

PetStar's Sustainable Business Model

August 25th, 2020

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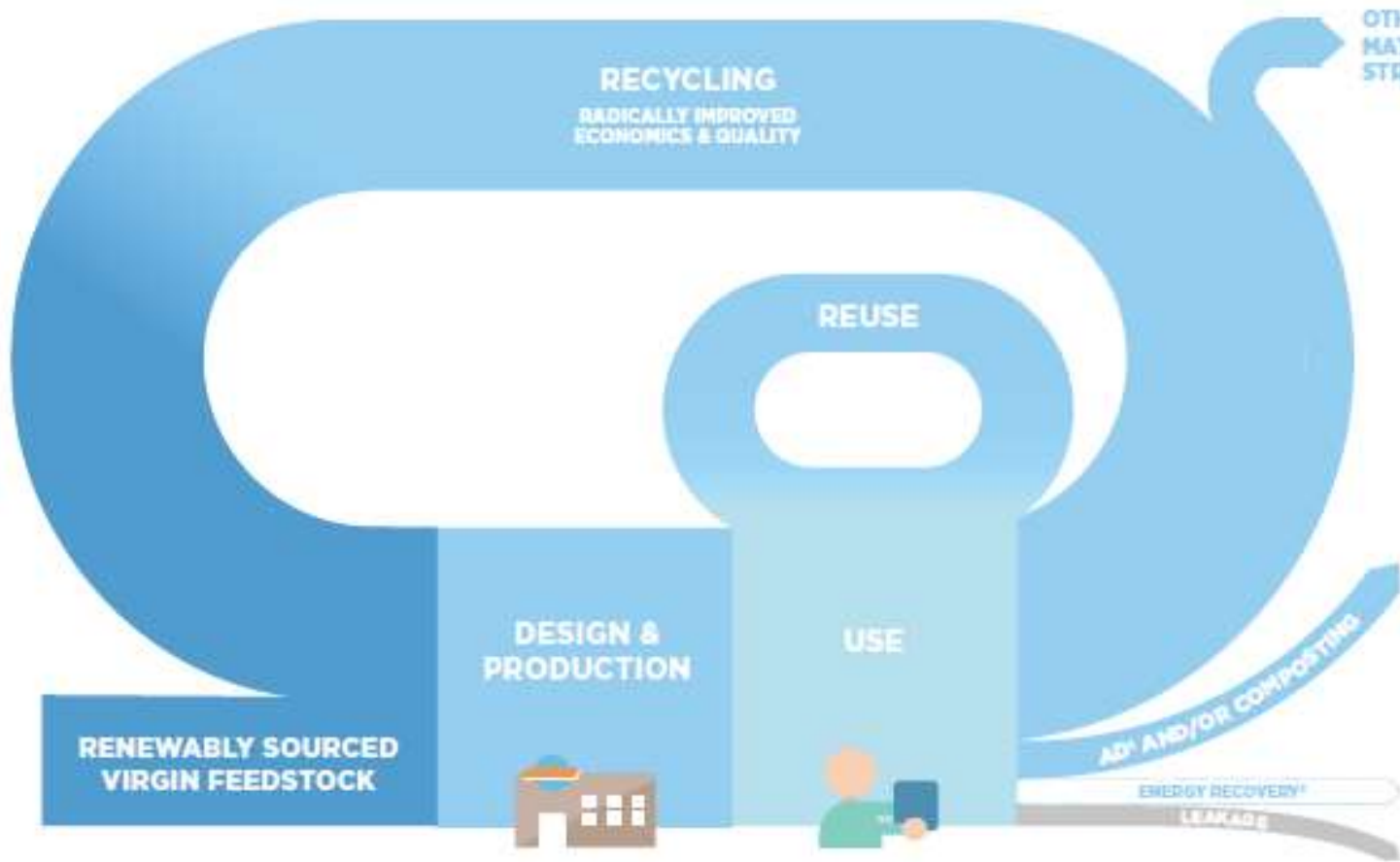
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I. International Context

