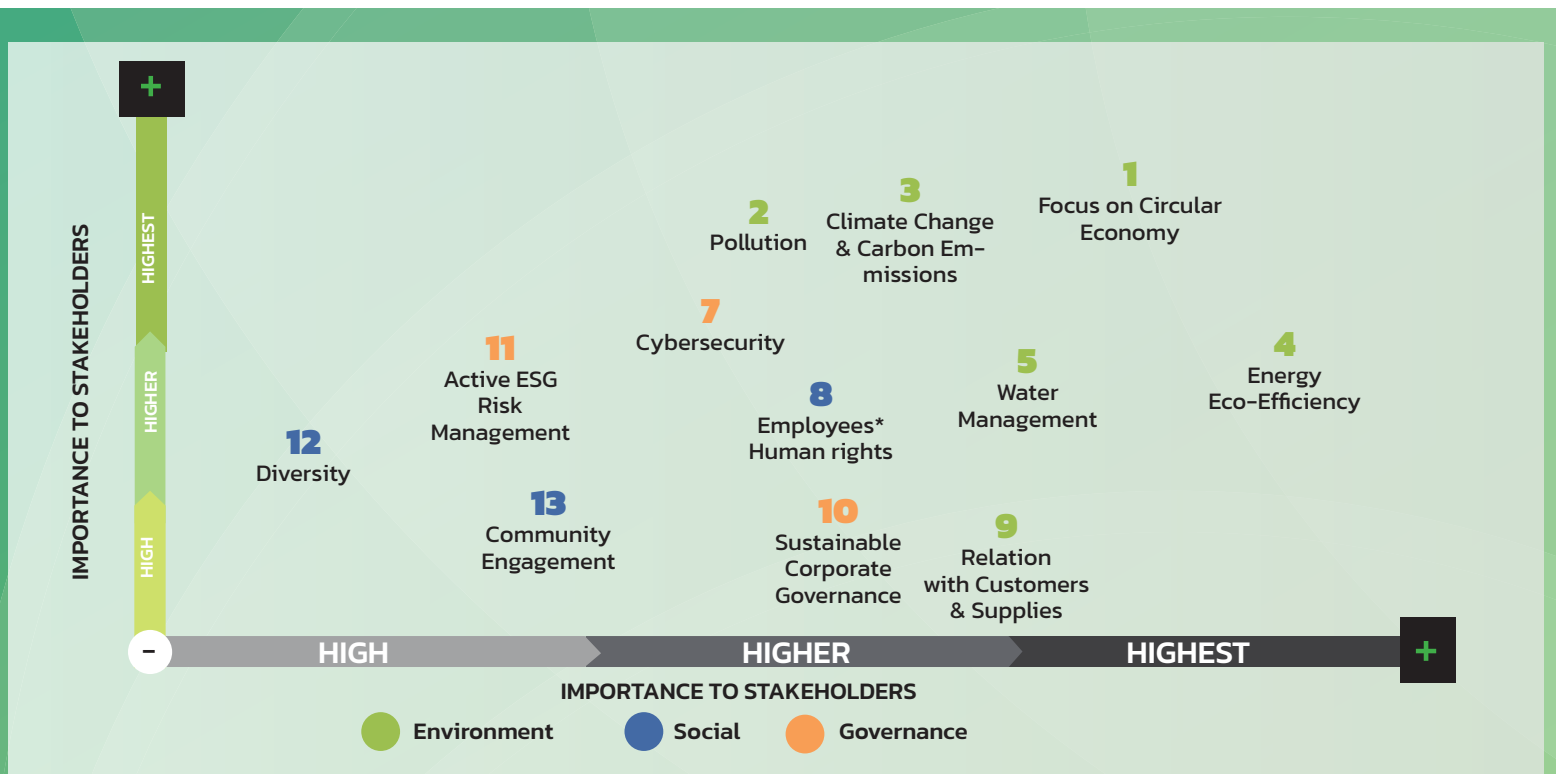
- Regulatory Compliance
- Forced labor
- Working hours, wages and benefits
- Discrimination
- Harassment, violence and bullying
- Working Conditions

Addressing Key Material ESG Issues

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.



Alpek Polyester continues to focus on the main material aspects identified through Alpek’s materiality assessment exercise, where aspects were rated based on two dimensions: Importance to Stakeholders and Impact on the company.

For instance, one of the most critical elements identified was Circularity, towards which we carried out several initiatives during 2021 such as block waste recycling into the process to reduce PTA consumption, and the acquisition of CarbonLITE, the largest PET recycling plant in the U.S. with a capacity to recycle more than 100K Tons per year, equivalent to an additional 5 billion bottles of PET.

Another high-impact dimension was Energy eco-efficiency and Carbon emissions. An important action in 2021 was the shutdown at the of our Cooper River fibers, business with particularly energy intensive activities.

We continue to measure not only SCOPE 1 and 2 emissions but also our SCOPE 3, and have committed to a reduction target which will be submitted for validation during 2022 with the Science Base Targets Initiative (SBTi).

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.

- * Sustainable Economic Value Creation
- * Environment
- * People: Employees and Communities
- * Marketplace

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

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.

