

2018 WAS THE YEAR WE BEGAN TO SOW, AND WE HOPE TO START
REAPING WHAT WE HAVE SOWN VERY SOON

SUSTAINABILITY REPORT 2018



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AT GRUPO PLASTILENE ARE
COMMITTED TO PROMOTING THE
CORRECT HANDLING OF EXPLOITABLE
WASTE AND TAKING ACTION TO
CORRECT THE HARM THAT HUMANS
HAVE CAUSED

Welcoming message

2018 was an interesting year for us, a year of big changes both within the organization and outside it. We identified many threats to plastic but, above all, many great opportunities for our industry that have helped us to revise and redefine our strategy and direction. 2018 will be remembered as the year of the great transition, when our actions and our contributions were directed toward the goal of guaranteeing the wellbeing of future generations.

We live in a complex, demanding world where things are changing more quickly by the day and the effects on our business model are ever greater. Every action has an effect that would have been hard to imagine even just a few years ago. We view this as a big opportunity.

In our work at Plastilene, we have a simple but effective concept: to produce the best and most efficient packaging solutions while making the best use possible of resources, but without compromising the wellbeing of future generations. This brings with it big challenges in terms of conserving the planet's resources, caring for its ecosystems, and reducing inequality and social injustice. Society is also exerting great pressure on plastic, due to its presence in rivers and oceans and the impact it has on marine life. We know it will not be easy to resolve all these issues, but this only makes the challenge even greater, the motivation even stronger.

Somebody asked me what sustainability is and what contribution we at Plastilene are making. When I answered, I realized that sustainability has been in our DNA for more than 20 years, since we began to recycle our materials and implemented projects to minimize the use of energy, water and solvents. We also improved packaging, taking into account that it should be harmless and recyclable, should protect the product it contains, and should reduce the raw materials used, to mention just a few examples. Despite all this, 2018 made us aware of the importance of committing ourselves to the circular economy, together with our partners in our value chain, if we are to ensure the continuity of our companies. Boosting the use of recycled materials, working internally towards becoming a carbon-neutral company and having criteria to maximize the benefits of our products, based on the Life Cycle Analysis, have become priority issues.

It fills us with great pride to say that just 18 months after launching this initiative, we are now regional leaders and have become a benchmark for many of our customers. We joined the Sustainable Packaging Coalition in early 2018 and were chosen as finalists for the SPC Innovation Award in the Innovation in Design Optimization category (eco-design). We have various eco-packaging developments accredited in our Latin American, United States, Mexican and Canadian markets (packaging with controlled densities, lower calibers, recyclable multiple sheets and layers, and also the replacement of non-recyclable materials). We know we are just starting out and that the road is long, but we are proud of what we have achieved so far.

Our social responsibility with our personnel and with society is a priority in the Group. We have launched programs to ensure that all our personnel can have a decent home of their own, as well as educational programs and others aimed at improving access to health services. We work with foundations that actively help the neediest families and children. In 2018 we joined projects to build school classrooms and improve homes using recycled plastic bricks. We have promoted and supported recyclers and waste collectors and we work with many of them, who provide us with recycled materials or recycle some of our products, such as PET sheet for foods and agriculture.

It is painful to see how plastic has been demonized in the media. We know it affects ecosystems when it is not disposed of properly, and this is why we at Grupo Plastilene are committed to promoting the correct handling of exploitable waste and taking action to correct the harm that humans have caused. It is true that plastic takes a long time to degrade, although this is also its main strength, because it can be put to many uses for many years. I always make the following comparison, because I believe that plastic does not contaminate, but rather dirties, when it is not disposed of well. Dust dirties, and dust can be cleaned. The same is true for plastic; if our rivers and seas are dirty with plastic, what we should do is clean them and prevent waste from being dumped in them irresponsibly.

We view the future with great optimism; we see a middle class that is growing and a continual reduction in distress and poverty. Plastic is, and should continue to be, a big player in this transformation and we will be there, ready and active, accompanying the change.

2018 was the year we began to sow, and we hope to start reaping what we have sown very soon. We are convinced that our products are playing a leading role in this transformation and that they should continue to do so. We now share with you this, our first, sustainability report.

Stefano Pacini
Chair of the Board (COB)

2018 WAS THE YEAR WE BEGAN TO SOW, AND WE HOPE TO START
REAPING WHAT WE HAVE SOWN VERY SOON

SUSTAINABILITY REPORT 2018

Letter from Don Antonio

Back in the sixties, the Colombian economy was based principally on agriculture, exports were minimal and were mainly of coffee, and Colombia was considered to be a developing country. It was then that Grupo Plastilene came into being, with a clear vision of the importance of products derived from plastic raw materials and the country's packaging needs for foodstuffs.

Plastilene imported one of the earliest machines for transforming resins into films. The decision led to the creation of new jobs and partly replaced imports of cellophane, mainly from France, by various printing companies. Those very same companies were our first customers, who were grateful to have a Colombian raw material and thus not have to purchase foreign exchange and go through complicated but unavoidable import procedures.

We realized that those customers would later go on to copy us and produce their own films, and we therefore needed to always be one step ahead of them. It was like that at the start, and it has been the same ever since.

In the late seventies, Colombia decided that the climate in some parts of the country was suitable for growing flowers, and it therefore began to export cut flowers during the northern hemisphere winter. The greenhouses that were used for growing those flowers were covered with costly and very fragile panes of glass. We never hesitated, and we imported expensive, modern equipment to produce a wide roofing film; we were therefore able to offer flower growers a very important service, and our customers became our friends.

In the eighties and nineties, the need arose to pack liquid products, especially drinks, milk, water, etc., and once again we were the first to acquire the necessary technical equipment for doing this.

We appreciated that exports were important and necessary, and after our initial experiences we decided to open a factory in Ecuador and, later, another one, in Guatemala.

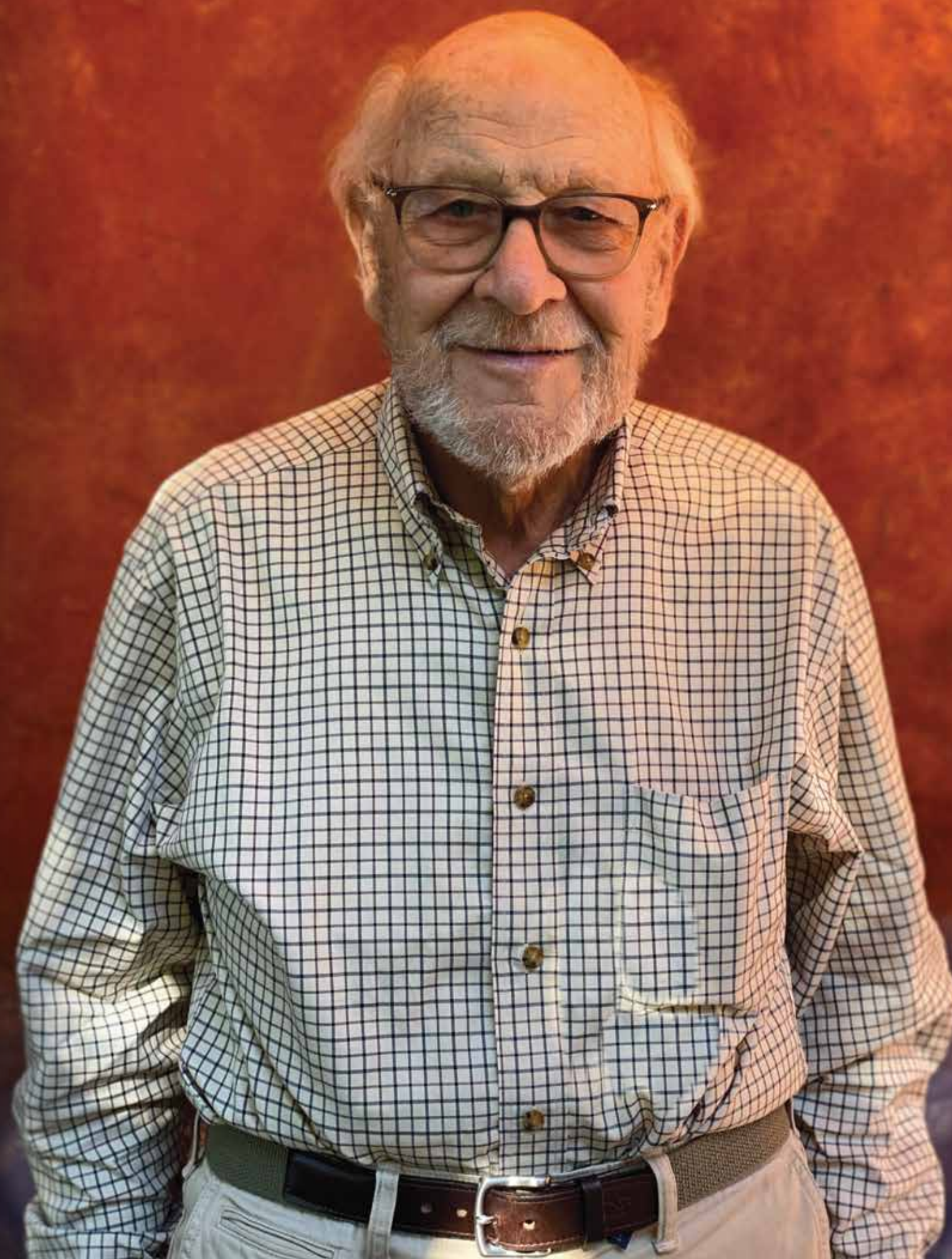
By the time we entered the new century, the Group was in the hands of a more professional and technically up-to-date new generation. In just a few years we have renewed all our machinery, replacing it with more modern technology, succeeded in implementing high-quality SAP, and built new plants of our own in Guatemala, and in Tocancipá and the Mosquera foreign trade zone, in Cundinamarca.

Ever since the start we have taken charge of our waste. We have a plant specifically for this purpose and we recover all our waste in Colombia; we even provide this service for other important factories, some of them our competitors.

Summarizing our history has been no easy task, and it could not have been completed without teamwork. "Machines are bought, banks loan the money, but the human element has to be loved by the company, they have to grow hand in hand". And that is how it has been so far.

Executives, employees and workers, we view them all as part of the family.

Antonio Pacini
Founder



About the report

This report is the result of a transparency exercise that was carried out in 2018 on the management of environmental, social and economic issues that are most relevant to Grupo Plastilene and its stakeholders. It also ratifies the Grupo Plastilene commitment to the principles expressed in the Global Compact, the 2030 Agenda, and the Sustainable Development Goals.

Report frequency and framework

(GRI 102-50), (GRI 102-51), (GRI 102-52) (GRI 102-54) This is the first sustainability report that Grupo Plastilene has produced. It has been drawn up in accordance with Global Reporting Initiative (GRI) Standards and covers the period from January 1 to December 31, 2018. It will have an annual frequency in future, with a view to providing interest groups with fuller information about the company's ability to create value

(GRI 102-55) The GRI Content Index will be found in the attachments to this report.

Materiality and interest group participation

(GRI 102-47) This report focuses mainly on issues identified as relevant in the materiality analysis conducted by Grupo Plastilene in 2018 and the process involved in this, and the results will be found in the Materiality chapter (see page 17).

The following priority material issues were identified.

1. Strengthening scientific and technological capability in order to progress towards more sustainable consumption and production modalities.
2. Sustainable packaging management for customers from the design, production, disposal and recycling stages.
3. Greenhouse gas management, by seeking actions which focus on

the efficient use of natural resources, especially energy consumption and reduction of the carbon footprint, as a contribution to mitigating climate change.

4. Plastic waste management in the value chain.
5. Reducing waste through prevention, reduction, recycling and reuse activities within Grupo Plastilene.

The active involvement of interest groups in the materiality analysis was key to prioritizing relevant issues (see page 21).

THIS REPORT RATIFIES THE GRUPO PLASTILENE COMMITMENT TO THE PRINCIPLES EXPRESSED IN THE GLOBAL COMPACT, THE 2030 AGENDA, AND THE SUSTAINABLE DEVELOPMENT GOALS



Coverage

(GRI 102-45), (GRI 102-46), (GRI 102-49) This report takes into account the Grupo Plastilene management approach, performance and principal results, and provides relevant information about the business in Latin America of its eight companies: Plastilene, Novalene, Altalene, Interplast, Vinipack and Reciclene in Colombia, Agroplásticos in Ecuador, and Technofilms in Guatemala.

As of 2019, Interplast, which is located in the Bogotá Free Zone and recently joined the Business Group, will be part of the Corporate Sustainable Innovation Strategy.

Indicator coverage is specified throughout this document; in other words, whether it relates to a (consolidated) Grupo Plastilene indicator or to each individual Company or business.