1 CREATE AN EFFECTIVE AFTER-USE PLASTICS ECONOMY



- ⇒ **RETHINK**
- ⇒ **REDESIGN**
- ⇒ **REDUCE**
- ⇒ **REUSE**
- ⇒ **RECYCLE**

3 DECOUPLE PLASTICS FROM FOSSIL FEEDSTOCKS

2 DRASTICALLY REDUCE THE LEAKAGE OF PLASTICS INTO NATURAL SYSTEMS & OTHER NEGATIVE EXTERNALITIES

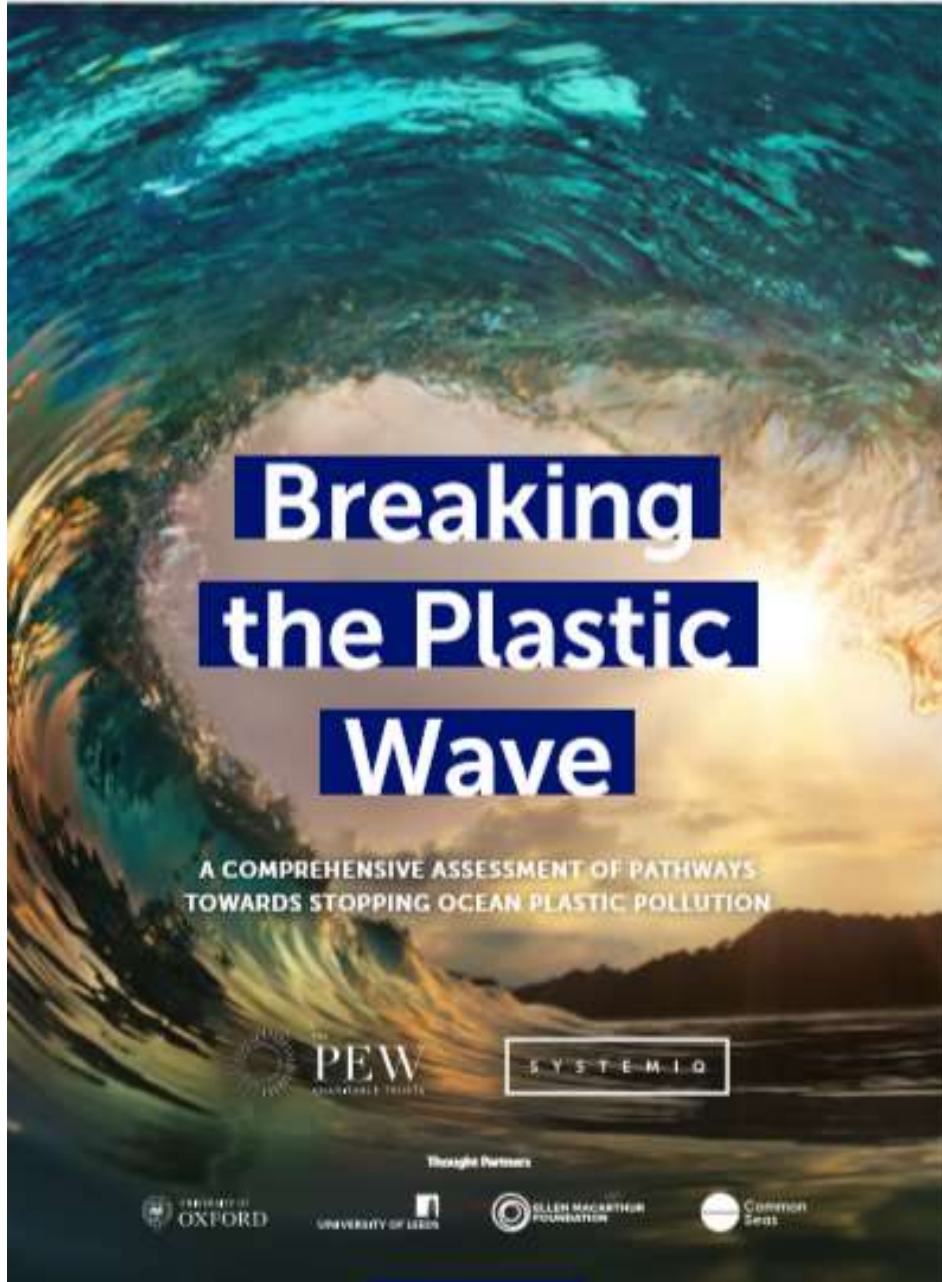


Global Commitment

A circular economy for plastic in which it never becomes waste

<https://youtu.be/O3l45a6ZlKA>





Collaborative measures need to be implemented for the next 20 years throughout the value chain, between public and private actors, between levels of government to reduce 80% of plastic pollution.

Released, July 23th

Figure 5: Plastic fate in the System Change Scenario: a 'wedges' analysis

There is a credible path to significantly reduce plastic leakage into the ocean but only if all solutions are implemented concurrently, ambitiously, and starting immediately

Million metric tons per year



The System Change Scenario reduces 80% of plastic pollution by 2040

through the immediate implementation of eight complementary system interventions across the plastics value chain