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	<p>Daily Safety Talks Organizational climate survey and Pulse Surveys</p> <p>Face-to-face meetings Quality and performance scorecard Transparency helpline Communication and safety teams</p>	Ongoing	<p>Health and Safety</p> <p>Home office and flexible working schemes</p> <p>COVID Safety procedures</p> <p>Goals, training, and objectives status</p>	<p>Brief and important EHS topics are communicated to prevent exposure to hazards.</p> <p>Adapting the working schemes Providing all the safety measures</p> <p>The status of the objectives, an overview of the business and important topics that occurred</p>
Customers	<p>Press releases Face-to-face meetings Transparency Helpline Website</p> <p>On-site visits Surveys Phone Calls / Email Response on CDP and S&P Global CSA platforms</p>	Ongoing	<p>Product quality and new products</p> <p>Commercial issues</p> <p>Commercial issues</p> <p>Delivery in time and form, technical services</p> <p>Quality and HSE Policy Objectives</p>	<p>We address every concern by communicating clearly and in the most transparent way possible.</p> <p>We also implement improvements to our products and services in a consistent manner.</p>
Shareholders	<p>Shareholders' meeting Quarterly and annual reports Dialogue and in-person meetings</p>	<p>Monthly Quarterly Annually</p>	<p>Responsible Care Objectives</p> <p>Accidents and Safety issues CAPEX, OPEX</p> <p>Establishment and accomplishment of KPIs</p>	<p>Through a constant dialogue and reports, we address any concern our shareholders may have.</p>

Dialogue with stakeholders

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

STAKEHOLDER	COMMUNICATION CHANNEL	FREQUENCY	MAIN CONCERNS AND ISSUES	HOW WE HAVE RESPONDED
Communities	Community development programs On-site visits Grievance mechanisms Community committees Engagement with local authorities Job fairs Open door policy Claims communication protocols. Community Advisory Panels	Ongoing	Safety measures, contingency management, and drills Environmental care Coordination of operational issues Recycling programs Environmental education Jobs opening Social actions and donations Knowing about the projects, programs and activities the company is carrying out	Every issue is investigated as a non-Conformance, followed by establishing an action plan to resolve it permanently. 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.
Other	On-site visits Educational talks Communication with Local Authorities	Ongoing	Safety Events in Universities and Job Fairs	We respond to every concern, question or suggestion through the appointed channels



AXIS 2.

ENVIRONMENT

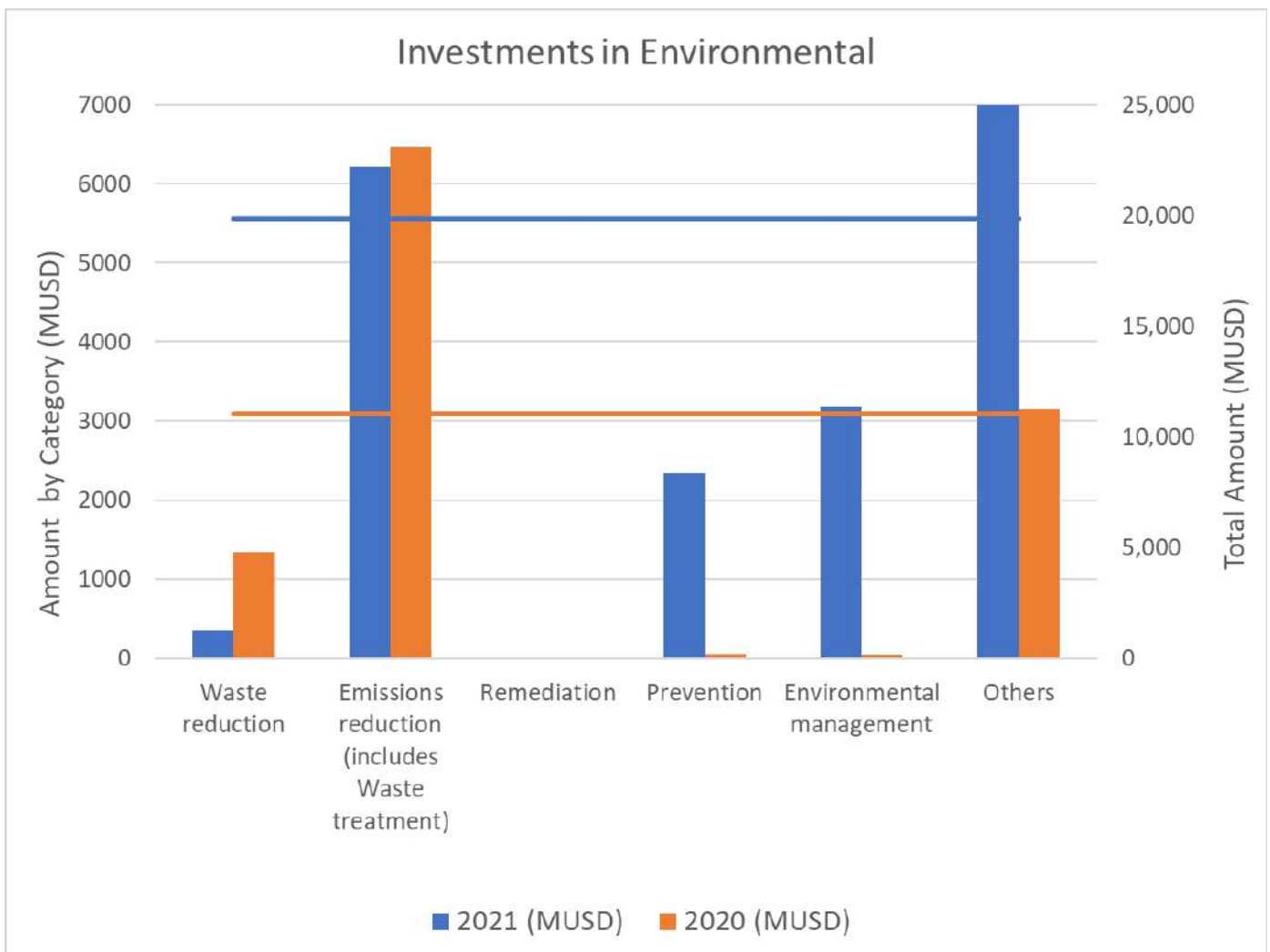
Core business: Functional and operational excellence.
Sustainability model pillar: Environment.