Figures in the management report are stated in accordance with International Financial Reporting Standards (IFRS), in colombian pesos and US dollars at a representative market exchange rate of COP 2,984.

(GRI 102-32) In order to check the reliability of the financial informa-

tion reported, Grupo Plastilene submitted it beforehand to an audit by an independent third party, the firm BDO, in its capacity as the company's Fiscal Auditor. Corporate Procurement and Sustainability Management, together with the Group's COB, reviewed and approved the content and guaranteed that all material issues were covered.

Since this report is the first by Grupo Plastilene, it only includes information relating to 2018. Subsequent reports will include historical data, thus enabling performance to be evaluated over time

(GRI 102-48). Future reports will include a re-statement of information relating to mergers or acquisitions, base year changes, nature of business or measurement methods.

The content of this report is complemented with public information about Grupo Plastilene, which will be found at <http://www.plastilene.net>

Consultations

(GRI 102-53) This document is published on the following website: <http://www.plastilene.net>

Should you have any query about its content, please contact:

Ricardo Estrada Lizcano, Corporate Procurement and Sustainability Manager, at restrada@plastilene.net or

Luisa Fernanda Ribero P., Head of Corporate Sustainability, at Lribero@plastilene.net.

(GRI 102-56) This report is not being submitted to external verification by a third party. However, the financial information reported has been duly verified by the Group's Fiscal Auditor.

1.

GROUP PROFILE

1.1.

About us

(GRI 102-1) Grupo Plastilene is a group of companies engaged in the manufacture of flexible plastic films for packaging and other uses, principally in polyethylene. It also uses such materials as polypropylene, PET, functional resins and engineering resins, among other raw materials. Based on the manufacture of inks, compounds and raw materials from recovered products, plus the acquisition of new resins, it makes final products using extrusion, printing, cutting, lamination, bagging, thermoforming and tubing processes. The Group is vertically integrated, and in 2015 it decided to have a matrix-type organization. It accordingly has Corporate Manage-

ments for the functional administration of the Operations, Logistics and Systems, Finance, and Procurement and Sustainability areas, and individual Company Managements, which are mainly responsible for administering results, marketing products, and meeting legal requirements.

(GRI 102-3) (GRI 102-4)

Plants are located in Colombia, Ecuador and Guatemala, and Grupo Plastilene corporate offices are in the city of Bogotá (Colombia). It has commercial offices in the USA, Canada and Mexico, and the Group has commercial representatives in Peru and Chile.



TechnoFilms, S.A.



AGROPLASTICOS S.A.



The main markets served by Grupo Plastilene are:

- Agricultural products
- Packaging
- Masterbatch and compounds
- Beverages
- Cosmetics
- Household / cleaning
- Personal care
- Pets
- Chemicals / agrochemicals
- Trade / packaging
- Oils and margarines
- Hygiene
- Dry foodstuffs
- Dairy produce and derivatives
- Coffee
- Mattresses
- Frozen foods
- Fruit and vegetables
- Confectionery / cookies
- Geo-membranes
- Pharmaceuticals
- Industrial packaging
- Sauces and condiments
- Meat / poultry and fish products
- Labels and heat-shrinkable sleeves
- Products made from recycled materials

At December 31, 2018, the Group had 864 staff

| | PLASTILENE | NOVALENE | ALTALENE | VINIPACK | RECICLENE | INTERPLAST | AGROPLÁSTICOS | TECHNOFILMS |
|-----------|------------|----------|----------|----------|-----------|------------|---------------|-------------|
| Payroll | 425 | 31 | 80 | 38 | 49 | 9 | 25 | 141 |
| Temporary | 28 | 0 | 8 | 10 | 0 | 0 | 0 | 20 |
| TOTAL | 453 | 31 | 88 | 48 | 49 | 9 | 25 | 161 |



More than 53,000 tonnes sold (40,300 Colombia, 9,700 Guatemala, 3,300 Ecuador)



ISO 9001:2015 Quality Management Certifications (Plastilene, Novalene, Vinipack, Altalene, Interplast, Technofilms), Harmlessness under FSSC 22000 (Technofilms) and ISO 22000 (Plastilene, Novalene) schemes.



Exports to 21 countries in the region

GROUP PROFILE - Our philosophy

1.2.

Our philosophy

(GRI 102-16) Work within the Group is based on four values, promoted by the COB and executives. Corporate Human Administration Management carries these out and informs all personnel thereof in the induction process and throughout their professional career in the companies.

- **Respect**
- **Solidarity**
- **Honesty**
- **Excellence** (doing things well from the start)

(GRI 102-25) With a view to unifying and reinforcing good practices in order to meet the highest moral and professional standards, Grupo Plastilene has a **Code of Ethics**. This fosters a culture of transparency and legality in relations with customers, suppliers, and society in general. The Code of Ethics establishes guidelines for avoiding conflicts of interest among personnel.

Grupo Plastilene also has an **Anti-corruption Policy**, the purpose of which is to commit personnel at all the companies to comply with applicable anticorruption laws and to defend the principles of ethics, legality, respect, justice, fairness, honesty and responsibility. The Group's Top Management promotes "Zero Tolerance" throughout the organization with respect to any conduct that might be construed as bribery or which might otherwise be considered corrupt, via its Corporate Managers and the Internal Audit area.

The following issues are dealt with in the anticorruption policy:

- A total ban on any form of bribery.
- Follow Colombian anticorruption statute.
- Eliminate conflicts of interest.
- Sanctions for failing to adhere to the anticorruption policy.

At sector level, the contributions made to mankind by the plastics industry are recognized, as are the benefits of plastic in many applica-

tions where it is used. The Group focuses every day on offering its customers the best options while minimizing environmental impacts to the greatest extent possible, through exhaustive work at each of its companies and with the full support and leadership of the Sustainability and Research and Development areas.

(GRI 102-16) The Group strategy is centered on three principal aspects:

- Being strategic suppliers in the region, with participation and operations in South, Central and North America.
- Being the best supplier of films, sheets and packaging, thus consolidating its position as an innovative company with advanced and environment-friendly solutions.
- Investing in human management, thereby guaranteeing the best group of staff and the highest level of knowledge and commitment.



GROUP PROFILE - Overall risk management and principal business risks

1.3.

Overall risk management and principal business risks

(GRI 102-15) The companies which have ISO 9001:2015 certification (Plastilene, Novalene, Vinipack, Altalene, Interplast and Technofilms) have risk management programs and transverse opportunities from strategic planning to operating processes. Additionally, the companies which do not hold that certification use internal risk management methodologies.

The risk management process is based on determining the context

of the organization, and from there the risk or opportunity is appraised and then dealt with. The control actions established are continually monitored and reviewed, and there are permanent internal and external communication and consultation channels.

Grupo Plastilene used the Aon Risk Maturity Index as a tool for identifying and evaluating risky practices in the organization and obtaining a Risk Management Maturity rating.

GRUPO PLASTILENE USED THE AON RISK MATURITY INDEX AS A TOOL FOR IDENTIFYING AND EVALUATING RISKY PRACTICES IN THE ORGANIZATION

The Group was placed at the Basic to Defined level on the maturity scale. The evaluation is obtained for each of the following ten risk management maturity characteristics:

1. Understanding of, and commitment by Management to, risk management as a critical and value-added factor in decision-making.
2. A senior executive leader who directs and supports the process and development of managing the most important risks.
3. Transparency in statements relating to risks.
4. A risk culture which fosters full commitment and responsibility at all levels of the company.
5. Identification of existing and emerging risks through the use of internal and external information and data.
6. Participation by interested parties in developing risk management strategies and drawing up policies.
7. Gathering of operational and financial risk information and formal incorporation of this into governance and decision-making processes.
8. Integration of risk management findings into human processes for obtaining a sustainable business performance.
9. Use of sophisticated measurement methods for understanding risks and demonstrating added value through risk management.
10. A transition from focusing on preventing and mitigating risks to championing risk management options that offer value.



1.4.

Governance bodies

**(GRI 102-18)
(GRI 102-26) (GRI 102-30)**

The Annual Board Meeting of each Grupo Plastilene company is the highest strategic governing body, and this accordingly adopts a general and consolidated vision of all Group business and seeks to identify global trends. This assembly meets annually. **(GRI 102-28)**. There is currently no external or self-evaluation of this group.

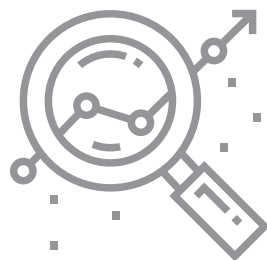
If critical issues arise in the companies, the legal representatives summon extraordinary meetings. **(GRI 102-33). (GRI 102-34)**. A total of 21 Assemblies of Partners were held in 2018 in the Group as a whole.

(GRI 102-19). Members of the Assembly of Partners delegate their authority to boards of directors and legal representatives on environmental, social and economic matters. Similarly, bearing in mind the functions of each of the corporate managements (Operations, Finance, Procurement and Sustainability, Logistics and Systems, Welfare and Human Management), these assume responsibility on matters that relate to them.

(GRI 102-27). The Assembly of Partners frequently receives training in business management and managerial strategies matters in each area of business. The most recent updates related to internationaliza-

tion strategies and sustainability models.

Each company has a **Board of Directors**, which endorses decisions that require its approval. Boards of Directors meet twice per year to review results and draw up plans of action so that decisions can be made in each company. A total of 21 board meetings were held in Colombia in 2018, while critical issues in companies abroad were dealt with by the respective **Assemblies of Partners**.



BOARD OF DIRECTORS



MANAGERIAL SUSTAINABILITY COMMITTEE

**(GRI 102-20)(GRI 102-26) (GRI 102-29)
(GRI 102-30) (GRI 102-31)**

Grupo Plastilene has a Managerial Sustainability Committee, which is chaired by the COB and meets every two months. It is headed by Corporate Procurement and Sustainability Management, and it reviews corporate progress on environmental, social and economic matters in each management line in terms of the sustainability strategy.

The Managerial Sustainability Committee identifies and manages environmental, social and economic risks and impacts relating to the sustainability strategy, and presents these to the boards of directors, when so requested.



2.

OUR SUSTAINABILITY COMMITMENT

Sustainable vision

The road to sustainability has been very different from the path we were accustomed to following, because although social and environmental awareness and economic development have been ever-present as Grupo Plastilene business has grown, it was economic matters that drove the company forward in its quest to first generate development and then, subsequently, have a positive impact on society and the environment.

Now we focus on the essence of conducting sustainable business, conscious of the need to contribute in a balanced manner to the wellbeing of society, the environment, and the company. We identified corporate fundamentals and motivations as we devised the Sustainable Innovation strategy transversally, with all functional areas of all Group companies and interest groups participating.

We drew up the sustainability policy in the general context of international global guidelines like the UN Sustainable Development Goals (SDG), Global Compact principles, and specific guidelines for the industry such as the Ellen McArthur foundation's 'The New Plastics Economy'.

We designed a structure where where new expertise and different skills for an industrial group are brought in, to complement the vision and the actions that would be taken in order to bring the objectives to fruition.

It was with great enthusiasm and some uncertainty that we began this transition with a group of people who were eager to contribute and to set the Group on the path to sustainability; on occasions we were unclear as to what this meant or how it would be applied in everyday practice, and at other times superimposed actions in an effort to cover more than we could execute, but we were always convinced that we were heading in the right direction. On various occasions we have been pleasantly surprised by staff expressing an interest in getting directly involved in implementing the Sustainable Innovation strategy, even though they realize that it will imply more work for them. These expressions of support and of commitment to the Group and to sustainability help us tremendously to be motivated, to never lower our guard, and to step up our efforts to achieve our goals earlier than planned.

OUR SUSTAINABILITY COMMITMENT - Sustainable vision

We have now incorporated concepts like Circular Economy, Eco-design, Closing the Loop, Life Cycle Analysis, Carbon Neutral, Sustainability Report, Global Reporting Initiative (GRI) Methodology, etc. into our daily life. The decision to produce this document is a transcendental step toward bringing us into line with best global sustainability practices at business level and setting continual improvement targets that will lead us to become a sustainability leadert.

For Grupo Plastilene, sustainability is a fundamental part of how its operations are conducted. There is a commitment to the goal of generating competitive advantages and boosting Group growth, based on the rational use of resources, personnel awareness, clean production, preventing contamination, compliance with applicable regulations, and actions that favor the environment.

As 2018 drew to an end, the fundamentals that gave rise to this new, coordinated strategy were more alive than ever. The work on eco-design, consumer education, the decision to meet our customers' sustainability requirements, agreeing responsible, objective regulations with society and authorities for ensuring the correct handling of plastic and its substitutes, were all part of a general direction that the Group will continue to follow in its work in 2019.

The analyses currently being conducted to make circular economy projects viable mean that in 2019 we will be able to agree on firm, impact-making actions that will drive the industry in the direction of compliance with REP legislation currently in force in Colombia and of sustainability as a balanced, shared-value concept .

