

A dynamic splash of water against a light blue background, with numerous droplets and bubbles captured in mid-air. The water is dark blue, creating a strong contrast with the lighter background.

# Rotoplas. Inclusion of talent

OUR TEAM

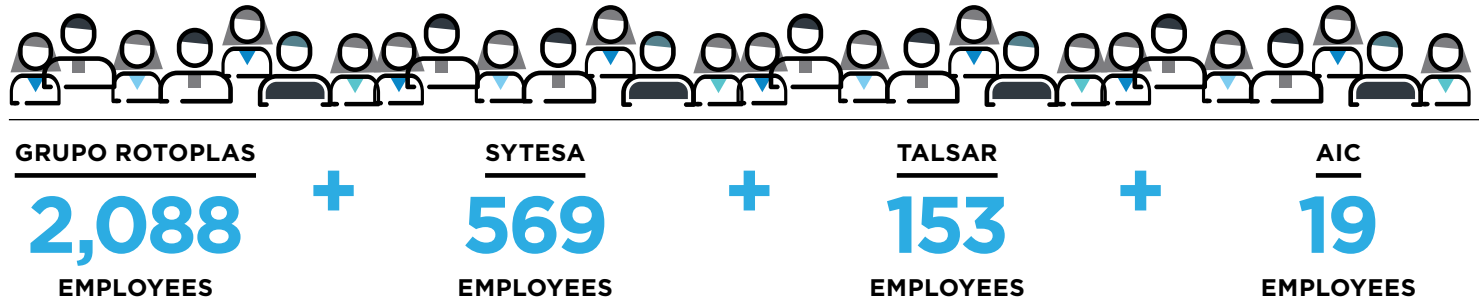
# Rotoplas Team

## Description of employee workforce (102-8, 102-36, 102-37, 102-41, 201-3, 401-1, 401-2, 403-2, 405-1)

Grupo Rotoplas is committed to talent and to promote a pleasant environment for operation, promoting the empowerment of our teams and creating spaces to enable communication.

We added new forces during the year, with the incorporation of Sytesa in Mexico, Talsar in Argentina and AIC in Chile. Their incorporation strengthens our commitment to provide innovative solutions for water supply and sanitation. Thus, our employee workforce reached 2,829, 24.5% more than the previous year.

### Employee workforce in 2016






Along with job creation, we promoted stability through personal and professional development opportunities. In this regard, 71.8% of our employees have permanent contracts and only 0.7% of the cases have part-time jobs. Likewise, we firmly believe in the value of diversity, enabling equal opportunities for women in industrial activities where they have traditionally been less present. Currently, they represent 25.8% of the workforce, being the 17.2% in executive positions. We work for their progressive incorporation in management positions, related to generational replacement that will occur gradually.

With a workforce consisting of different generations, young people under 30 years old represent the 28.2% of the total and 8.1% of the middle manager providing new performance approaches to the experience of our most veteran employees. On the other hand, our regional presence allows us to create employment opportunities in the different countries in which we operate, especially in those where we have production plants.

We respect the right of association of our employees, the 52.1% of the workforce is unionized and there are nine organizations that represent them, considering all countries in which we operate.



## Labor demographics - Grupo Rotoplas<sup>11</sup>

	<b>2016</b>
N° of employees	2,241
	
% of permanent contracts	71.8%
	
% of women	25.8%
	

<sup>11</sup> Labor demographics data displayed including employees into different variables, correspond to Grupo Rotoplas' s and Talsar' s operations, excluding Sytesa' s and AIC' s operations, which are included into the next year' s report.

## Employees by country

	2015	2016
Mexico	1,684	1,643
Brazil	214	94
Argentina	106	253
Central America	102	89
Peru	117	116
US	49	46

## Employees by sex and age group - 2016

	Men	Women	Total
Under 30 years old	477	154	631
Between 30 and 50 years old	1,041	383	1,424
Over 50 years old	144	42	186
<b>Total</b>	<b>1,662</b>	<b>579</b>	<b>2,241</b>

## Employees by professional category, sex and age group - 2016

Professional category	N° employees	(%) Women	(%) Under 30 years old	(%) Between 30 and 50 years old	(%) Over 50 years old
Executives	58	17.2%	0.0%	81.0%	19.0%
Middle managers	285	22.1%	8.1%	82.1%	9.8%
Individual contributor	755	26.8%	26.9%	64.2%	8.9%
Operational staff	1,143	26.6%	35.4%	57.6%	7.0%
<b>Total</b>	<b>2,241</b>	<b>25.8%</b>	<b>28.2%</b>	<b>65.5%</b>	<b>8.3%</b>

In 2016, we continued strengthening our strategy for the **attraction and retention of talent**, by reinforcing internal communications, leadership, training, and positioning of Grupo Rotoplas as an attractive company for performance and professional growth. Also, we gave continuity to the Sustainable Successions initiative, with which we identify existing strategic talent inside the team and promote the development and exchange of knowledge, of the future leaders of the company.

The difficult economic environment of the region, including different countries in which we operate, allowed us to have a 36.4% less hiring than the previous year, although we will continue generating opportunities. In this regard, we hired 803 employees from which 179 have permanent contracts, during the year. It is worth mentioning that we increased 8.9% **of young talent recruitment** (under 30 years old) and **19% of women recruitment**. In addition, we integrated the workforces of Talsar, Sytesa and AIC.

The workforce rotation was 9.9%, showing an increase of 2.2 percentage points from 2015<sup>12</sup>, which encourages us to continue implementing initiatives to retain our employees.