Material aspects: Focus on Circular Economy, Pollution.

In 2021, we invested more than **US \$19 million** in actions and programs for environmental improvement.

Our total investments in environmental actions have increased during 2021 compared to the year before, which illustrates the relevance of environmental care in the global agenda and in our very own core business strategy.

Specifically in activities of Prevention we invested about 50 times more than in 2020, and a 100 times more in environmental management for our ordinary operations.



Our Recycling focus

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.

Regarding the Fostering a Circular Economy pillar, we have previously stated our goal of increasing rPET capacity, thus enabling our customer base to reach minimum recycled content target of 25% on average by 2025. However, we are not just focused on simply recycling PET bales, but also converting the resulting PET flake into pellet-form, which ensures that PET is used in bottles.





During the last two years we have made strong progress on this front through the following initiatives:

-The addition of Single Pellet Technology® (“SPT”) production capabilities at various virgin PET facilities in North America. SPT combines mechanically recycled PET flake with virgin PET into a single pellet with a predetermined percentage of recycled content.

-The acquisition of two PET flake-to-pellet conversion lines in Darlington, South Carolina from PolyQuest Inc. Product from these lines will be sold as rPET to customers, as well as converted into SPT.

We continuously assess the impact of our main products in the climate change process. We continue to work on our Long-Term Growth Strategy in which Circular Economy is one of the three catalysts to ensure our business continuity. This entails:

- rPET Leadership : Lead rPET supply in Americas through capital-effective investment. As an example of the impact, each ton of recycled PET (rPET) avoids about 2.7k ton of CO2 emissions vs. alternatives (60-80%).

-Recycling Awareness and Promotion: Active lobbying for circular economy via associations such as The Recycling Partnership.

-Sustainable Product Portfolio: Continued innovation. Evaluation enhanced recycling technologies within our R&D portfolio

Tons of Recycled

Alpek Polyester is focused on recycling post consumer recycle PET and adding recycled content to our Grade 1 PET products

Total Recycled PET produced in 2021: 20,328 Tons
 9,431 Tons of recycle material were added to our resin in 2021
 77,816 Tons of Resin were produced with added recycled material

PET Recycling facilities produce:

Clear Path Recycling site in Fayetteville NC	40 KTons rPET flake
DAK Americas Richmond Site in Richmond, IN	40 KTons rPET flake and 30 KTons rPET pellets
Reading site in Reading, PA	The Reading site produces 60 KTons rPET flake and 40 KTons rPET pellets
ECOPEK site in Pacheco, Argentina	ECOPEK produces 15 KTons rPET flake & 1 5 KTons rPET pellets

1) *rPET Leadership*

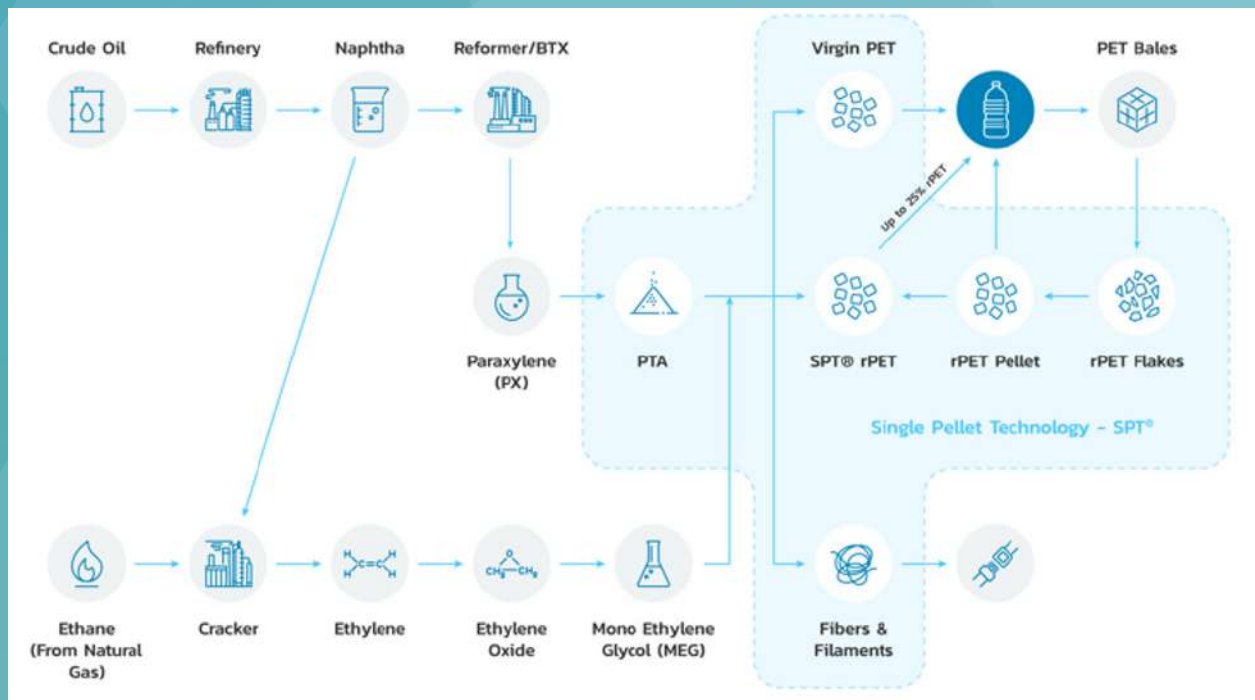


We continue to keep BILLIONS of bottles a year from ending up in landfills and redirect them back into valued consumer products, reducing the carbon footprint of these consumer-based needs and reducing the climate change impact.