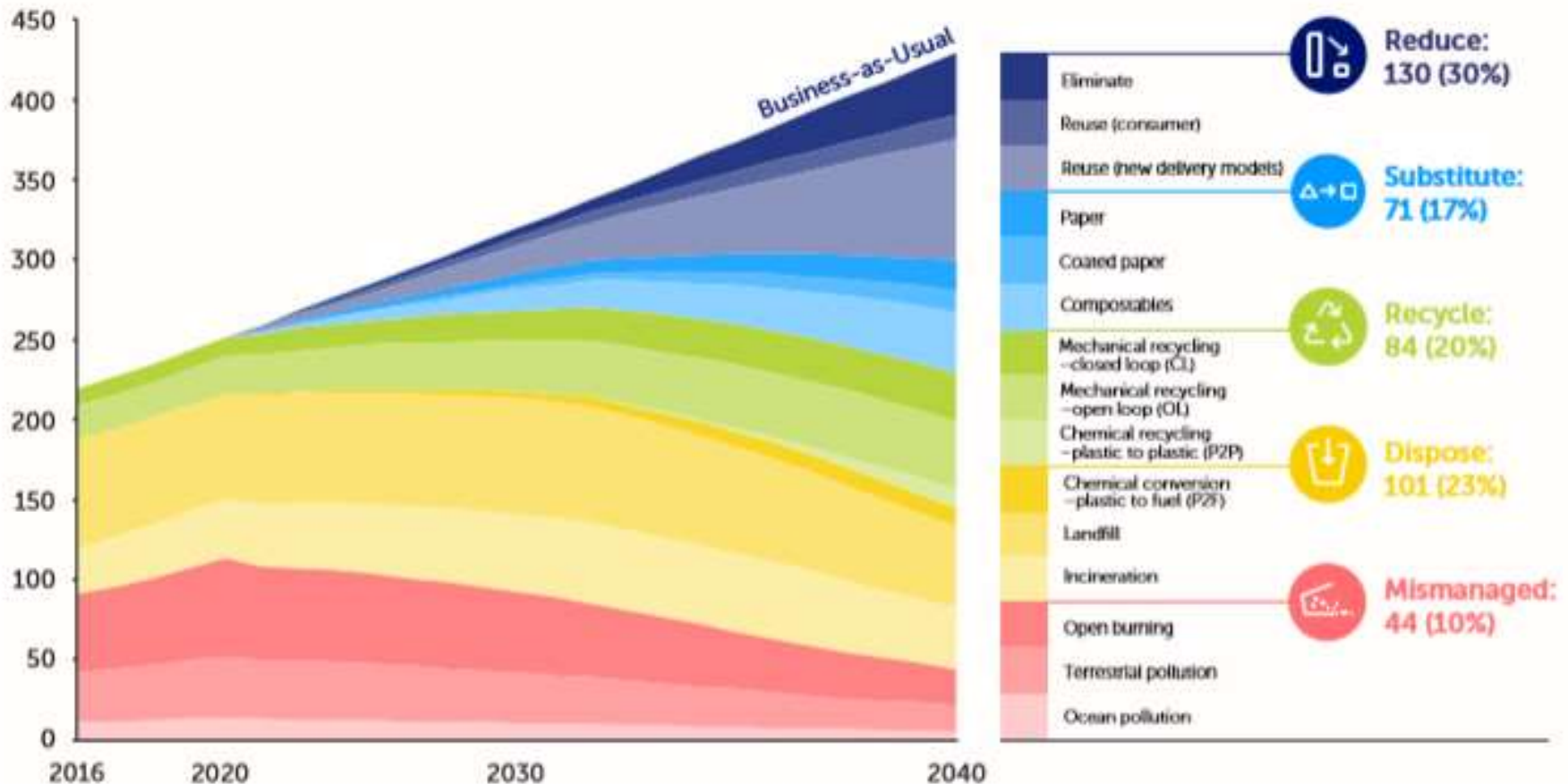


* Contingent on a decarbonization of energy sources

Figure 5: Plastic fate in the System Change Scenario: a 'wedges' analysis

There is a credible path to significantly reduce plastic leakage into the ocean but only if all solutions are implemented concurrently, ambitiously, and starting immediately

Million metric tons per year



This 'wedges' figure shows the share of treatment options for the plastic that enters the system over time under the System Change Scenario. Any plastic that enters the system has a single fate, or a single 'wedge.' The numbers include macroplastic and microplastic.



AMBITION 1: END PLASTIC WASTE ENTERING THE OCEAN

- ⇒ Strategy 1: Rally businesses and Governments worldwide behind design and implementation of circular economy solutions for plastic.
- ⇒ Strategy 2: Minimize inadequate disposal methods such as open burning, open dumping and unsecured dumpsites.
- ⇒ Strategy 3: Reduce dumping into waterways and discarding directly into oceans.
- ⇒ **Strategy 4: Improve collection, sorting and processing systems.**
- ⇒ **Strategy 5: Improve effectiveness and livelihoods for waste collectors.**
- ⇒ Strategy 6: Enable growth in sustainable markets for processed material streams.

Global and regional partnerships and innovative business-led initiatives are forming across the plastic value chain in order to find solutions and accomplish these objectives. For example, profitable business models improving livelihoods in Mexico (PetStar, 2019) and South Africa (PETCO, 2019) have been found by boosting PET54 plastics collection and post-consumer recycling.