I would like to thank all staff and interest groups who encourage us and help us to do what is correct in a correct and sustainable way.

Ricardo Estrada Lizcano
Corporate Procurement and Sustainability Manager

WE HAVE NOW INCORPORATED CONCEPTS LIKE CIRCULAR ECONOMY, ECO-DESIGN, CLOSING THE LOOP, LIFE CYCLE ANALYSIS, CARBON NEUTRAL, SUSTAINABILITY REPORT, GLOBAL REPORTING INITIATIVE (GRI) METHODOLOGY, ETC. INTO OUR DAILY LIFE.

2.1.

Sustainable Innovation Strategy

(GRI 102-14) The Grupo Plastilene Sustainable Innovation Strategy was introduced between late 2017 and early 2018, after work involving the analysis of risks and opportunities. This was based on four premises, referred to as 'fundamentals'.

- Plastic is endangered due to a lack of education and culture and the excessive use of certain applications.
- We want to be innovative, socially and environmentally aware leaders.
- Our customers are sensitive to sustainable management of their packaging.
- Introduction of new regulatory frameworks relating to the sustainable management of plastic use.

A COB directive was established:

"We are an organization that is committed to the environment, we have innovative processes and products which help to improve the wellbeing of our society and our customers. We contribute to preserving future quality of life and the wellbeing of our planet".

Work groups were set up, with short-term objectives, which determined the activities of the different companies in the Group.

- Projects with customers to bring us into line with their sustainability programs and targets.
- Projects with suppliers to bring us into line with their sustainability programs and targets.
- Strengthening our sustainable

products portfolio through innovation.

- Internal environmental management to measure and control greenhouse gases at our plants.
- Active participation in associations for carrying out joint initiatives and constant supervision of regulations that could affect the plastic industry.
- Financial management to get funds for sustainability projects.
- Social responsibility initiatives with staff and vulnerable communities.
- Citizen awareness, communications, and positioning of the Group and the plastic industry.

THE FOLLOWING SCHEME WAS ESTABLISHED FOR WORKING THE SUSTAINABLE INNOVATION STRATEGY TRANSVERSALLY.



Corporate Procurement and Sustainability Management headed this process and formed a Corporate Sustainability Department to coordinate the activities of each line and reinforce Group communication and positioning with the different interest groups.

2.2.

Interest groups

(GRI 102-40) (GRI 102-42) For purposes of identifying the organization's interest groups, a workshop was designed that had a team based approach. Interest groups were identified, rated and prioritized using reputation, environmental management, financial indicator, innovation and social management criteria, resulting in the following classification.

Essential: suppliers, customers, personnel (including managerial), banks and investment funds, final user, shareholders.

Important: recyclers, unions, global initiatives, media, NGOs, environmental authority, education sector.

Basic: neighbors, activists.



2.3.

Material issues

The materiality analysis is a tool for establishing environmental, social and economic issues that are most relevant both for the organization and for its interest groups, so that these matters can be prioritized and incorporated into the Sustainability Strategy.



The following steps were followed for constructing the materiality matrix.

1

Identification of possible material issues
responsibility of the
MANAGERIAL SUSTAINABILITY COMMITTEE.

2

Rating of material issues
determined by
INTEREST GROUPS.

3

Impact evaluation of material issue
responsibility of the
MANAGERIAL SUSTAINABILITY COMMITTEE.

4

Drawing-up of materiality matrix
responsibility of the
MANAGERIAL SUSTAINABILITY COMMITTEE.

1. Identification of possible material issues

(GRI 103-1) After the sustainability policy was established, which identified material SDGs for Grupo Plastilene, relevant internal and external aspects were determined, UN guidelines were analyzed, and then risks were analyzed, so that material issues could be defined and covered, both for the organization and for interest groups.

The following material issues were identified.

1. New market opportunities.
2. Innovation
3. Greenhouse gas management
4. Managing programs with communities
5. Strengthening scientific and technological capability

6. Ethics, conduct and transparency
7. Sustainable packaging management
8. Eco-labelling
9. Sustainable evaluation of suppliers
10. Fair job creation
11. Plastic waste management
12. Quality housing program
13. Inclusive, sustainable urbanization programs
14. Food security
15. Promoting sustainability in the value chain
16. Reducing waste
17. Final user awareness
18. Participation in programs to reduce sea pollution



2. Rating of material issues by interest groups

Interest groups were surveyed in order to rate material issues on a scale from 1 to 5, where 1 was of little importance and 5 was very important to the person representing the interest group surveyed.

When analyzing survey results, each interest group was assigned a percentage based on the number of surveys answered, which gave rise to a weighted average in the final result for each material issue.



3. Impact evaluation of material issue

With a view to measuring the magnitude of environmental, social and economic impacts for the Group, an evaluation methodology was established which considered the following.

- Environmental impact. This was rated on the basis of the risk level, including legal compliance, natural resource and chemical product consumption, preventing pollution, increased or reduced greenhouse gas emissions, effect on the organization's environmental management and/or environmental performance indicators, effect on the company's reputation and/or relationship with the environmental authority or neighbors, and impact at local, regional or global level.
- Social impact. This was rated on the basis of job creation, effect on labor conditions, effect on vulnerable groups, effect on company reputation, union implications, and effect on communities in the area of influence.
- Economic impact. This was rated on the basis of planned investments for the activity, type of financial leverage, participation in the organization's strategic plan, risk level including legal compliance, income generation, effect

on financial indicators, and effect on company reputation.

(GRI 103-1) The results of this evaluation exercise revealed the following material issues.

- a) Strengthening scientific and technological capability, in order to progress towards more sustainable consumption and production modalities with efficiency in processes and in the use of materials and energy. This material issue brings competitive advantages and market stability, thus impacting on customers and suppliers.
- b) Sustainable packaging management, involving design, production, disposal and recycling analyses and thinking of the circular economy from the start.
- c) Greenhouse gas management, by carrying out actions focusing on the efficient use of natural resources, especially energy consumption and reducing carbon footprint as a contribution to climate change.
- d) Plastic waste management, through education about correct separation



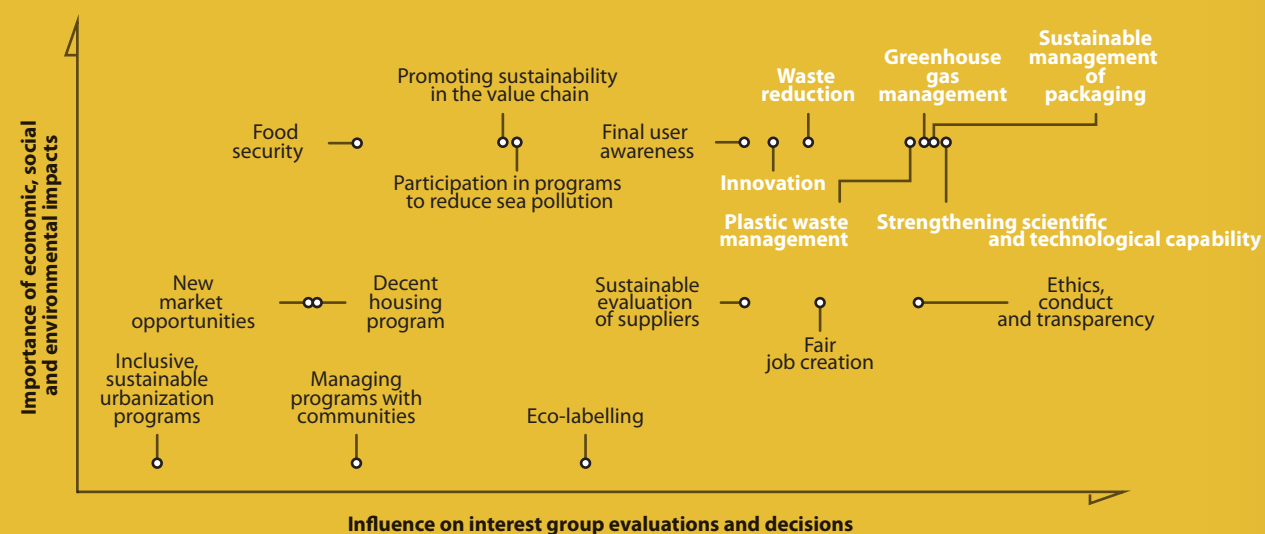
at source in conjunction with various actors in the chain, in efforts to find solutions for closing the loop for these materials and taking into account legislation in each country, logistic processes, marketing, etc.

- e) Reducing waste from our operation, by contributing to reducing the amount of waste produced by means of better practices resulting from prevention, reduction, recycling and reuse activities within the Group.

OUR SUSTAINABILITY COMMITMENT - Material issues

4. Materiality Matrix


By applying the rating for the organization and crosschecking the information against the interest group rating, the materiality matrix established in this report was obtained.



Materiality management

| Material Issue | SDG | Interested Party (GRI 103-1) | Strategy Management Line (GRI 103-2) | Achievements 2018 (GRI 103-3) | Challenges for 2019 (GRI 103-3) |
|---|-----|---|--------------------------------------|---|--|
| Strengthening scientific and technological capability | | Shareholders Customers Suppliers Banks Final user | Sustainable product portfolio | Use of biodegradable materials for producing mulch, super-market bags and trash bags. Development of film for baling foam polyethylene, with 15% reduction in density. | Research in plastic closing the loop initiatives. Implementation of eco-design tools. |
| Greenhouse effect gas management | | Customers Suppliers | Internal environmental management | 2017 and 2018 corporate carbon footprint measurement for Plastilene and Novalene. Plastilene carbon neutral in 2020. | Extend carbon footprint measurement to all companies in the Group. Plastilene carbon neutral in 2020. |

OUR SUSTAINABILITY COMMITMENT - Material issues

| Material Issue | SDG | Interested Party (GRI 103-1) | Strategy Management Line (GRI 103-2) | Achievements 2018 (GRI 103-3) | Challenges for 2019 (GRI 103-3) |
|---|--|--|---|---|---|
| Sustainable packaging management | <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>14 LIFE BELOW WATER</div> | <div>Customers Suppliers Final user</div> <div>Life Cycle analysis (ISO 14040 and 14044) for three packaging structures.</div> <div>Solutions for complying with the Extended Producer Responsibility (REP) regulation in Colombia.</div> <div>Drawing up of cooperation plans in Sustainable Innovation with customers and suppliers.</div> | <div>Sustainable products portfolio and management with customers</div> | | <div>Incorporation of Life Cycle Analysis methodology from design stage into new Group products, with impact on process operation.</div> <div>Implement joint REP and closing the loop solutions that meet customer expectations.</div> |
| Plastic waste management | <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>14 LIFE BELOW WATER</div> | <div>Shareholders Personnel Customers Suppliers Banks Final user</div> <div>  </div> | <div>Internal environmental management</div> | <div>To administer waste from production operations at plants in Colombia</div> | <div>Waste from all Group plants, including dirty waste, is sold to Reciclone for transformation.</div> |
| Ethics, conduct and transparency. | <div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div> | <div>Shareholders Personnel Customers Suppliers Banks</div> | <div>Regulator and associations management</div> | <div> <p>(GRI 205-1) Anticorruption policy established in the business ethics program defined in the Code of Ethics since early 2017. All operations were evaluated for significant corruption risks (SARLAFT).</p> <p>(GRI 205-2) Over 80% of Group personnel informed of anticorruption policies and procedures.</p> <p>(GRI 205-3) No incidents under the Code of Ethics were reported in 2018.</p> <p>(GRI 206-1) No legal actions were filed in 2018 relating to unfair competition and monopolistic practices or free competition.</p> <p>(GRI 307-19) (GRI 419-1) Grupo Plastilene and its companies received no sanctions or fines for defaulting on regulations and legislation.</p> </div> | |
| <div> <p>* Although this was not a material issue, Grupo Plastilene decided to report it in the matrix, because of its importance to its business.</p> </div> | | | | | |

* Although this was not a material issue, Grupo Plastilene decided to report it in the matrix, because of its importance to its business.

2.4.

Relations with interest groups

INTEREST GROUPS

(GRI 102-21)
(GRI 102-40)
(GRI 102-41)
(GRI 102-42)
(GRI 102-43)
(GRI 102-44)

Different mechanisms are used for interest group participation.



SHAREHOLDERS



PERSONNEL



CUSTOMERS



SUPPLIERS



BANKS



FINAL USER

RELATIONSHIP MECHANISMS

• Board of Partners: annual

• Direct communication with persons responsible for Health and Safety at Work in each company.
• Internal mail with administrative personnel.
• Committees, meetings, bulletin boards, email and PlastiNoticias newspaper.
• Job survey
• At Plastilene, the General Manager of the company meets on a monthly basis with leaders of the SINTRALENE union, which represents 221 staff members, 52% of the total number of employees.
• (GRI 403-4) In 2018, 18% of issues dealt with related to Health and Safety at Work.
• Collective negotiation agreements for Plastilene.
• Further Education Training Block - online learning platform
• At Plastilene: Quarterly meeting with all employees (talks with the Manager)

• Direct communication via the commercial divisions and commercial agents of each company, which establish initial and permanent communication. Later, as needs dictate, other areas are brought in, such as Technical, Finance, Sustainability, etc.