This was made possible by our rPET expansions in 2019, 2020 and 2021, which included acquiring a new PET recycling plant in Reading. 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.

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.



DAK Americas
an Alpha Resource Business

HMS RATING	
CLASS	1
FLAMMABILITY	1
REACTIVITY	0
PERSONAL PROTECTION	

DAK Americas LLC
2621 Little Ave., Suite 500
Charlotte, NC 28226
USA

GR Date: 09/25/2019
Quality: C
Total Bales: 47
Bin#:
Vendor: CellMark, Inc.
PO#: 4500603047
Comments: BLIND
Batch RMJ1926806



Net Wt Lbs 43,720

DAK Americas is a founding member of The Climate Registry (TCR),

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.



Alpek Polyester's Carbon Footprint

Carbon Emissions are a material topic for our company. SCOPE 1 emissions are direct emissions from sources we own or control, including, for instance, fuel combustion in our sites. SCOPE 2 emissions are indirect emissions related to the use of purchased energy (electricity or steam).

We have measured our SCOPE 1 and 2 inventories for a number of years and we get them validated through The Climate Registry, program of which DAK Americas is a founding member since 2008.

In 2021, we reduced our carbon footprint with absolute total direct (SCOPE 1) and indirect (SCOPE 2) GHG emissions decreasing by about 137,400 tonnes of CO₂e. The evolution of absolute total SCOPE 1 and 2 GHG emissions in 2021 vs. the year before was -7%

Emissions in Ton CO ₂ e	2021	2020	2019
Direct GHG emissions (SCOPE 1)	737,445	763,279	532,656.12
Indirect GHG emissions (SCOPE 2)	977,702	1,089,265	1,212,820
NOx	309	361	285.3
SOx	16	6	85
VOC	533	639	767
HAP	272	283	396
PM	142	149	115

Our SCOPE 3 Inventory journey

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.

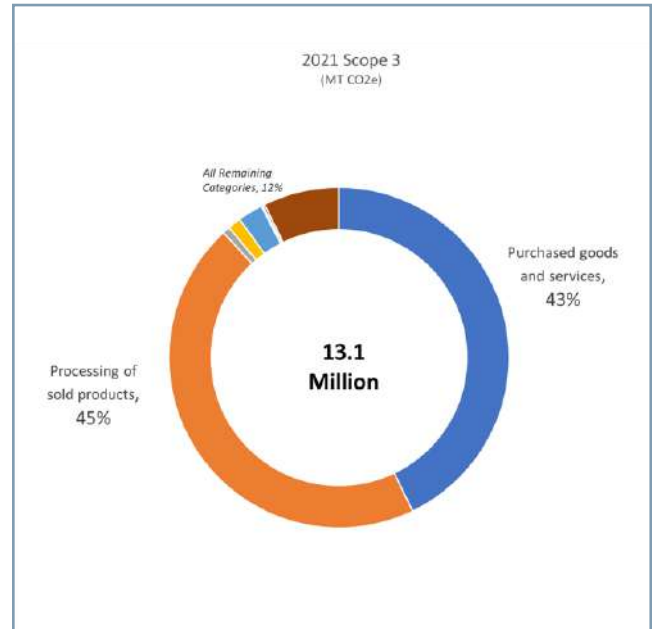
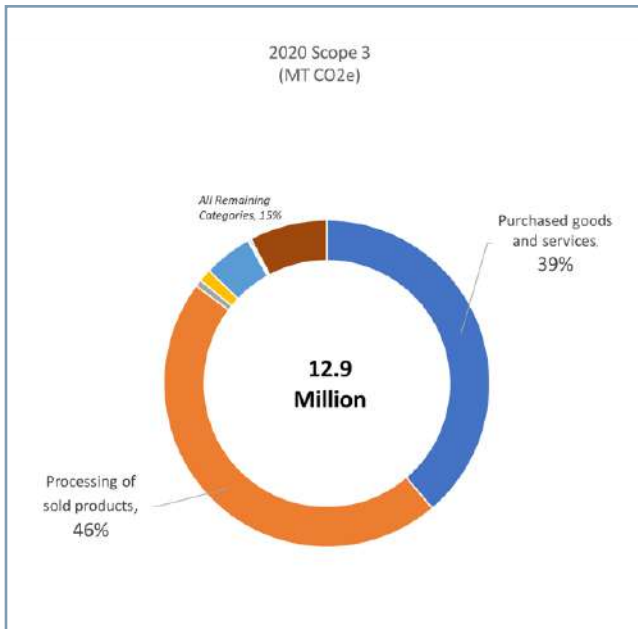
SASB RT-CH-110a.1., RT-CH-110a.2.

SCOPE 3 emissions are a type of indirect emissions that come from the value chain activities outside of our operations.

We began measuring our full SCOPE 3 inventory in 2021 with the purpose of expanding our corporate footprint accounting, in addition to getting our baseline emissions for year 2020 for all three scopes in order to establish our GHG reduction target.

Our SCOPE 3 screening included a wide range of activities related to our business, from externally purchased good and services to upstream and downstream transportation, waste treatment. Out of the 15 categories that the GHG Protocol establishes, 8 resulted relevant or applicable and the remaining were found either negligible or unapplicable.

The biggest impact comes from the sourcing of goods and services (Category 1), especially from our raw materials, as well as from the Processing of sold products (Category 10), which essentially represents the SCOPE 1 and SCOPE 2 emissions of downstream companies that occur during processing (e.g., from energy use).



Our SCOPE 3 modelling is expected to evolve overtime as we add data granularity and accuracy through the engagement and collaboration of the different areas that supply the information as well as improving automation, use more source-specific emission factors, etc. Described below is the current methodology for our top SCOPE 3 categories.