High-Level Meeting on Sustainable Ocean Business

2 June, 2020, 9:00-10:45 EDT



OCEAN STEWARDSHIP 2030

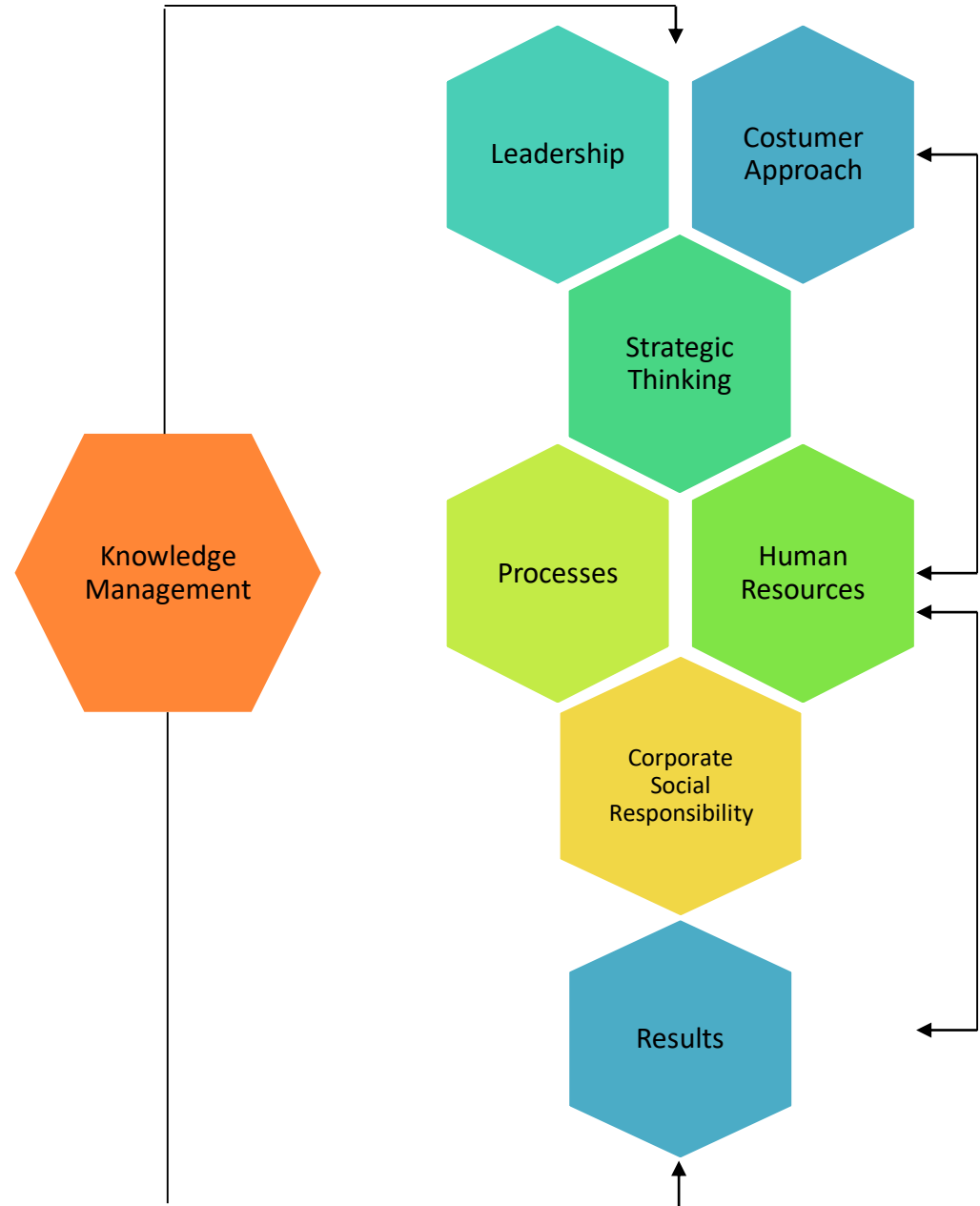
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II. PetStar's Sustainable Business Model

Was designed and implemented fully aligned with the **National Competitiveness Model** from the National Quality Award (**PNC**) Similar to Malcolm Baldrige Award.

PetStar's Integrated Management System allows the representation and conceptualization of the organization as a **System** identifying elements which are correlated and interdependent. The 8 elements are the base for **Organizations Management**.



