

COMUNICACION ON PROGRESS (COP)

25th May 2022

To our stakeholders:

I am pleased to confirm that Valgroup reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Stefano Salim Geronimi

CEO

1. Company Profile

Valgroup started operations in 1976 in the city of Lorena, state of Sao Paulo, Brazil, and has become one of the world's leading plastic packaging manufacturers and recyclers by revenue and production. Valgroup offers major consumer goods companies a wide range of sustainable packaging solutions based on both ground-breaking and proven technologies which include polyethylene terephthalate (PET) bottles with post-consumer recycled resin (PCR PET also known as rPET), recycled polyethylene resin (rPE), recycled polypropylene resin (rPP), stretch film, collation shrink wrap, barrier films, recycle-ready packaging, BOPP/laminated films, flow packs, sachets, stand-up pouches, labels, specialty films (ie adhesive, building and construction, inclusion wrap, release film, sealant web and trench coat), lids, caps, closure systems, high density polyethylene (HDPE) containers (bottles, pots, gallons, etc), coreless and pre-stretched technologies, masterbatches, additives, et cetera. The Group has over 5,000 employees and 36 plants located in Brazil, Mexico, Uruguay, Spain and the US. Annually, Valgroup recycles roughly 130.000 tonnes of plastic waste. Over the last 46 years, Valgroup's operations have been growing exponentially thanks to a strong management system, efficient decision-making process and solid corporate governance. The Group has a well-diversified client portfolio which includes major consumer-packaged-goods companies and retailers, and its supplier base includes large petrochemical companies as well as organisations in the waste management sector.

Valgroup, a private limited company, has shown robust organic growth thanks to financial discipline, streamlined operations, and an efficient and lean structure with a strong management system which underpins a very effective decision-making process. Valgroup has always been at the forefront of developing groundbreaking solutions to optimize operations, reduce consumption, set up new and more efficient recycling plants, reduce GHG emissions, produce circular materials, and generate energy using renewable sources.

2. Our Purpose

To improve quality of life by developing innovative and sustainable packaging solutions, optimizing resources, and supporting the circular economy of plastics.

3. Our Vision

To lead the plastic packaging market in the Americas through sustainable innovation, being recognized as a leader in the circular economy.

4. Our Values

Sustainability is in our DNA and we will lead the transformation of our market toward a sustainable industry.

We **respect** all of our **relationships**: not only among employees, but also with customers and suppliers. Together we are able to achieve the breakthroughs that we seek to bring to our industry.

The search for **innovation** is incessant. We innovate in products, processes, equipment, and services.

We are big because we are simple. And we make a point of continuing to grow while keeping it **simple**.

We are intensely **dedicated** to our **people**: we seek satisfaction, continuous development, and the engagement of our employees.

We grew up being recognized for our **agility** and, regardless of our size, we cannot give it up.

We work with a **sense of belonging**. We all feel we are owners of a company and of a cause.

5. Sustainability

It is our main business focus and is fully integrated into our initiatives to support the development of an efficient circular economy, in which plastics never become waste.

To this end, we have made commitments to the environment and society, and we act in an ethical and transparent manner

5.1. Human Rights

Assessment, policy and goals

Valgroup is committed to respecting the rights and dignity of all people when conducting business. Valgroup respects internationally recognized human rights as set out in the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Valgroup's operating management system contains guidance on respecting the rights of workers and community members.

Implementation

Valgroup aligns its business processes with the UN Guiding Principles, which set out how companies should prevent, address and remedy human rights impacts. In addition, Valgroup sponsors several social projects that directly contribute to the community.

Measurement of outcomes

Valgroup has ensured that workers have been provided safe, suitable and sanitary work facilities, protected from workplace harassment, including physical, verbal, sexual or psychological harassment, abuse or threats. Moreover, Valgroup has taken measures to eliminate ingredients, designs, defects or side-effects that could harm or threaten human life and health during manufacturing, usage or disposal of products. Throughout the pandemic, Valgroup has adopted the best and safest infection prevention and control strategies – including

working-from-home schemes – based on a thorough workplace hazard assessment, using appropriate combinations of engineering and administrative controls, safe work practices, and personal protective equipment (PPE) to prevent worker exposures.