Category

1

**Purchased
Goods &
Services**

Methodology

Physical data was gathered for critical raw materials and spend data for non-critical raw materials across all geographical locations for Alpek Polyester per year. Tailored emission factors were researched for the appropriate material and boundary from a wide selection of sources including Franklin Associates, Plastics Europe, OpenLCA, and internal proprietary calculations. GHG emissions were calculated by multiplying the total physical and spend data per material per year by the relevant emission factor.

Category

10

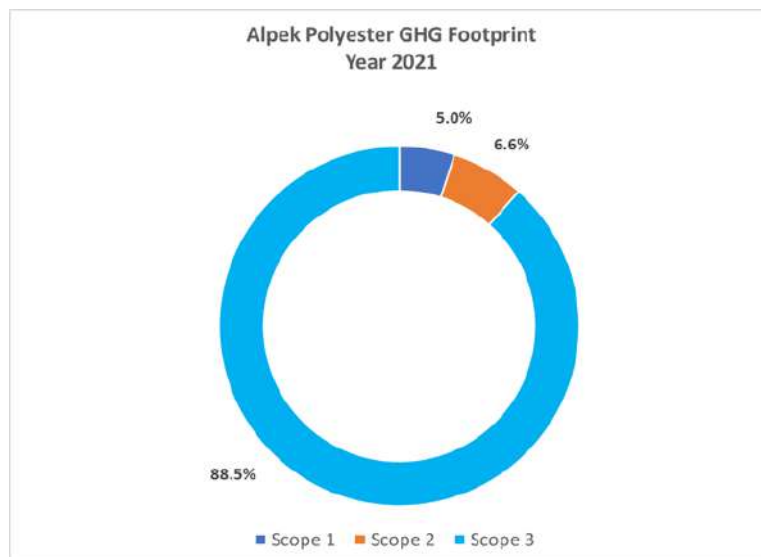
**Processing
of Sold
Products**

Physical data for total production was gathered across all geographical locations for Alpek Polyester per year. Total production was calculated per product (PTA, PET, rPET, and fibers) by multiplying against the total production capacity per product per geographical location. Emission factors for processing were calculated by subtracting cradle to gate emission factors from sold product emission factors. A variety of sources were used for emission factors including supplier-provided, industry LCAs (Franklin Associates), academic journals (Sim, J., 2017), and government datasets (DEFRA). GHG emissions were calculated by multiplying the emission factors for processing with annual production per product.

In completing a SCOPE 3 footprint, Alpek Polyester has taken the next step in hedging the risk of climate regulation.

One of the focus areas in our approach to decreasing SCOPE 3 emissions is the use of Recycled Polyethylene Terephthalate (rPET) due to the reduced emissions from using recycled PET compared to virgin PET. A total of 2.73 kg CO₂e / kg product is mitigated by using rPET based on the emission factors and results used in the SCOPE 3 baseline assessment.

Below chart shows how SCOPE 3 emissions compare to our SCOPE 1 and 2



Our 2030 GHG Ambition:

Columbia Site
Columbia, South Carolina



Alpek Polyester commits to:

Reduce SCOPE 1 and 2 GHG emissions 31.5% per tonne of product by 2030 from a 2020 base year, equivalent to a 25% absolute reduction.

Alpek Polyester also commits to reduce SCOPE 3 GHG emissions 20% per tonne of product within the same timeframe.

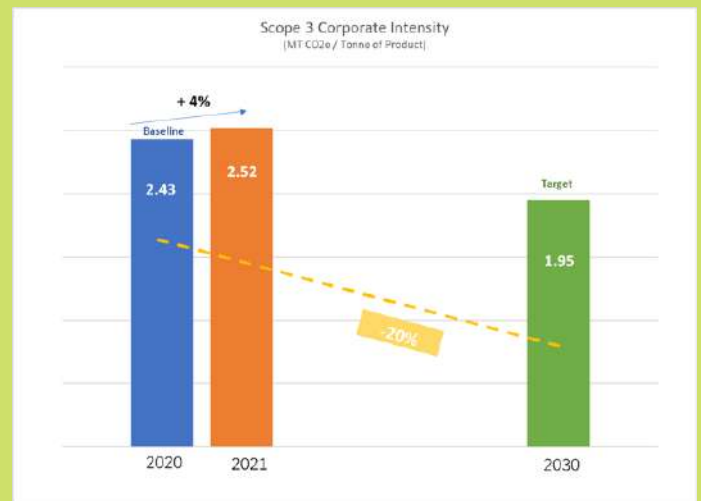
The latest climate science says that temperature increase must not exceed 1.5°C compared to pre-industrial levels if we are to avoid the most catastrophic effects of climate change. Reaching this goal requires that emissions fall by half by 2030 and that we reach net-zero emissions no later than 2050.

In addition to this legitimate call from our planet, stakeholder pressure has also been a critical driver for Alpek Polyester to consider setting an ambitious climate target in alignment with the global effort to keep a temperature increase well-below the two-degree threshold, a key goal of the Paris Agreement.

Our 2030 GHG Ambition: (cont'd)

We plan to submit and validate our target in 2022 through The Science Based Target Initiative (SBTi) which is a partnership between Carbon Disclosure Protocol, World Resources Institute (WRI), the World Wide Fund for Nature (WWF), and the United Nations Global Compact (UNGC) that promotes best practice in target setting, offers guidance and independently assesses and approves companies' targets.

Intensity progress from baseline:



Alpek polyester will carry on in 2022 identifying opportunities to improve efficiency across our operations, evaluating onsite conservation measures, fuel consumption reduction as well as looking into renewable energy choices that best adapt to our business needs which will allow us to reduce our SCOPE 1 and 2 emissions. An initiative called CO₂ Challenge it's starting in 2022, where a

multidisciplinary group lead by global technology team will be working closely with the manufacturing sites and engineers, seeking for GHG reduction opportunities.