Example of Circular Economy Worldwide



SUSTAINABLE BUSINESS MODEL

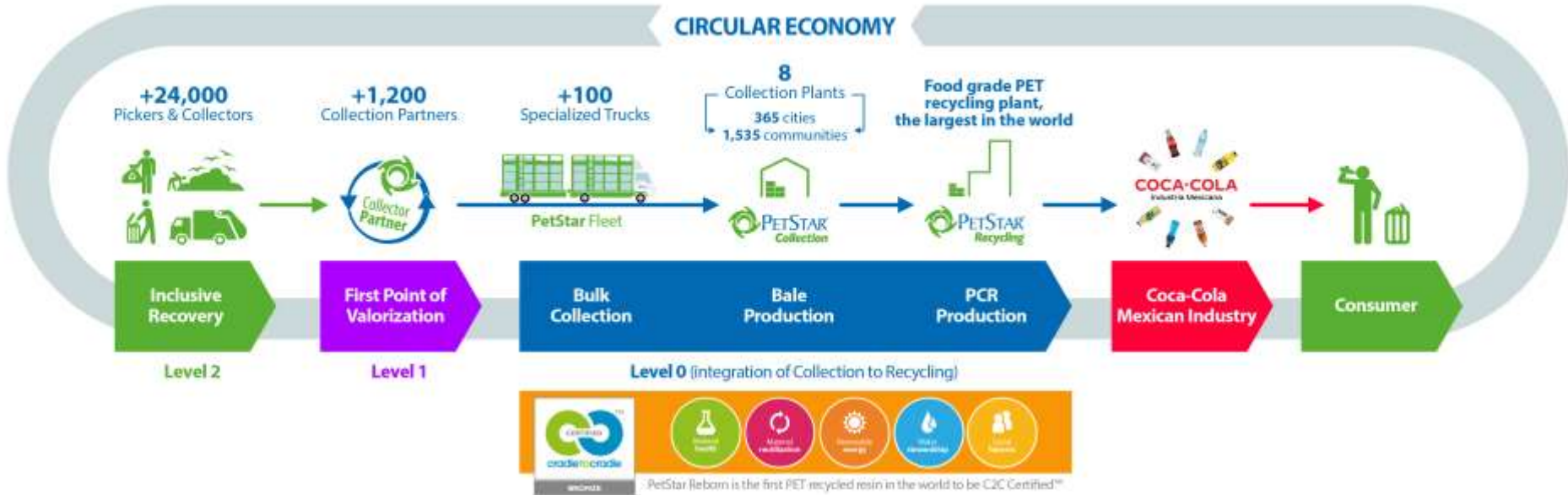


Supply Chain Free of Child Labor

Became an Asset of the Coca-Cola Mexican Industry



Traceable and Without Intermediaries

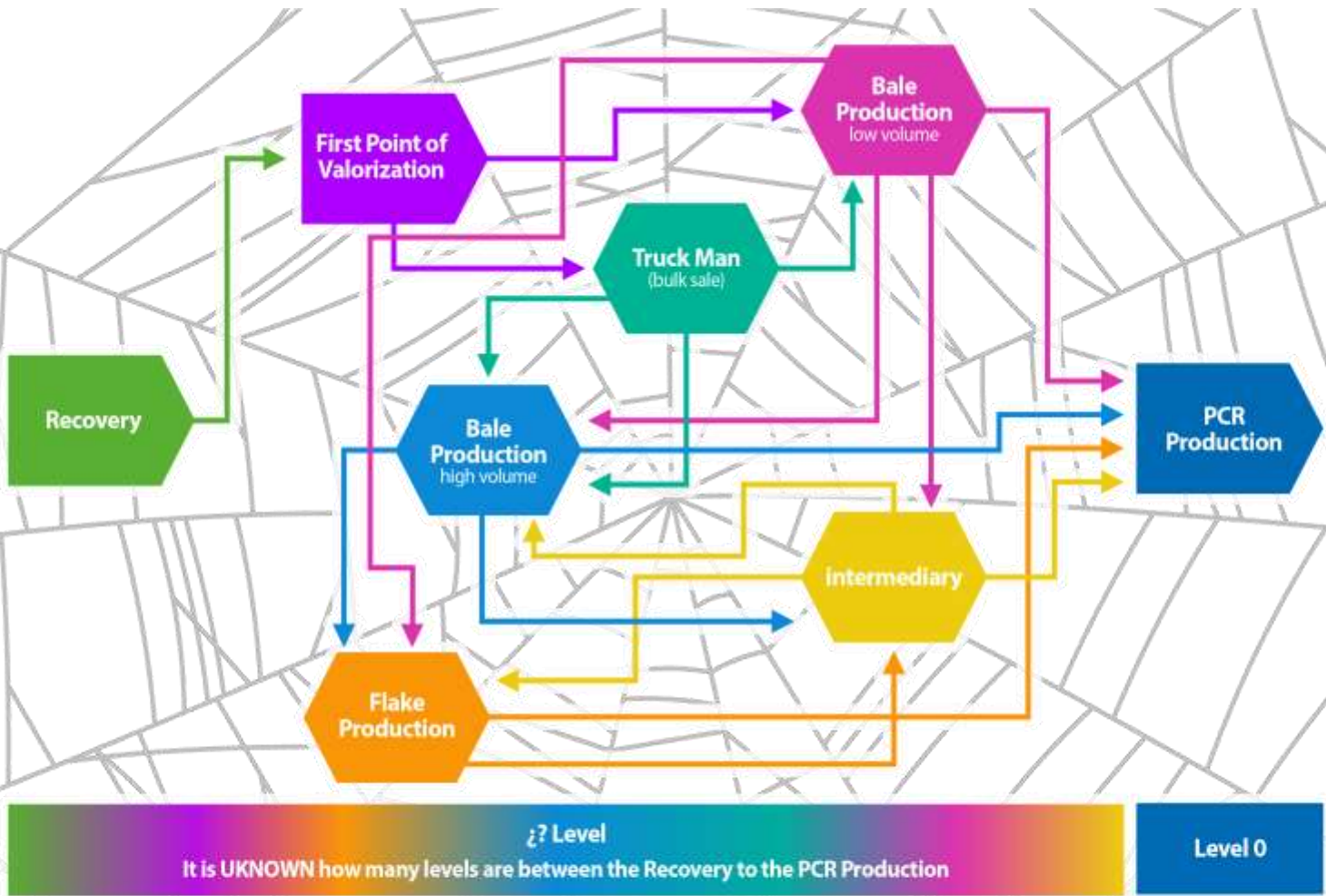


Care and Supply Chain Development

- Inclusion
- Traceability
- Social and Environmental Value Locally
- Risk Control
- Supply Chain Free of Child Labor
- Formalization and Tax Control
- Banking
- Productivity
- Profitability
- Industrial Safety
- Wellness
- Civil Protection
- Health
- Human Rights
- Decent Job
- Education and Social Mobility
- ESG criteria compliance (Socially Responsible Investment)
- Non Exploitation

Objective yield of the PetStar Sustainable Business Model: 90%

Competitors Supply Chain



There is no Traceability, the Supply Chain is Neglected, There is No Risk Control, No Visualization on issues such as Child Labor, Working Conditions and Exploitation, Null Incentive to Formalize, Informality is cheaper, It does not Incentivize Productivity, nor Banking, nor Industrial Safety, nor the Responsible Management of residues. The Local Impact cannot be demonstrated. High Volatility in Volume and Price. High Risk of ESG criteria non-compliance.

First Point where Bottles are Valorized

Recovery source



Part of our Collection Processes



- ✓ Systemic
- ✓ Focused on Processes
- ✓ Trainable
- ✓ Implementable
- ✓ Certifiable
- ✓ Auditable
- ✓ Adjustable
- ✓ Replicable