• Corporate Procurement Management and the Supplier and Supplies Negotiation and Development Divisions are in direct contact with suppliers for the whole Group. It is they who establish initial and permanent communication and, in accordance with technical needs, bring in other areas such as Operations, Finance, Sustainability, Logistics, Human Management, etc.
• The COB and the Operations VP handle relations with strategic machinery suppliers.

• Corporate Financial Management has direct contact with banks and investment funds for the whole Group.
• Regular meetings are scheduled with representatives of this interest group, for follow-up purposes.
• The CEO and Business Managements in countries other than Colombia relate with this interest group, as needs dictate.

• The website is the medium used for communication with final users.

2.5.

Institutional commitments and recognitions

In 2018, Grupo Plastilene publicly declared its commitment to work towards complying with the Sustainable Development Goals (SDG) global initiative through its April 2018 Sustainability Policy.

That same year, when defining the Sustainability Strategy, priority was given to SDGs deemed relevant to

the organization, and the targets associated with these SDGs were reviewed, together with the potential for compliance. The framework for meeting the priorities in each sustainability line is to contribute to the SDGs on the basis of the materiality level identified. These were classified as highly relevant, relevant, less relevant.



HIGHLY MATERIAL

MATERIAL

LESS MATERIAL

ASSOCIATIONS



Since it was the first member organization in Latin America, in 2018 Grupo Plastilene formalized its membership of the Sustainable Packaging Coalition (SPC), a cooperative body which believes that the industry has the power to make packaging more sustainable. It is currently the leading voice in sustainable packaging in the Americas, and aims to create packaging that is favorable not only for people but also for the environment. Membership has enabled the Group to remain at the forefront on matters relating to packaging innovation and development, to relate with other actors in the chain internationally, and to be accompanied by experts on the subject.

Acoplásticos

Plásticos - Cauchos - Petroquímica - Pinturas - Tintas - Fibras

In 1981, Grupo Plastilene joined Acoplásticos, a non-profit umbrella organization in Colombia for companies in chemical production chains in the plastic, rubber, paints, inks, fibers, petrochemical and other related industries. Through this organization, it has been involved in important decision-making scenarios with respect to legislation, relations with other companies in the chain, communication campaigns, etc.



As a member, Grupo Plastilene receives benefits from the Plastic and Rubber Training and Research Institute (ICIPC), such as being part of the packaging cluster, which has enabled it to acquire new knowledge in the fields of technology, innovation and development, and to be actively involved in training events.



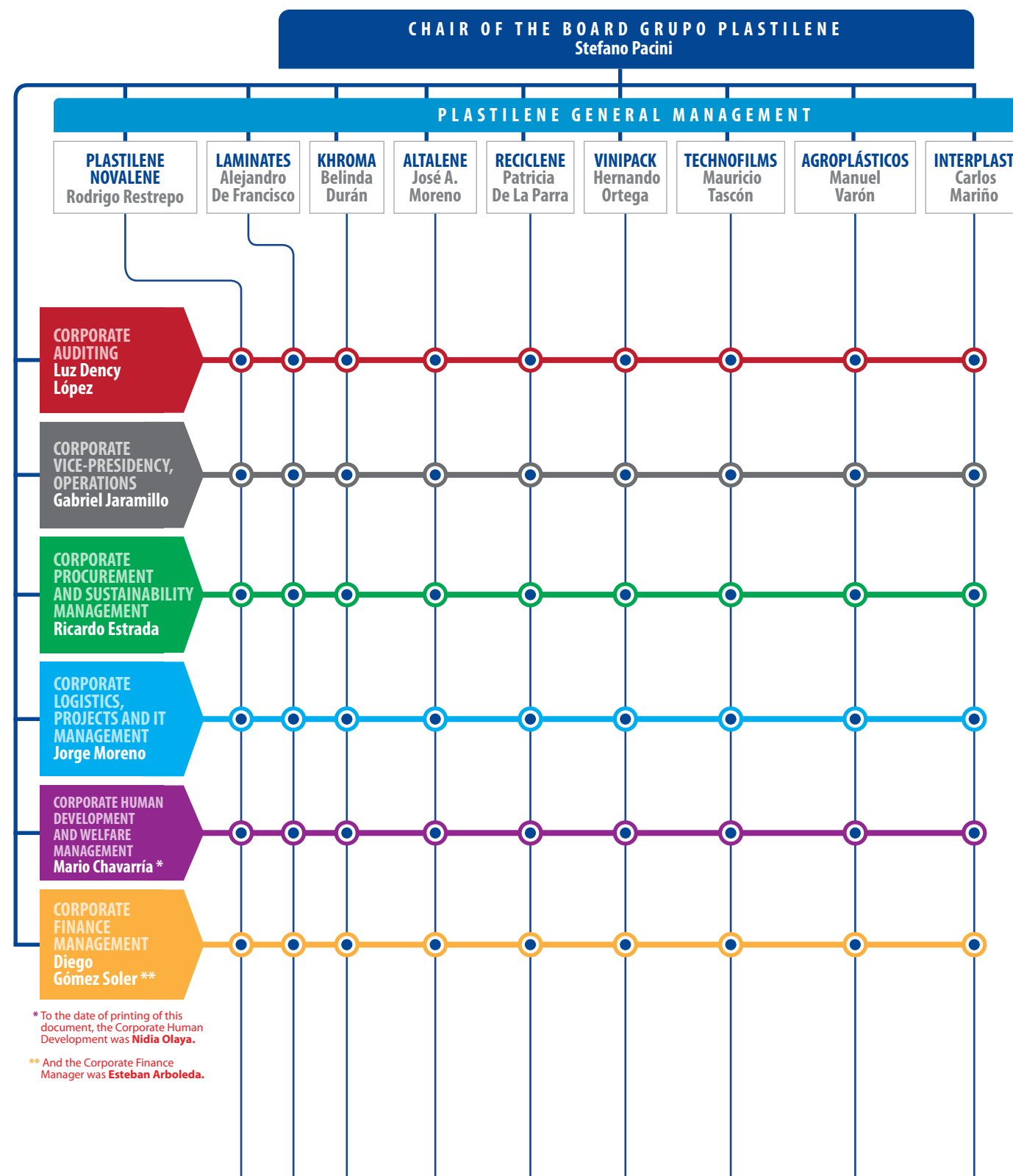
Grupo Plastilene has also been affiliated to the AIMPLAS Plastic Technology Institute, in Spain, since 2012, from which it receives advice on laboratory analyses, technical information, documentation and training opportunities for personnel.



3.

OUR OPERATIONS

The Grupo Plastilene corporate structure includes Corporate Managements, which are transverse and work in conjunction with the General Managements of each of the businesses. The Managerial Team ensures the organization's capabilities and processes, in order to guarantee sustainable, profitable growth.



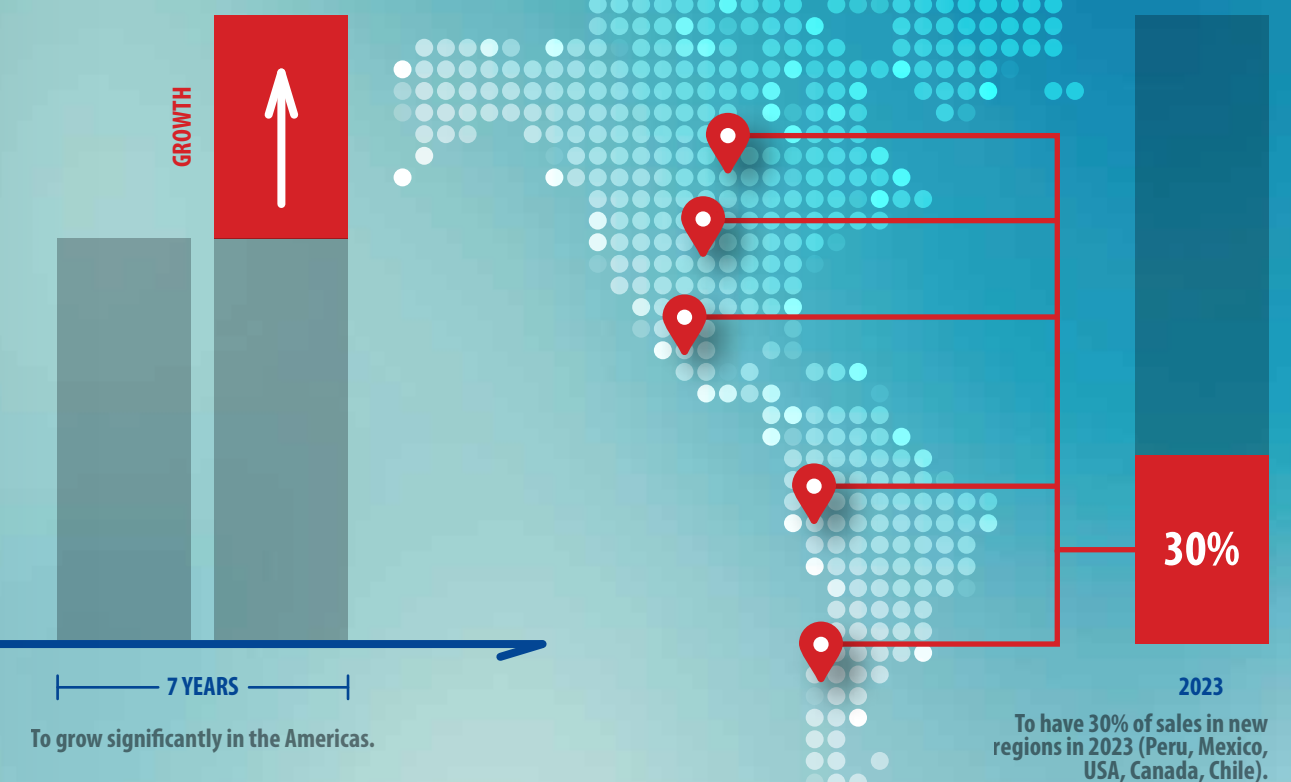
OUR OPERATIONS

The interconnection between Corporate Managements and General Managements means that risks and opportunities in each company can be identified, for validating strategies. This is achieved through corporate committees:

- Management Committees
- Raw Materials
- Taxation
- Sustainability
- Developments
- Agriculture Line Committee
- Human Management



THE GROUP HAS SET A NUMBER OF TARGETS FOR THE COMING YEARS:



To be leaders in innovative solutions.



To guarantee good profitability.



To maintain financial soundness.



To have Neutral carbon footprint by 2020.



Two new production facilities by 2023.



all personnel with over 5 years seniority to own quality housing.



To recycle more than the target set in Resolution 1407/2018 (REP), issued by the Ministry of Environment and Sustainable Development in Colombia.



To develop bilingualism to Level B2 in Group 1 by 2020 (Spanish-English)

3.1.

Plastilene

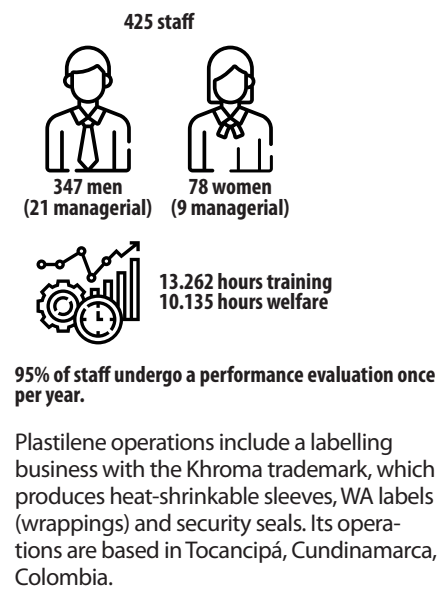
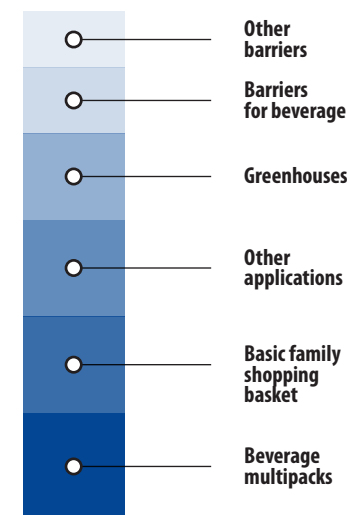


RODRIGO RESTREPO GENERAL MANAGER AT GRUPO PLASTILENE SINCE 2000

Plastilene engages in the production of the following:

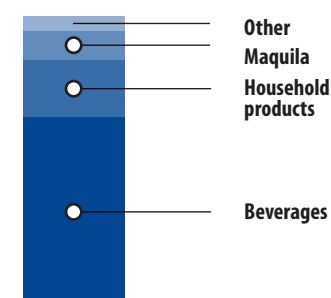
- Automatic packaging for mass-consumption foods, institutional, beverages, home, household products, pets.
- Barrier films for meat products, cheeses, dairy produce, minerals, agrochemicals and juices.
- Laminated films for foods and personal hygiene.
- Laminations and mono-sheets for the chemical and agrochemical industries.
- Industrial packaging and crating for all types of stowed merchandise.
- Films with additives for open agricultural plastic use and in greenhouses.