In parallel, we will be refining strategies that help us tackle our value chain emissions, such as increase in the use of recycled PET, supplier engagement, etc.

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.

As part of our efforts to contribute to the international goal of reducing the consumption of fossil fuels,

we continuously work towards more efficient energy consumption and use, by optimizing and improving our processes, as well as by investing in alternative ways of energy sourcing.

Total Energy Consumed (GJ)

Source	2021 (GJ)
Natural gas and other fuels (Direct consumption)	11,418,958
Electricity and steam (Indirect consumption)	16,370,566
Total	27,789,524

2021	2020	2019
27,789,524	28,773,910	29,264,566

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

Alpek Polyester will strive to reduce water usage in areas that are experiencing volume driven water stress. Other reductions will be pursued where it makes business sense.

For instance, our Columbia site in South Carolina, with one of the highest water consumption rates, is following a regulatory-driven program that will likely reduce its water usage.

Additionally, we identified through a water risk assessment we conducted using the WRI Aqueduct tool, that our plant in Altamira, Mexico, has a baseline water stress due to the river basin it withdraws water from. Therefore, we have several projects in the planning stage to improve water consumption not only in Altamira, but also at our other sites in Mexico.



WATER IN K MEGALITERS	2021	2020	2019
Withdrawn	102.7	100.9	100.4
Discharged	85.9	85.3	88.3
Consumption	16.8	16.7	13.1
Produced water	1.0	1.1	1.0

Once these projects get implemented, we estimate to achieve a reduction between 10-20% by 2024 from a 2021 baseline. Meanwhile, our present goal is to reach at minimum an annual reduction on water usage for our Mexican sites between 2%-3% compared to 2021.

AXIS 3.

PEOPLE: EMPLOYEES AND COMMUNITIES

GRI Standard: 102-10.

Material aspect: Community Engagement.

At Alpek Polyester we understand that Diversity, Equity and Inclusion drives innovation and engagement.

We know that leveraging different perspectives, experiences, and backgrounds enriches our processes and ideas. To enable this, it's imperative that we continue to build an inclusive culture, where all employees feel that they belong and that they can bring their true self to work.

Our staff, in 2021, was distributed like this:

Country	Gender	2019	2020	2021
Argentina	Women	49	51	50
	Men	279	286	285
Argentina Total		328	337	335
Brazil	Women	139	140	140
	Men	417	413	420
Brazil Total		556	553	560
Canada	Women	17	17	17
	Men	54	52	53
Canada Total		71	69	70
USA	Women	242	244	225
	Men	1,072	1,104	1,059
USA Total		1,314	1,348	1,284
Mexico	Women	132	134	150
	Men	752	759	862
Mexico Total		884	893	1,012
United Kingdom	Women		14	17
	Men		85	85
United Kingdom Total			99	102
GRAND TOTAL		3,153	3,299	3,363

People

Age Group Demographics

Age Group	Gender	2019	2020	2021
<30	Women	155	172	89
	Men	631	688	364
1 Total		786	860	453
30<X<50	Women	298	307	384
	Men	1,296	1,334	1,604
2 Total		1,594	1,641	1,988
>50	Women	126	121	126
	Men	647	677	796
3 Total		773	798	922
GRAND TOTAL		3,153	3,299	3,363

Age Group	Gender	Argentina	Brazil	Canada	US	MX	UK	Total
<30	Women	6	9	1	34	39	0	89
	Men	18	14	4	156	152	20	364
30-50	Women	33	122	13	105	103	8	384
	Men	205	300	38	495	539	27	1,604
<50	Women	11	9	3	86	8	9	126
	Men	62	106	11	408	171	38	796
GRAND TOTAL								3,363

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 2021 we focused our efforts mainly on two things: to safeguard the health and integrity of our employees and maintain operational excellence to meet our Customer needs.

Since the COVID19 crisis was present, we had 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 16% in 2021.

Safety is a core value of Alpek Polyester. Our goal is to be at the top 10% of all companies from a Safety perspective by 2024. We ended 2021 in the top 25%. Although this is very good, we still have a lot of work to do to meet our objective. To accomplish this, we have a series of procedures and activities that ensure that people can work safely. In order to continue to improve the Safety in our workplace, Alpek Polyester has developed the "Road to Zero" safety plan. This plan focuses on working our safety culture by working on different aspects of our safety program. We also continued our routine programs such as safety focused high-performance work team discussions. These initiatives follow-up on safety issues and concerns. In addition to the quarterly safety and hygiene commission meetings, where staff from different areas address issues that may arise.

Various programs continued running:

In the UK we offer access to private medical care (company paid) which includes an EPA program as well as access to things like physio, counselling services etc as well as everyday medical expenses (optical & dental). Access to onsite occupational health services (includes annual medical & general health checks).

From a general wellbeing point of view we have an initiative called "Better Health at Work Award" which sees us having a calendar of events throughout the year that are directly connected with health and wellbeing.

USA has programs that promote wellbeing such as: Medical with Rx, Dental/Vision a Wellness Program, (EAP), and Health Advocacy KYN (Know Your Numbers) Wellness program. Weight Management, cancer awareness, mental health care (through an app called Total Brain) are other programs that promote employee health.

Through the NOM 035 standard and Orienta PAE (Employee Assistance Program) for Mexico, we offer legal, medical, psychological and other free counseling to our employees and their families.

In addition, Mexico has several campaigns that help employees create awareness on health topics.