In order to contribute to the well-being of our employees, we offer more benefits than the mandatory obligations of each country in which we operate, and which include: life insurance, savings fund, annual bonus, vacation bonus and extended parental leave.

We determine our workforce's compensations based on the rate, considering the situation of the sector, in order to be competitive. It is worth mentioning that the 55.8% of our employees has a variable portion in their compensation, subject to monthly goals. This practice applies to areas related to commercial activities and strategic decision-making (quality, logistics, administration and finance, and new business).

Likewise, we are committed to safety, so we have management systems in our plants according to OHSAS 18001 standard, five of them already certified hoping to include the others<sup>13</sup>. We are implementing a strategy with the goal of zero accidents and incidents, with an emphasis on prevention. To do this, we train our employees, as well as we carry out awareness raising campaigns. In addition, we include measures to reduce the risks in the use of machinery and monitor processes. These efforts allowed us to achieve promising results, with a decrease of 23.9% in the number of minor injuries compared to the previous year and of 23.0% in terms of the number of days lost for that reason.

### Indicators of health and safety

	2015	2016
N° of minor injuries	92	70
N° of occupational illnesses	0	6
N° of casualties	0	0
N° of days lost due to injury	1,298	999
Accident rate <sup>14</sup>	6.69	6.72



<sup>12</sup> We determined the rotation as: Voluntary layoffs and indefinite contract / turnover rate in the year.

<sup>13</sup> Plants of Lerma, State of Mexico, León, Guanajuato, and Lima (Peru) are already OHSAS 18001 certified.

<sup>14</sup> Accident index = (total disability accidents reported in the year / average number of employees in the year) X 100.



The internal **communication** is a key factor for the company's success, by its effect in the work environment and our employees' satisfaction. We make them feel part of a team, committed to common objectives and that they collaborate in the Company's performance, according to the Rotoplas Way. We work to promote an environment that facilitates the exchange of ideas with a fluid communication in the different teams and departments through platforms such as our business social network R-Conecta.

Every two years, we apply the **Great Place to Work (GPTW)** survey to know the status of the **work environment**, our employees' overview and meet their expectations and concerns. Its scope has been progressively extended, and this year we participated in 15 working centers in Mexico, Central America, Peru, Argentina and Brazil<sup>15</sup>. With a satisfaction of 66% in the results of this year, we had an increase of 7 percentage points regarding 2014. It is significant to note the pride that our employees feel of their work, as well as of the teams in which they participate and of being part of Grupo Rotoplas. On the other hand, we have opportunities to improve the way we communicate equity principles, which are not appreciated in all their dimensions. The company considers the work environment measurement as an important issue, so we will apply the survey each year starting from 2017.

<sup>15</sup> The GPTW survey was implemented in 11 plants in Mexico, as head quarters in Mexico City, Lerma and León (Customer Service).

## Training and development (102-35, 404-1, 404-2, 404-3)

Internal talent is one of our greatest strengths, a key to generate innovative solutions according to our customers' and users' needs, as well as their attention and the efficient performance of processes. We are committed to training and providing an environment of personal and professional development for our employees, according to the position and the different knowledges and skills required.



We have defined a system of **abilities** promoted among the workforce, required to accomplish our corporate strategy. On the one hand, there are enabling capabilities as empowerment and strategy adherence, among others. On the other hand, we have our differentiating capabilities, which contribute to make the company stand out in the market, for example, the innovation in our solutions to increase the value received by our customers.

The Rotoplas Way, which constitutes our *modus operandi*, has undergone specific training. In this regard, we gave continuity to the Strategic Adherence Initiative, started in 2015, and we launched the Rotoplas Way Month<sup>16</sup>.

We are working to strengthen the training and career development programs, with additions that we presented to our employees during the Development Month, in which we communicate about the training strategy, learning models, as well as the key processes for the talent management, performance and skills, during a period of 5 weeks. In addition, with the launch of our Learning Solutions platform, we provided access to different training materials.

<sup>16</sup> More information regarding Rotoplas' Way in the chapter "Creation of value".

In 2016, we provided a total of 35,015.5 hours of both face-to-face and online training, which represents a total of 15.6 average hours of training per employee.



All our employees receive training on common matters such as the Rotoplas Way, the Code of Ethics and management through Balanced Scorecard. Additionally, we implemented specific programs by position, such as leadership for middle and upper managers, and the Sales Academy for the staff in charge of the commercialization of our solutions.

### Training by professional category - 2016

		Total hours of training	Average hours of training per employee
Administrative staff	Executives	253.1	4.4
	Middle managers	5,292.2	18.6
	Individual contributors	14,559.2	19.3
Operational staff		14,911.1	13.0
<b>Total</b>		<b>35,015.5</b>	<b>15.6</b>

Together with the commitment to our **employees' development**, we monitored their performance with **an annual assessment**, considered for internal promotions. It is an automated process in our SAP Success Factors platform, which consists in three stages: to set objectives, mid-year review and the final evaluation. For all administrative employees, the assessment is according to the achievements of the company's and employees' objectives which are set in the Individual Development Plans (IDP's); also management objectives for executives and middle managers are set in every department, which determine their variable compensation. Of the total administrative staff, 89.8% was assessed during 2016, which represents all employees required to be assessed due to their seniority, type of contract and duty conditions.

On the other hand, in the case of the operational staff, assessment variables are considered in the collective agreement, and they include productivity and adherence to safety rules, among others, applied to all employees with these functions.