5.2. Labour

Assessment, policy and goals

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Implementation

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Measurement of outcomes

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5.3. Environment

Assessment, policy and goals

Valgroup avoids environmental damage via regular maintenance of production processes and environmental protection system including, waste, water and effluent management. In addition, Valgroup has procedures to prevent and address accidents affecting the environment and human health.

Valgroup has made a public commitment to achieve carbon neutrality by 2040, use 100% clean renewable energy by 2030 and recycle 100% of the equivalent volume of packaging produced by 2040.

Implementation

Valgroup has strategies and procedures to minimize the use and ensure safe handling and storage of chemical and other dangerous substances.

Valgroup also invests in innovations to reduce the impact of products, supporting the development of a low-carbon and circular economy. In addition, Valgroup is developing a carbon inventory to map and develop decarbonization strategies and manage the data.

Measurement of outcomes

Valgroup has large-scale recycling plants and disruptive technologies such as mechanical recycling, Bottle-to-Bottle, Chemical Recycling (pyrolysis), mixed-waste processing facilities, packaging design optimization, Load Test Center, Valtrac, renewable resources, solvent recycling plant, renewable energy. Valgroup complies with the ISO 9000 and 14000 series, including ISO 14020 and ISO 14021. We make our best efforts to ensure that our claims are in line with these standards and supported by solid scientific evidence.

5.4. Anti-Corruption

Assessment, policy and goals

Valgroup does not admit any kind of corruption. For this reason, employees who have any kind of relationship with suppliers may not require personal advantages, such as payments, gifts, gratuities, gifts or other value benefits in exchange for advantages, preferences, information or any form of supplier assistance that puts the supplier at a competitive advantage over competitors.

Likewise, Valgroup does not allow any kind of payment, gift, bonus or other value benefits to customers in exchange for competitive advantage. Also in this context, payment, gift, bonus or any other kind of value benefit is not allowed for government officials in exchange for advantage or any kind of facility in favor of Valgroup.

Implementation

Valgroup has committed to implementing a Robust Compliance Program so that our performance is of a high standard of conduct, consistent with the segment in which we operate and consistent with our values and purposes.

Therefore, in our Code of Ethics and Conduct, our guidelines, including on corruption, implement an Ethics Channel and establish Ethics Committees for analysis and handling of reports.

Measurement of outcomes

Throughout the 2020/2021 cycle, we have not received complaints/complaints through the Ethics Channel about corruption practices or compliance deviations. We also do not experience experiences of direct risks of corruption.

6. ESG Goals

6.1. Environment (E)

Our planet is close to being home to 8 billion people. They are people of different beliefs, races, histories and challenges, but connected by the search for happiness and their place in the world.

To meet the needs and desires of all these people, the exploitation of natural resources continues, but this comes at a cost: the impacts to the environment caused by human activity within a linear economy have become increasingly evident. Therefore, Valgroup seeks to raise awareness about the importance of the circular economy and to inspire its stakeholders with this change.

Carbon Neutrality by 2040

According to the United Nations (UN), climate change caused by human activities will result in significant changes in the living conditions for most species on the planet, such as mass migrations caused by the increase in temperature in some regions, desertification of areas currently prosperous, and flooding of coastal areas.

Given this scenario, Valgroup understands that we need to change and significantly reduce emissions of the main gases responsible for the greenhouse effect, such as carbon dioxide.

To this end, we have set ambitious goals:

- Operate with 50% clean and renewable energy by 2025 and 100% by 2030;
- Achieve neutrality by 2040.

Recycling 100% of the volume produced by 2040

According to the report issued by the Ellen MacArthur foundation in 2016, we risk reaching the staggering number of 1.1 million tons of plastic in the oceans by 2050, which would mean there is more of this type of material than fish in these ecosystems.