Another example is Canada with programs such as: Telus Health: Online medical service 24 hours a day, 7 days a week, Manuvia - Vitality: A program that helps the individual to understand their health and motivates them to keep reaching their goals, Employee Assistance Program a 24/7 live chat with Homewood Health® experts and easy access to online content (e-learning, articles, videos, podcasts) customized to each user's profile and interests.

All of these programs amounted to more than US 15.8 million\$.



	2021	2020	2019
Total Injury Rate (Based on 200,000 mh)	0.48	0.69	0.85
Employee injury rate	0.54	0.69	1.09
Contractor injury rate	0.40	0.70	0.52
Number of incapacitating accidents (Total)	13	23	29
Employee LWCs	7	15	21
Contractor LWCs	6	8	8
Number of non-incapacitating accidents (Total)	17	16	26
Employee Other	12	9	19
Contractor Other	5	7	7
Lost days	659	1,072	1,294
Fatal accidents Total	0	0	0
Employee	0	0	0
Contractor	0	0	0

Advocating for our people

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 initiatives aim to:

1. Keep abreast of best practices for employees and improving growth opportunities through internal programs
2. Create an employee experience that supports people engagement, development programs and a positive working environment.
3. Be willing and prepared to respond quickly and efficiently to the requests of our employees and giving a personalized follow-up.

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 2021, despite continuing to work under adverse conditions, we continued to offer in Mexico The Niños de Excelencia (Excellent Children) program, where we recognized employee's children for having high grades in school.



In all countries, we provided training to all employees regarding our culture mindsets. More than 3,000 employees benefited from them. In addition, our leadership team participated in several workshops to support their understanding of our culture principles. In total, we had 8 workshops across the regions benefiting more than a 100 leaders.

In addition, our development programs continued in all countries. Employees trained in leadership and technical skills. Examples of these programs are: Next Generation (NEXT GEN), Leadership development programs (LDP), Front Line Leader Impact (FLI) and Engineering Forum.

Regarding the benefits and salaries we provide to our staff, these are established and granted according to the category of the employee and the activities to be performed in each job. Our non-unionized employees have benefits which may vary according to each country and local practices. Unionized employees have benefits according to the collective agreement.

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.

The hourly training in 2021 is shown below:

CATEGORY	2021	2020	2019
All employees (average)	19	10	24
Men	22	13.6	24.3
Women	22	10	21
Unionized	14	7.1	16.1
Non-unionized	19	13.3	25.8

Close to a million dollars US was invested in training and development in 2021, benefiting more than 3,000 employees.

Our main programs were aimed at:

- Leadership
- Safety
- Legal
- Culture
- Business Ethics
- Health and Human Rights
- CPR
- GDPR

Personal and Family Development

Technical training including:

- Quality
- Equipment Use
- Systems
- Technology
- Production Processes
- Maintenance

Scholarships

Also, we granted 12 scholarships for our employees to continue improving their skills in external institutions, which was something we encourage them to do every year.

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. 2021 was a year to help and stay connected to them. We were able to aid our communities by donating medical equipment to hospitals, food, school supplies, paint for schools, among other. We also participated in several events such as tournaments, food drives and cleaning parks in support of various causes.

Our Communities



In 2021, Alpek Polyester invested more than US \$100,000 in support of communities.

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:

COMMUNITY SAFETY	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. We get involved and coordinate with authorities such as town halls, civil protection and others.

MEXICO	Our team in Mexico made a significant donation of medical equipment to the Instituto Medico del Seguro Social (IMSS) in the community in Cosoleacaque, Veracruz and Altamira, Tamaulipas. In addition, they also donated paint and foils to local schools in Altamira.
UK	In the UK, we made a cash donation to a local mental health charity and another to a local food bank. Also to keep in touch with schools, we made a virtual visit of a local school to our plant.
UNITED STATES	In the US, we conducted many activities to support our communities and employees. For example, we did a drive thru for employees to drop off canned goods to the community. In our Site in Columbia, SC, we participated in a community advisory panel. Also, we supported school events, donated supplies, and participated in career fairs. We did several blood drives, participated in food banks and in several associations. Given that hospitals needed materials, we donated money to them. We also donated toys to children and sponsored sports events to support organizations, such as the Alzheimers Association or the local disabilities community.
ECO	We care greatly for the environment. With this in mind, we went to parks to clean up and promoted recycling among employees and communities.
EMPLOYEES	For our employees, we offered English lessons, Safety training and recognized employee's efforts. The President of the company, held a drive thru for employees to pick up an end of year gift.

AXIS 4.

**RESPONSIBLE ECONOMY
FOR ALL**



Economic Performance

Core business strategic action: Superior positioning with our customers
Sustainability model pillar: Marketplace

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.

Economic performance refers to our ability to operate a profitable business model for the long-term viability of the Company. Means working to secure our long-term economic growth while positively impacting the environment and society and meeting the expectations of all our stakeholders.

Any business must be financially sustainable. Solid economic performance puts us in a position to support our customers' own market expansion plans and provide them with growth opportunities through the use of our products.

CATEGORY	2021 (US Million)	2020 (US Million)	2019 (US Million)
Revenues	4,833	3,979	4,685
Capital investments	167	228.4	544
Operational expenses	4,427	3,626	3,626
Salaries	198.4	180.6	159
Benefits	62.8	60.2	64
Payments to governments	-0.01	0.051	0.059
Investments in the community	1.7	1.5	2
Economic value distributed	4,857	4,097	5,069
Economic value retained	-24	-118	-384

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.

We consider the direct impact of our own operations but also see ourselves as responsible for all activities related to our business throughout our value chain



Value Chain Emissions

As explained in more detail on a previous section of this report, during 2021 we pursued an assessment of our SCOPE 3 emissions, showing that one of the most significant impacts come from upstream activities which are related to suppliers. As well as another major source being a category related with the downstream processing of our sold products by our customers.