(GRI 102-2) Product sale distribution by customer group



Khroma

BELINDA DURÁN KHROMA MANAGER AT GRUPO PLASTILENE SINCE 1996



(GRI 413-1) Participation in activities with communities in the area of influence is through Asociación de Industriales de Cazucá (AINCA) and includes training workshops for community leaders, training in environmental matters, social, sports and recreation activities, training in urban vegetable gardens, and other types of self-sustenance.

Plastilene also supports the Hogares Club Michin Foundation, which works with children and adolescents between the ages of 2 and 17 in the process of restoring their rights and provides them with food and permanent accommodation.

3.2.

Novalene

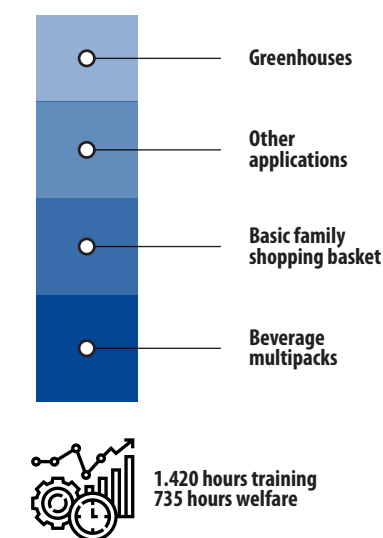


RODRIGO RESTREPO GENERAL MANAGER AT GRUPO PLASTILENE SINCE 2000

Novalene is a company which engages in innovation and the development and manufacture of flexible films for packaging, and it offers customers its technological capability and team of highly trained personnel to deliver a portfolio of sustainable products and solutions for markets in Colombia and the region. It offers technical, creative and value-added solutions in terms of functionality, sustainability and performance, and products that are competitive as far as price, quality and service are concerned.

The plant, which is located in West Free Zone, participates in the social program at the industrial complex with personnel hired locally. 67.74% of the personnel hired by Novalene live in Mosquera.

(GRI 102-2) Product sale distribution by customer group



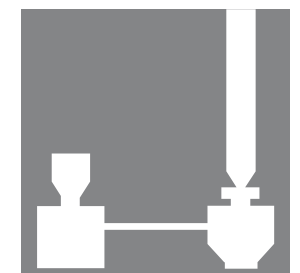
Additionally, Novalene has supported Free Zone management and the various recognitions it has received.

- The Financial Times newspaper's center of excellence awarded a prize to it for being one of the best free zones in the world for expansions.
- Recognition by Mosquera Town Hall for its support in 2018 for this entity's social responsibility programs.
- Colombo-British Chamber of Commerce recognition: second place in its "Links" business social responsibility awards as best environmental practices management program.

3.3.

Altalene

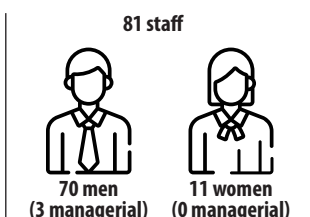
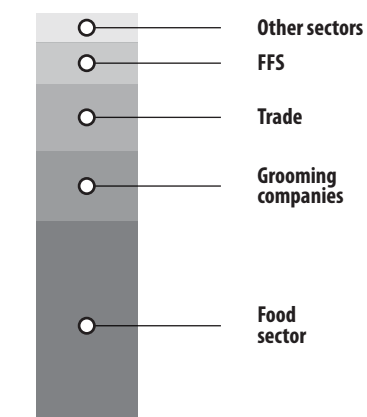
altalene



JOSÉ ANTONIO MORENO GENERAL MANAGER AT GRUPO PLASTILENE SINCE 1988

Altalene is engaged in producing bags for trade in general, bags for packing diapers and napkins, film for baling in general, repackaging for foods, FFS rolls, wicket-type bags, and bags for cleaning companies.

(GRI 102-2) Product sale distribution by customer group



97.5% of staff undergo a performance evaluation once per year.

3.4.

Vinipack

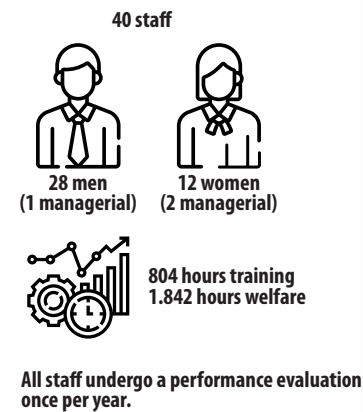
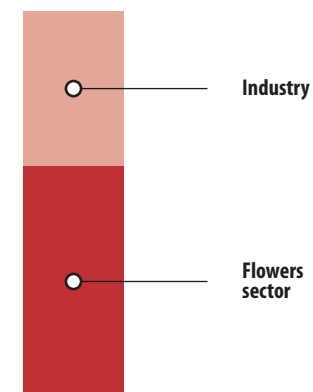


HERNANDO ORTEGA
GENERAL MANAGER
AT GRUPO PLASTILENE SINCE 2006

Vinipack uses 100% post-consumption PET flakes to produce sheets for the agricultural and industrial sectors. This prevents almost 6,000,000 bottles reaching sanitary fills every month.

It also purchases PET flakes from some of its customers, thereby succeeding in closing the plastics circle and contributing to the circular economy. It also reuses 95% of the waste generated in PET processes.

(GRI 102-2)
Product sale distribution
by customer group



3.5.

Reciclene



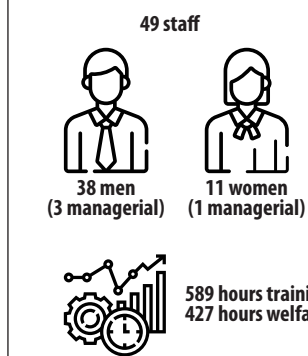
PATRICIA DE LA PARRA
GENERAL MANAGER
AT GRUPO PLASTILENE SINCE 1996

Reciclene is based in Tocancipá. The company recovers post-industrial material from companies in the Group and from other customers, and produces compounds with a mineral content that reduce the environmental impact. The second most abundant mineral in the world, calcium carbonate, is used for producing the compounds, as a substitute for polyolefins, thus contributing to a more responsible production and consumption.

Plastic cores and trade film are also made, from recovered laminations.

In 2018, Reciclene began a feasibility analysis of various products, with a view

to recovering post-consumption polyolefins from its customers and, post-consumption, from homes.



75% of staff undergo a performance evaluation once per year.

(GRI 413-1) Social projects focus mainly on the recycling community in the town of Tocancipá. In 2018, it was provided with a compacter and a scale, which made a notable improvement to its weighing and selling processes with the material it collects.



3.6.

Technofilms

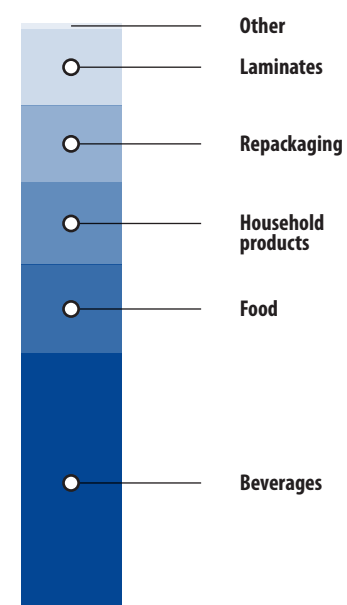
TechnoFilms, S.A.

MAURICIO TASCÓN
GENERAL MANAGER
AT GRUPO PLASTILENE SINCE 2004

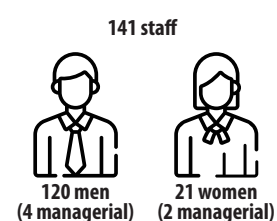
Technofilms is based in Guatemala, and is mainly engaged in manufacturing packaging for foods, industrial packaging and products for the agriculture sector (mulch), single-layer and multi-layer (up to five) films and film lamination from polyethylene and polypropylene, with and without printing (extrusion, lamination and printing). It also produces flexible films for automatic filling, packaging for food and beverages such as sugar, water, refreshments and milk, and packaging for household products such as toilet paper and powder and liquid detergents.

(GRI 413-1) Technofilms supports the Our Holy Family Foundation, which benefits 100 children in areas such as health and education through cash donations to sponsor children, donations in kind in

(GRI 102-2)
Product sale distribution
by customer group



the form of electrical appliances, and the sale of tickets for the "Educate and Change a Life" sports course. It has also offered volunteer support to build homes for victims of the Fuego volcanic eruption, in conjunction with the local health center and fire brigade where the plant is located.



99% of staff undergo a performance evaluation once per year.



3.7.

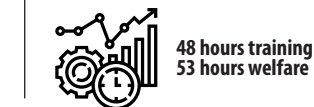
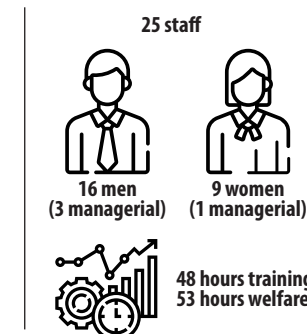
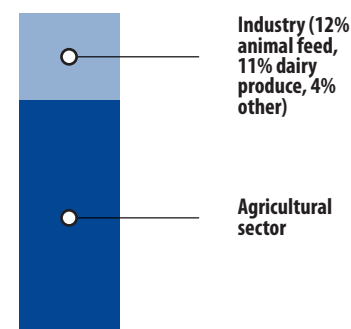
Agroplásticos

AGROPLASTICOS S.A.

MANUEL VARÓN
GENERAL MANAGER
AT GRUPO PLASTILENE SINCE 1989

Agroplásticos is based in Quito, Ecuador, and engages mainly in the manufacturing of films for the agriculture sector and greenhouses (films with one to three layers with additives for sun protection and conserving crops), and it produces mulch for planting strawberries and broccoli and for disinfecting soil. For the industry sector it produces bags for packing milk, bags for animal feed packaging, bags for packing cheese, and packaging for cookies.

(GRI 102-2)
Product sale distribution
by customer group



(GRI 413-1) Agroplásticos supports vulnerable groups through cash donations to three partner organizations: the Fe y Alegría (Faith and Happiness) Foundation, which supports orphans and invalids, the Hogar del Adulto Mayor (Home for the Elderly) in Pomasqui, and the Unidad Parroquial Comunitaria (Parish Community Unit) in Pusuqui.

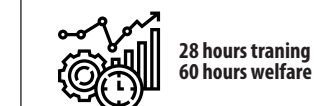
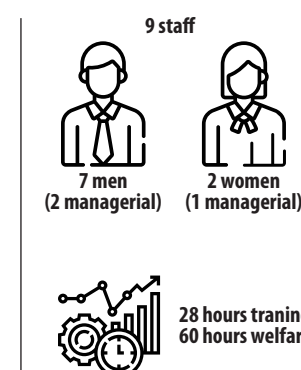
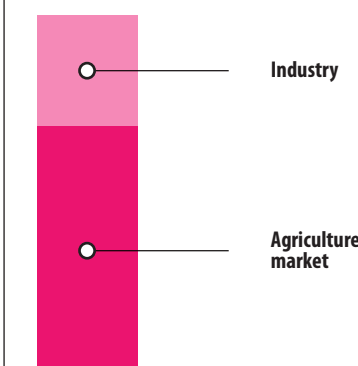
3.8.

Interplast

CARLOS MARIÑO
GENERAL MANAGER
AT GRUPO PLASTILENE SINCE 1980

Interplast was formed twenty years ago for the purpose of producing masterbatch with special additives for stabilizing polymers. It meets the needs of manufacturers of polyethylene films for agricultural and industrial use, manufacturers of synthetic fibers used in making raffia and woven fabrics and sweaters, and manufacturers of injected coarse-surface products like boxes and institutional items and other plastic products that require a long period of service.

(GRI 102-2)
Product sale distribution
by customer group



4.

ENVIRONMENTAL APPROACH

THIS APPROACH RELATES MAINLY TO TWO POINTS.