The development of the circular economy, the consequent increase in recycling capacity, and people's awareness of the importance of responsible consumption and proper disposal of waste are the way to urgently reverse this scenario.

To reaffirm its commitment to the environment and prevent this prediction from coming true, Valgroup, which is, nowadays, one of the largest plastic recyclers in the world, has set as a goal of the expansion of mechanical recycling and the development of advanced (chemical) recycling.

6.2. Social (S)

The growing concern and engagement of consumers and investors in relation to social problems has brought changes to the dynamics of company management.

Today, companies are expected to fulfill their social role in the communities where they operate and contribute to building a better world.

To support this important pillar of a sustainable future, Valgroup has established guidelines to promote social development, seeking to reduce inequalities and increase the access of vulnerable populations to basic rights and services, such as education, health, and culture, in addition to defending diversity, inclusion, and human rights.

Contribute to the eradication of hunger

Carrying out and/or supporting food distribution actions for vulnerable families.

Supporting quality education for vulnerable children and young people

By encouraging social institutions or projects that operate in the communities where we operate, aiming to improve access to quality education for vulnerable young people and children.

Carrying out and/or encouraging actions that promote culture and education for vulnerable children and young people.

Acting for the respect of human rights

Doing our part to ensure that no link in our supply chain operates with child labor or in conditions related to slavery.

Supporting diversity and inclusion through the fair offer of opportunities

Working with specialized employment agencies to include diversity in our selection processes.

Creating channels and mechanisms to address, investigate, and punish cases of discrimination of any kind.

6.3. Governance (G)

Governance is the G in the acronym ESG, that paves the way for the strengthening of the company's culture and the control of internal processes.

It is through good governance that organizations maintain their responsibility, ethics, and compliance, avoiding unfair practices, inappropriate postures, fraud, and even corruption.

To this end, Valgroup has implemented a strict Code of Ethics and Conduct, with the ethical principles that guide our actions and conduct commitments, in addition to a Compliance Program that aims to ensure integrity, transparency, risk mitigation and credibility, in accordance with the best global practices and respect for the law, contributing to the sustainability of the business.

Acting in accordance with the best international governance practices

Optimizing internal processes and control to improve business management and economic-financial, operational, people, social and environmental indicators.

Systematizing internal audits as an independent, objective and safe activity, in order to improve the evaluation and management of control risks and governance processes.

Ensuring the high standard of our products, services, and customer service for the internal and external markets.

Acting in compliance with the Global Ethics and Compliance Program

Disseminating the culture of compliance and adhering to ethical principles, standards of conduct, and applicable obligations.

Implementing the measures set forth in our Code of Ethics and Conduct.

Coordinating the Reporting Channel and the Ethics Committee meetings.

Carrying out the continuous training of employees and disseminating the program to all stakeholders, in order to disseminate corporate culture.

7. UN SDGs

Valgroup aims to work together with all stakeholders including leading organizations, companies, governments, universities, NGOs and civil society towards a better world for this and future generations in line with the UN SDGs, paving the way towards a truly circular economy, in which plastics will never become waste. Moreover, Valgroup strives to raise living standards, quality of life and make a positive contribution to communities and the environment. Valgroup's projects, initiatives and innovations help create a better, more sustainable future, supporting the following UN SDGs:

Goal 1: End poverty in all its forms everywhere.

Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

Goal 3: Ensure healthy lives and promote well-being for all at all ages.

Goal 4: Ensure inclusive and equitable quality education and promote lifelong opportunities for all.

Goal 5: Achieve gender equality and empower all women and girls.

Goal 6: Ensure availability and sustainable management of water and sanitation for all.

Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all.

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

Goal 10: Reduce inequality within and among countries.

Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable.

Goal 12: Ensure sustainable consumption and production patterns.

Goal 13: Take urgent action to combat climate change and its impacts.

Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity.

Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Goal 17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.



These activities support communities through the creation and maintenance of resilient infrastructure and improved resource efficiency in line of the UN SDGs and principles of sustainable economic development.