We recognize that future collaboration with suppliers and customers is therefore crucial to tackling reduction of Alpek Polyester SCOPE 3 emissions

CDP Disclosure:

Once again, we participated in the annual Climate Change and Water Security CDP questionnaires at the request of a number of customers, allowing us to showcase our increasing efforts in these two fronts.

Our Customers

In 2021, Alpek Polyester saw continued interest and focus by a number of investors and customers who expressed that the company's Environmental, Social and Governance-related performance mattered in their decision-making processes.

One of the processes we executed was a refresh of our Materiality Analysis to respond to their requests and data needs, as well as to identify new opportunities to collaborate with them.

Reinforcing the significant benefits of the circularity of PET in the marketplace is of great importance to the PET Industry as a whole and especially to our customers. We are committed to meeting the needs of our customers to deliver PET products with recycle content to meet the growing demands by customers who are striving to plan and meet these content commitments requested by consumers and developing state and federal policies. Many of these actions have an initial target of 25% recycle PET (rPET) content by 2025.

To achieve these goals, we have acquired a new state-of-the-art PET recycling facility in Reading, PA. The site has a bottle-to-flake and flake-to-pellet input capacity of 115,000 tons/yr and 40,000 tons/yr, respectively, making it one of the largest PET recycling facilities in the world. This capacity strengthens our ability to bring PET product circularity to customers



with bottle-to-bottle recycling. This further demonstrates the superior packaging and performance that PET brings to the table for having the lowest carbon footprint when compared to other packaging alternatives, such as aluminum and glass.

Our PET recycling infrastructure is growing at a rapid pace to ensure we continue our leadership as the largest rPET producer in the Americas.

These initiatives will allow us to continue being the best supply option for our customers. While generating sustainable value, also we continued to increase transparency by providing more recycling and sustainability information to our customers and investors who are requesting such data from us. These efforts have helped us to increase our ESG ratings internationally. This also has helped us to establish clear commitments we can fulfill and identify gaps we can strive to fill to establish more responsible operations.

As we continue to grow and comply with all the norms and ever-changing regulations of our industry, our work within cross-functional groups, including Technical Marketing, R&D, and Manufacturing continue to assess and expand our products' capabilities and understand and resolve any limitations. All

these actions combine to provide our customers with a product having a comprehensive safety assessment and the confidence that PET supplied from Alpek Polyester is the best packaging material and decision they can make.

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. About half of our procurement spending came from local suppliers in 2021.

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.

LOCATION	CHAMBER OR ASSOCIATION / Country	IS IT A STRATEGIC POSITION?
Sites located in North America (US and Canada)	The Recycling Partnership / US	Yes, we are Silver Funding Partners
	The Indiana Recycling Coalition / US	No
	Hancock County Chamber of Commerce /US	No
	NAPCOR (National Associate for PET Container Resources) / US & Canada	Yes, one of our directors participates as Vice President of the Association
	NCTO (National Council of Textile Organizations) / US	Yes, we are part of the Council
	PETRA (The PET Resin Association) / US & Canada	Yes, one of our directors participates as President of the Association
	CAPCA (Carolina Air Pollution Control) / US	Yes, we are part of the Council
	Mutuelle (a coalition of petrochemical companies that collaborate on issues of safety, insurance, health and the environment) / Canada	Funding and discount on insurance premiums and training
	Chamber of Commerce / Canada	Yes
	Montreal East Association / Canada	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.

Engaging to create value (cont'd)

GRI Standards: 102-12, 102-13.

Material aspect: Active ESG Risk Management. SDG 17: Partnerships for the goals.

LOCATION	CHAMBER OR ASSOCIATION / Country	IS IT A STRATEGIC POSITION?
Sites located in Central and South America	ANIQ (Asociación Nacional de la Industria Química) / Mexico	Yes
	AISTAC (Asociación de Industriales del Sur de Tamaulipas, A.C.) / Mexico	Yes
	CAINTRA (Cámara Nacional de la Industria de la Transformación / Argentina	Yes
	CAIP (Cámara Argentina de la Industria Plástica) / Argentina	Yes
	CAIRPLAS (Cámara Argentina de la Industria de Reciclados Plásticos)/ Argentina	Yes
Site located in the United Kingdom	British Plastics Federation / UK	Yes
	Chemical Industry Association / UK	Yes
	Committee of PET Manufacturers in Europe / UK	Yes
	Northeast England Chamber of Commerce / UK	Yes
	Northeast England Process Industry Cluster / UK	Yes
	PET Container Recycling – Europe / UK	Yes
	RECOUNP Plastics Recycling / UK	Yes

Awards and Certifications

PLANT OR FACILITY	AWARD OR CERTIFICATION	GRANTED BY	COUNTRY
Alpek Polyester Mexico and Brazil	Industria Limpia (Clean Industry)	PROFEPA (Procuraduría Federal de Protección Ambiental)	Mexico
	ISO 14001:2015	AENOR (Asociación Española de Certificación y Normalización)	Mexico
	ISO 9001:2015	AENOR (Asociación Española de Certificación y Normalización)	Mexico
	BRC6 – Food Safety Standard (Resins)	DQS	Mexico
	PASST – Self-management Health & Safety Certificate	STPS (Secretaría del Trabajo y Previsión Social)	Mexico
	ISO 14001:2015	Bureau Veritas Certification (BVC)	Brazil
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 Site – NCDOL Silver Award	NCDOL	USA
	Mundy Safety Award – 15 Years w/o OSHA Recordable Injury (Cedar Creek Site)	The Mundy Company	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 – (During 2021 improved step from Continuing Excellence to maintaining Excellence)	TUC and North East and Cumbria Councils	UK

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