1. Reducing the environmental impact of operations and reducing energy and water consumption at plants. Efforts are being made to lower the carbon footprint per tonne produced, with a target of being carbon neutral companies by the year 2020. The first carbon footprint measurement was made in 2018, for the Plastilene and Nova-lene plants, and this will be offset in 2019.

1. Reducing negative impacts on the environment in materials produced. Work is based on the Circular Economy and New Plastics Economy concepts, and strengthening the 3 Rs concept (Reduce, Reuse, Recycle)

in product portfolio development. Eco-design is the principal tool used for including these concepts in our development parameters, with new technologies employed that enable us to reduce the materials consumed in a particular package. This is achieved by reducing material density or material caliber, or by combining both these concepts to achieve a reduction of over 30% while retaining the principal mechanical and functional properties of the final products. In technical terms, a start was made on using customized international tools to measure the Life Cycle Analysis of the principal products, in line with the ISO 14040 and 14044 international methodology.

Grupo Plastilene has a market presence with products and packaging made entirely from recycled materials, such as the Vinipack PET sheet product and trays portfolio and the introduction of biodegradable resins to replace polyethylene films. It

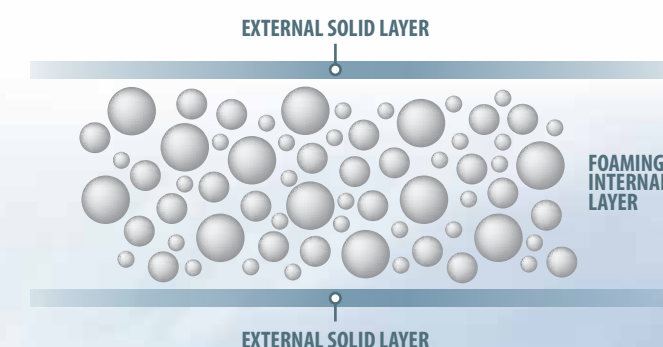
has exploited post-industrial polyethylene and polypropylene waste for more than 30 years, has developed alternatives that enable the use of various resins in laminated materials to be reduced, has used printing tech-

nologies that enable less ink to be used per printing area, and has complementary products such as plastic cores made from recycled materials.

SUSTAINABLE TECHNOLOGIES

Since 2014, Grupo Plastilene has used High Density Foam Technology (HDFT) in thermoplastic extrusion processes for various applications, such as flexible industrial containers, flexible containers for food, agricultural films, paper replacements, and rigid PET packaging.

This has resulted in a significant saving in raw materials consumption, with an 18% average reduction in total density by injecting nitrogen (N₂).



IMPACT ON THE CHAIN

The Grupo Plastilene commitment is to contribute to the establishment of responsible plastic management chains in which all the different actors are involved, such as government, suppliers, customers, recyclers, municipal hygiene systems and, in general, each link in the chain that can contribute to strengthening the circular economy.

To this end, it established the circular economy strategy as its road map for sustainability projects:

“Together with our customers and suppliers, to guarantee the supply of recycled raw materials, find applications which increase the value of using these and minimize their requirements, in order to ensure a competitive portfolio of sustainable products”.

Initiatives are being carried out with customers and suppliers relating to Social Responsibility and the Circular Economy, while recognizing, understanding and appropriat-

ing REP (Extended Producer Responsibility) and other legislation associated with Grupo Plastilene activities. Together with customers and suppliers, it has been identified that, in view of the attack on plastic, closing the loop in long-lasting products is a big contribution to the community and a great opportunity to emphasize the benefits of this material.

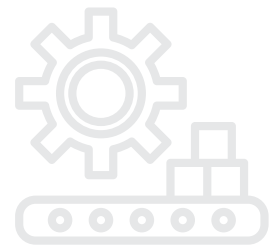
ENVIRONMENTAL APPROACH - Materials

4.1.

Materials

(GRI 301-1)

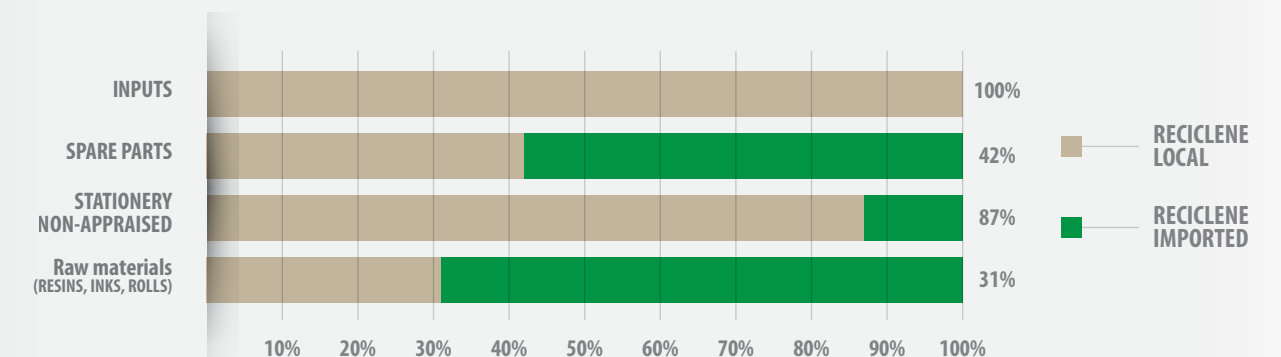
The procurement and stocking of the different products and services used by the Group in order to ensure that it functions correctly is processed on the basis of the following categories. For purposes of calculating the balance between imported and domestic materials, the categories are consolidated into four principal groups, namely raw materials, inputs, parts, and non-appraised.



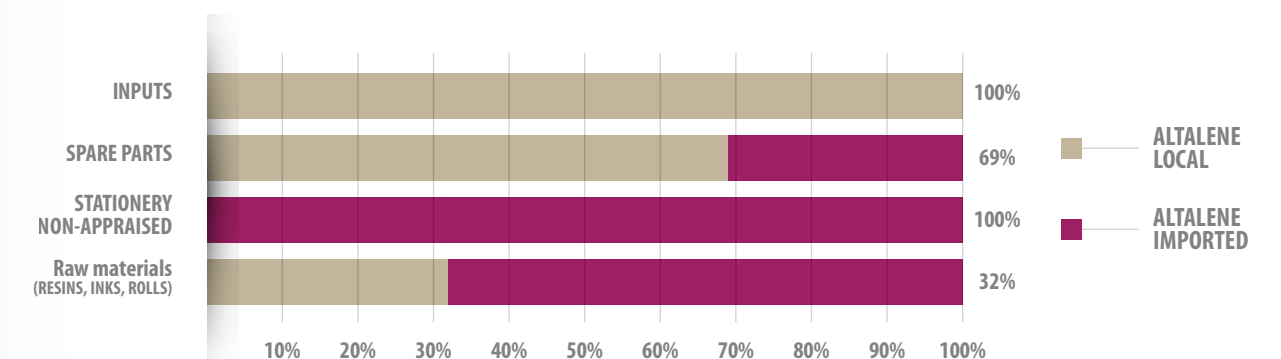
TYPES OF RAW MATERIALS PURCHASED BY COMPANY, BOTH DOMESTIC AND IMPORTED.



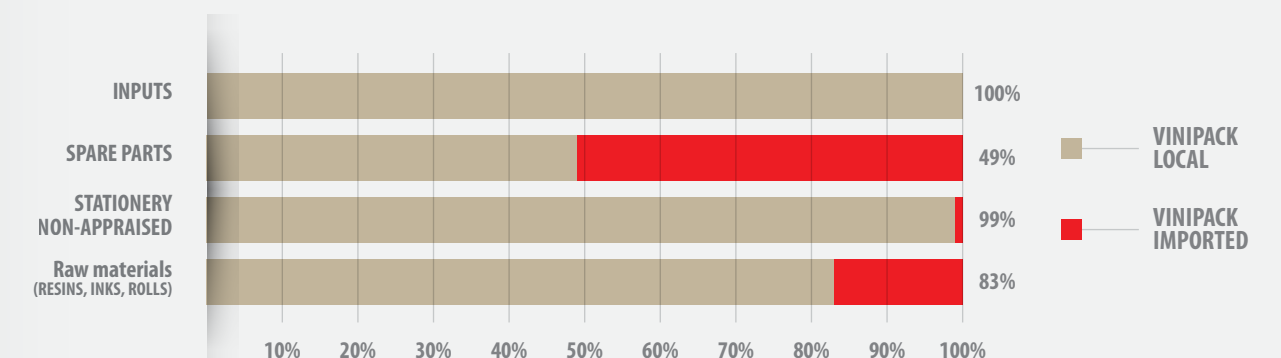
ENVIRONMENTAL APPROACH - Materials



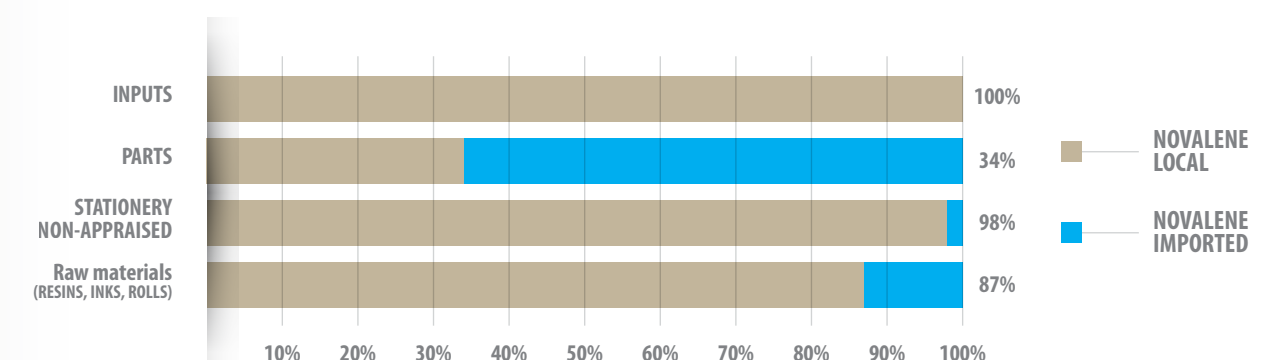
RECICLENE



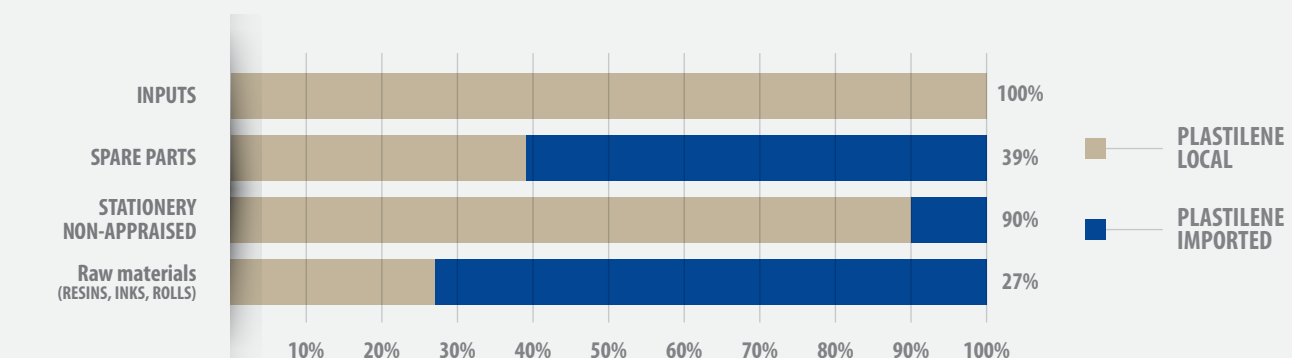
ALTALENE



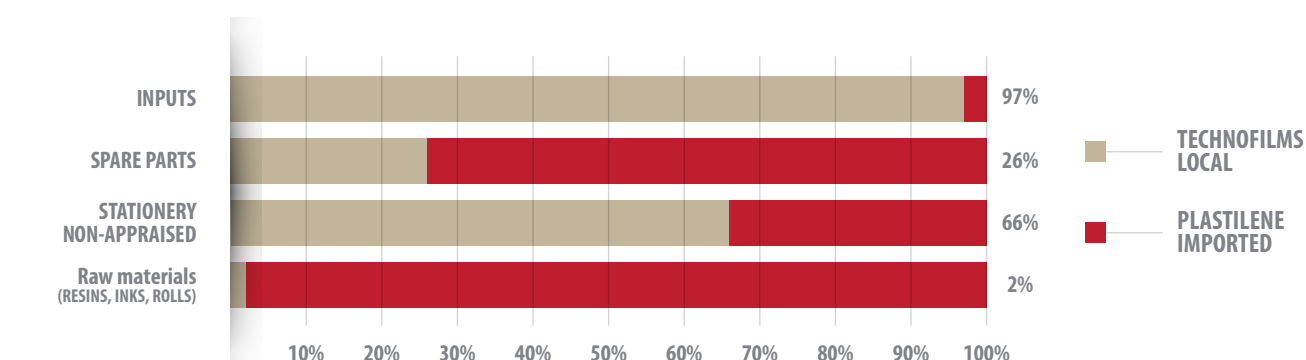
VINIPACK



NOVALENE

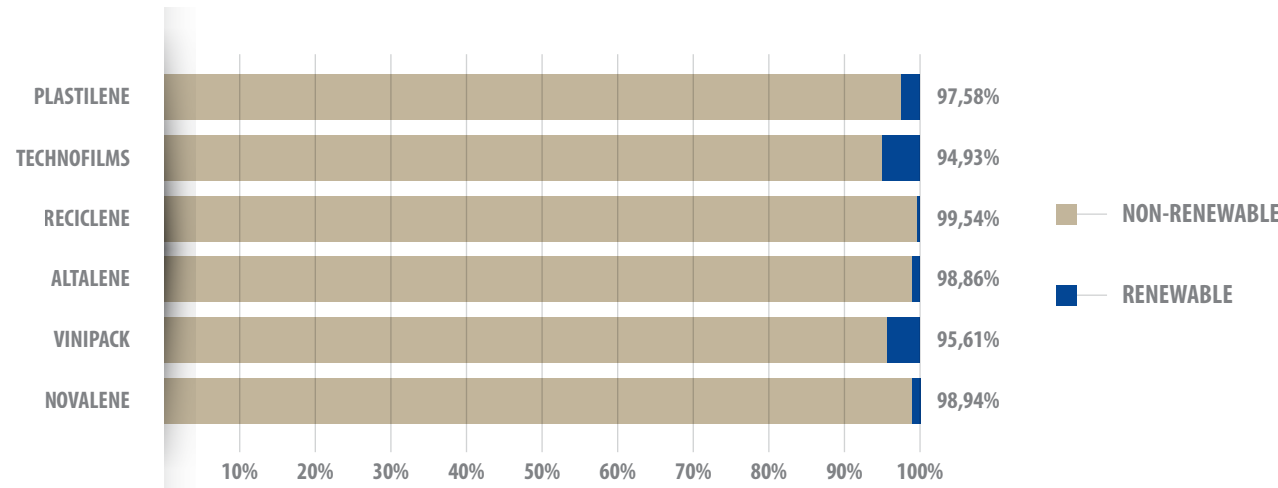


PLASTILENE

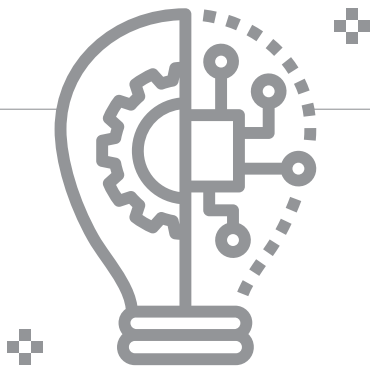


TECHNOFILMS

PERCENTAGE OF RENEWABLE AND NON-RENEWABLE MATERIALS PURCHASED, BASED ON TOTAL VALUE OF PURCHASES.

















* Plastilene Group has been working primarily in the development of packaging solutions with biobased and biodegradable raw materials, along with its suppliers



4.2.

Energy

(GRI 302-1) Companies in the Group use electricity as their main source of energy, principally to feed the machines in each of the production processes. Kitchens where food is cooked for employees are the principal consumers of natural gas.

| PLASTILENE | NOVALENE | ALTALENE | RECICLENE | VINIPACK | TECHNOFILMS | AGROPLÁSTICOS |
|--|---|---|---|---|--|--|
|  153.623,16 MJ of Gasoil 1.092,16 GJ of Natural Gas |  344,82 GJ of Natural Gas |  1.023,83 GJ of Natural Gas |  14,71 GJ of Gasoil 10.280,4 MJ of Natural Gas |  1.092,16 GJ of Natural Gas |  6.278,2 MJ of Natural Gas |  2.914 MJ of Natural Gas |
|  16.749.094 kWh |  2.750.220 kWh |  3.220.252,72 kWh |  4.524.296 kWh |  4.179.838,52 kWh |  10.382.472 kWh |  1.315.744 kWh |

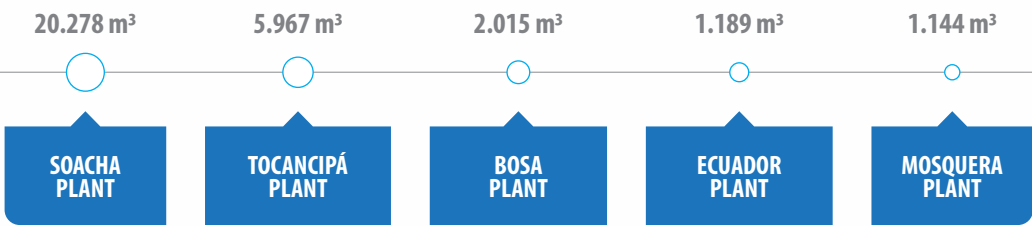
(GRI 302-4) To reduce electricity use in operations

The Plastilene plant carried out an energy-saving project for the air compressor, with consumption falling from 18.07 kWh / 100 cfm to 17.36 kWh / 100 cfm.

4.3.

Water

(GRI 303-5) Water consumption is minimal in Group production processes. Water is mostly used by the organization for human consumption, in food and services.

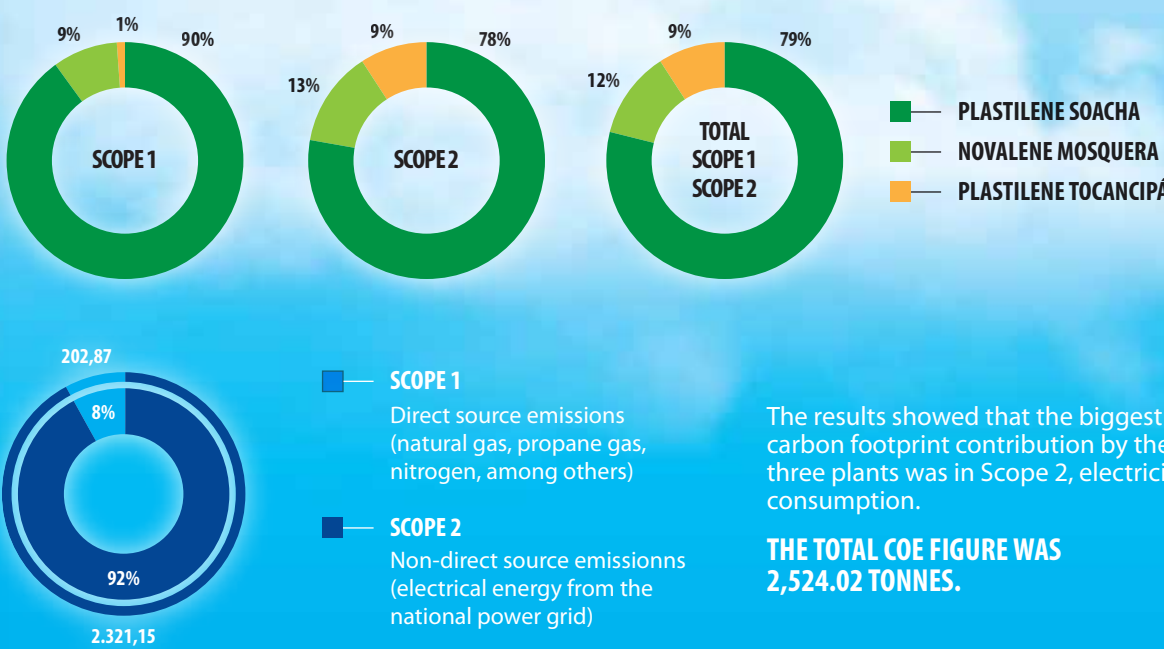


*Water used at the Guatemala plant comes from a well, and there is no meter.

4.4.

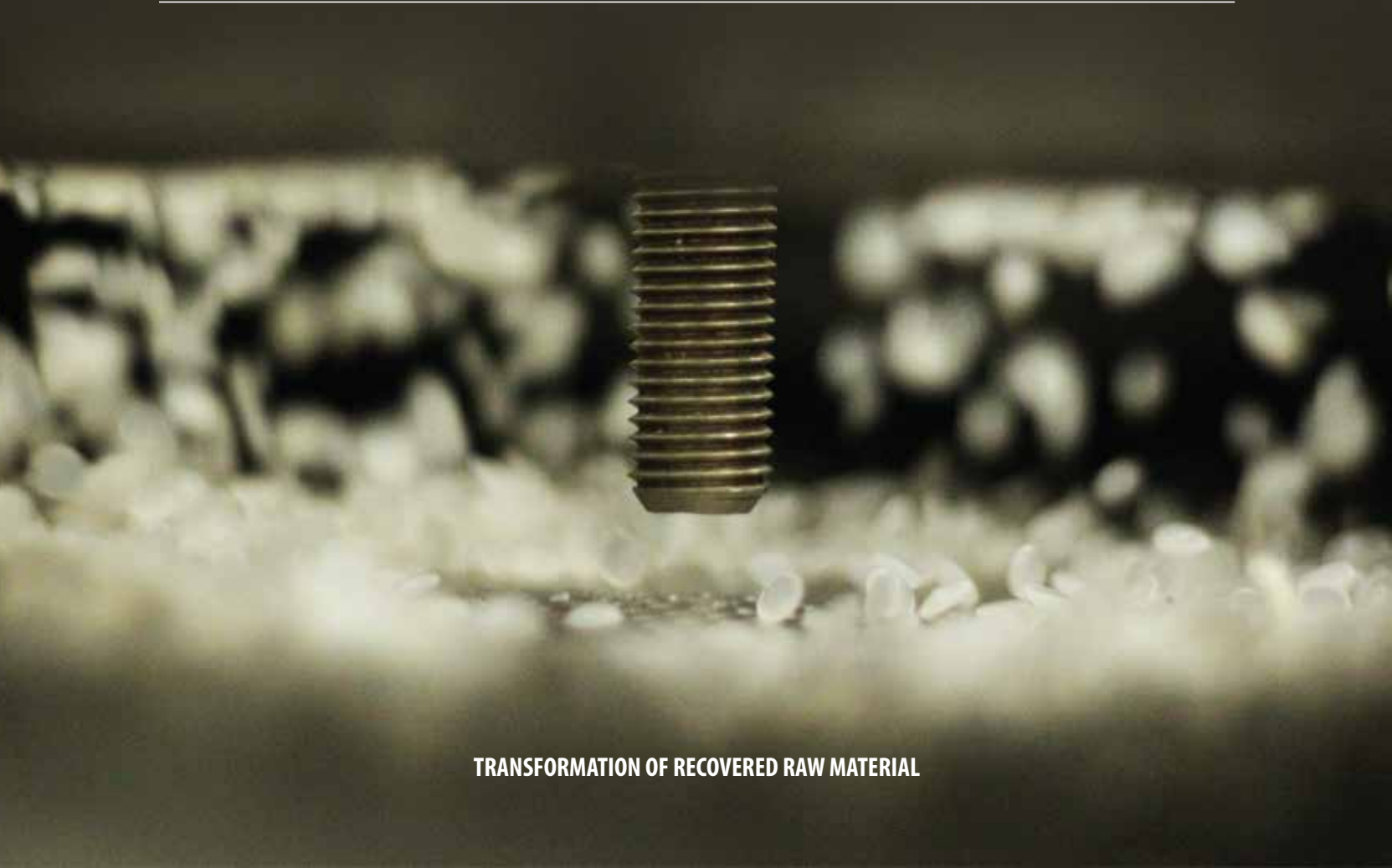
Carbon footprint

(GRI 305-1) (GRI 305-2) The carbon footprint at Plastilene (**Soacha and Tocancipá**) and at Novalene was measured during 2018. According to each company, this is the contribution both for Scope 1, relating to direct operations, and Scope 2, relating to energy consumption.



The results showed that the biggest carbon footprint contribution by the three plants was in Scope 2, electricity consumption.

THE TOTAL COE FIGURE WAS 2,524.02 TONNES.



TRANSFORMATION OF RECOVERED RAW MATERIAL

4.5.

Effluents and waste

(GRI 306-2) (GRI 306-4) Group companies generated 285,236 kg of dangerous waste, and COP 197,779,535 were invested in disposing of this correctly. The types of waste classified as dangerous were:

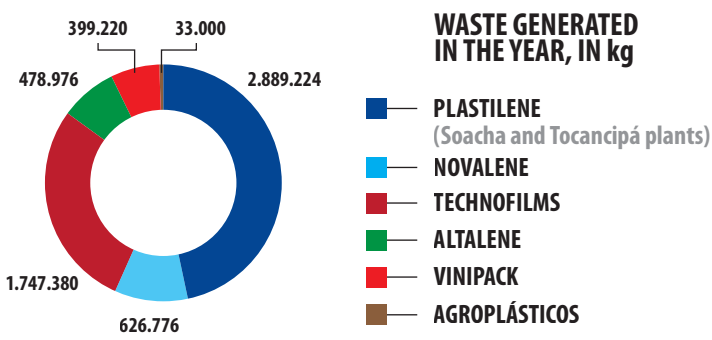
- Polyurethane adhesives
- Used or wasted mineral oils
- Cardboard
- Cartridges and toner
- Scrap contaminated with dangerous materials
- Blades
- Photopolymer and plate waste
- Unused electrical and electronic equipment that has not been dismantled
- Waste photopolymer
- Glass containers contaminated with ink

- Fluorescent lights
- Lamps
- Rae
- Sheet washer remainders
- Ink remainders
- Biological waste
- PVC molecular sieve waste
- Incineration service
- Dirty solvent for recovery
- Expired or unused chemical substances
- Contaminated textiles

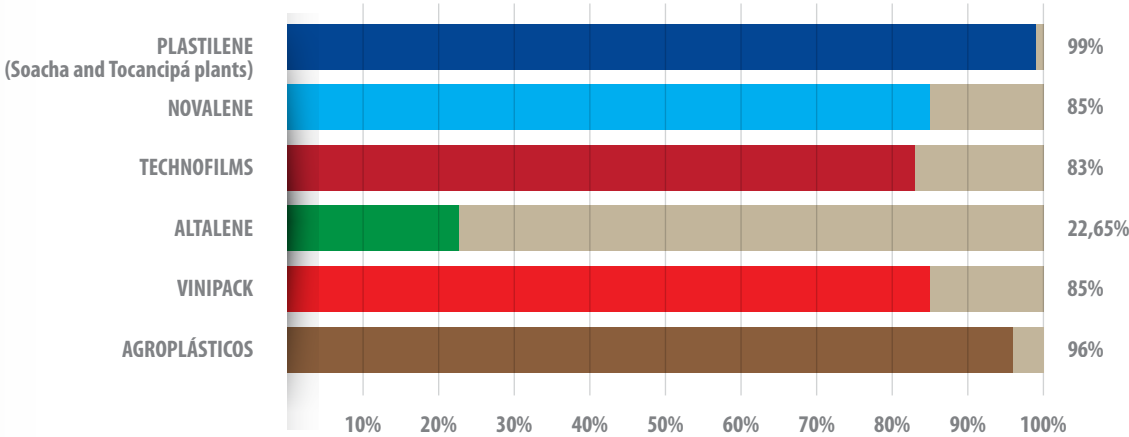
The 2,283,340 kg of non-dangerous waste was generated during the different processes, and this was sold by the companies for COP 991,712,502.



(GRI 301-2) With the exception of Reciclene, Grupo Plastilene companies do not use recycled supplies for manufacturing their products. However, with a view to guaranteeing industrial closing the loop and subsequently having zero-waste plants, there is an internal indicator which shows the percentage of industrial waste that is transformed into raw material pellets for use internally or by third parties.



PROCESS WASTE TRANSFORMED INTO RAW MATERIAL WITHIN THE SAME GROUP (%)



PROCUREMENT AND SUSTAINABILITY MAIN TEAM



5.

SOCIAL APPROACH

5.1.

Personnel

The Plastilene family, which is how all Group personnel are referred to, consists of over 800 people in the different regions where the Group has a presence. Corporate Human Administration Management is responsible for heading all personal development initiatives, with support from the heads of Human Management in each company.

AT THE 2018 YEAR END, THE GROUP HAD 864 STAFF.

| | PLASTILENE | NOVALENE | ALTALENE | VINIPACK | RECICLENE | INTERPLAST | AGROPLÁSTICOS | TECHNOFILMS |
|-----------|------------|----------|----------|----------|-----------|------------|---------------|-------------|
| PAYROLL | 425 | 31 | 80 | 38 | 49 | 9 | 25 | 141 |
| TEMPORARY | 28 | 0 | 8 | 10 | 0 | 0 | 0 | 20 |
| TOTAL | 453 | 31 | 88 | 48 | 49 | 9 | 25 | 161 |

* The Khroma staff is included in the Plastilene number

41,583 hours were spent on training and welfare in 2018 in all Group companies, and this time was primarily devoted to promoting overall personnel development in the professional (extrusion, printing, maintenance, etc. courses), personal and family spheres, which are the structural cornerstones of the Group philosophy. This time spent on training included the **Plastilene University Education Project**, which benefited 45 students between July and December.

(GRI 201-3). As far as retirement plans are concerned, both employer and employee in Colombia make legal contributions to the pension system (12% employer, 4% employee). In Guatemala, the employer pays 3.67% of the worker's monthly salary and the employee pays 1.83%. In Ecuador, meanwhile, the employee pays no percentage at all, while the company is obliged to hire an actuary to determine, statistically, the retirement and severance pay provision.

(GRI 205-3). Grounds for dismissal were associated principally with low performance situations, attitude problems, and disciplinary matters in general.

(GRI 403-1). All companies in the Group have a Security at Work System, and the Human Management area is responsible for ensuring that this is adhered to.

5.2.

Company social responsibility

Ever since its very early days, the company has had a commitment to society to ensure the wellbeing of less-favored communities.

The Group as a whole has taken part in voluntary activities in the form of cleanliness sessions. National Cleanliness Day was held in July, an initiative headed by the Ministry of Commerce, Industry and Tourism and the Ministry of Environment and Sustainable Development in conjunction with WWF Colombia, with 13 volunteers in Bogotá, Buga, Cartagena and Medellín.



Towards the end of the year, the Group joined the **"Threads that Connect your Heart to a Sustainable Guajira"** initiative, promoted by Servientrega, Waya Guajira and Pavimentos de Colombia. The aim of the project is to implement a solid waste administration system at Cabo de la Vela, in Guajira, in order to reduce pollution in this area and provide the inhabitants with better living conditions. The first stage was the **"Add your Hands"** cleanliness campaign, which the Group took part in with donations in cash and kind, and volunteers.

The waste management system, which will be accompanied by an education component for commercial establishment personnel and tourists who visit the area, will be designed and introduced in 2019.



Plastilene supports activities with communities in areas of influence that are organized by Asociación de Industriales de Cazucá (AINCA). These include training workshops for community leaders and in environmental issues, social, sports and recreation activities, and training in urban vegetable gardens and other types of self-sustenance. The companies in Colombia have supported the Hogares Club Michin Foundation, which works with children and adolescents between the ages of 2 and 17 in the process of restoring their rights and provides them with food and permanent accommodation, since the nineties. Monthly cash contributions are made to sponsor children, and donations in kind have also been made, such as the construction and fitting-out of one of the centers in Bosa.

With a view to attempting to get personnel better acquainted with the Group's social work, visits have been arranged by the Plastilene union to two of the Foundation's centers, and in 2019 the aim is to activate volunteer initiatives in the other companies.

(GRI 203-1). In 2018, Plastilene was also involved in paving 3rd Avenue in Soacha, by investing more than 147 million pesos in the form of a donation of 337 m3 of cement. This enabled accessibility conditions for the Plastilene community to be improved, but it also benefited members of the community who live in that part of Soacha.

SOCIAL RESPONSIBILITY INITIATIVES IN GUATEMALA ARE ALSO SUPPORTED, INCLUDING THE FOLLOWING:

1. Fresh food, bottled water, diapers, sanitary towels, hydrating drinks, medicines, clothes, blankets, toothpaste, soap, etc. were donated to one of the communities most affected when Fuego volcano erupted.
2. Participation in building a home for four families who were left homeless when Fuego volcano erupted, with economic support from Group company personnel.
3. Support for the Health Center in the Amatitlán (where Technofilms is based), in the form of a construction of a shaded waiting area for patients to avoid exposure to sun or rain while waiting for appointments. Various staff members attend this health center.
4. Permanent support for the volunteer fire brigade in the town of Palín.
5. Support for the **Comet Foundation, which runs Our Holy Family** kindergarten for around 100 children between the ages of 0 and 12. During the day, they are provided with food, education, health and psychological support.
6. Since 2017, support has been given to the **AYUVI (Help me Live)** Foundation, to save the lives of children suffering from cancer. This support is provided through Sponsors of Hope, and 14 sponsors currently provide the foundation with economic support for treatment.
7. The Solidarista fund helped refurbish the homes of four company staff.
8. **The Mc Happy Day for Children** campaign, sponsored by McDonalds Guatemala, was supported in September. This support consisted of setting aside an area on Technofilms premises where McDonalds staff could sell personnel Big Macs, with money collected being donated to the Ronald McDonald Children's Home.



Meanwhile, Reciclene has been engaged in supporting one of the recycling associations in Tocancipá: Recitoc. This organization is represented legally by a young graduate aged 21 and has eleven recyclers, two of them women, one of these a single mother with five children, and nine elderly men who earn their living by recycling. They received support from Reciclene in June 2018

in the form of a compacter and a scale, which improved material handling, optimized space, and helped sell and transport their product. They have progressed from selling nine tonnes per month to selling thirty in November of the same year

In 2018, the Group donated more than 40 tonnes of recovered plas-

tic material, through Reciclene, for building a classroom in Bogotá and improving homes in Cali. These projects were carried out in conjunction with Dow Chemicals, Conceptos Plásticos, and CAF.

6.

ECONOMIC APPROACH

6.1.

Procurement and suppliers

(GRI 102-9, 308-1, 308-2, 414-1, 414-2)

(GRI 407-1) In 2018, Grupo Plastilene carried out a supplier evaluation with sustainability criteria, which included respect for human rights, child labor, ethics, and transparency. **(GRI 408-1)** The Group ensures that it works with companies that do not employ child labor

by guaranteeing that its Code of Ethics applies through the whole value chain.

(GRI 414-1) Social criteria are applied to 54% of company suppliers in Colombia when they are being selected. **(GRI 414-2)** There are

currently no negative social impact measurements, although consideration is being given to these aspects when evaluating suppliers.



6.2.

Human rights

(GRI 409-1) There have not been human rights violations. This valuation has been applied since June 2018 for all new suppliers. The organization's Code of Ethics covers relations with different interest groups in terms of protecting human rights.



6.3.

Economic performance

DIRECT ECONOMIC VALUE GENERATED BY THE GROUP: \$ 413.715.364

ECONOMIC VALUE DISTRIBUTED BY THE GROUP: \$ 403.887.474

ECONOMIC VALUE RETAINED: \$9.827.890



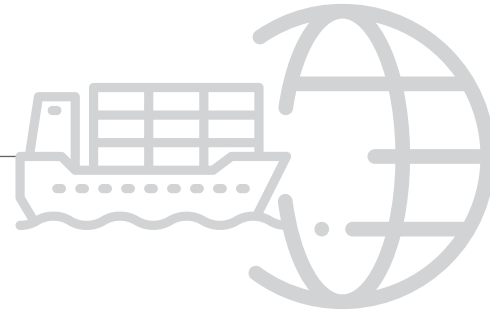
The Group exports to various countries from its three operating centers, namely Colombia, Guatemala and Ecuador.



EXPORTS FROM COLOMBIA

USA
México
República Dominicana
Guatemala
Costa Rica

Venezuela
Ecuador
Perú
Chile
Uruguay



EXPORTS FROM ECUADOR

Guatemala

Perú



EXPORTS FROM GUATEMALA

El Salvador
Honduras
Panamá
Costa Rica
México
Nicaragua
Belice



RISKS

The principal economic risk is the regulatory one, the most important factor being the creation of a possible tax or limitations on the use of materials that are part of our production portfolio. These regulatory changes could increase the cost structure by virtue of a higher risk level being perceived. It is also possible that the various capital suppliers could feel pressured by EGC investment standards which limit the funds they could invest in Grupo Plastilene. As yet, no risk management methods have been established.

(GRI 201-4) Grupo Plastilene produces packaging that conserves products in the agriculture chain

(milk, grains, sugar, perishable foods, etc.). This enables it to access funds assigned to fostering the agriculture sector, via the financial sector through Finagro.

Relations with the financial sector saw significant changes in 2018. Commercial relations were initiated with new financial entities and strengthened with existing ones, resulting in an increase in credit and services offers from the most important financial groups. An exchange rate hedging policy was introduced, with the intention of reducing speculative currency purchase decisions. Finally, access was gained to promotion lines based on the products offered by the Group.

This process has enabled funds to be obtained more cheaply than through an ordinary quotation.

A continuous collaboration between the team and the internal audit has introduced a central expenses and ethics manuals. The SARLAFT process continues, and this has allowed restrictive lists to be constantly reviewed, in conjunction with the Human Management, Procurement and Accounting areas.



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