Encouraging Social Mobility
and dignifying waste picking

Policy and Visualization Tool

Child Labor Visualization Tool

Supply Policy Free of Child Labor

PetStar has assumed the commitment of **ZERO TOLERANCE** of Child Labor throughout its supply chain and verifies compliance with minimum working age provisions.



Points to evaluate in each service from Collector Partner

Child Presence

Is there a child presence?

No Yes, How many? _____

Child Labor

Are there under 18 years old collaborating with the Collector Partner?

No Yes, How many? _____

Are there under 18 years old selling PET to the Collector Partner?

No Yes, How many? _____

Risks

Some child was near:

Dangerous materials
Which? _____

Unsafe conditions or risk areas
Which? _____

Harmful fauna
Which? _____

CHILD PRESENCE

- ✗ If they are near dangerous materials
- ✗ If they are near to unsafe conditions or acts
- ✗ If they are near risk areas

- ✓ If they live there
- ✓ If accompanied by an adult
- ✓ If they don't have a better place to be

CHILD LABOR

- ✗ If you are under 15 years old
- ✗ If they are between 15 and 17 years old and they are worse forms of work, dangerous or unhealthy work
- ✗ If they are between 15 and 17 years old and do not have the basic education

- ✓ If they are between 15 and 17 years old and it is light work
- ✓ If they are between 15 and 17 years old and have basic education completed or in progress

We always pick it up with our own trucks

Clear PET



Blue PET



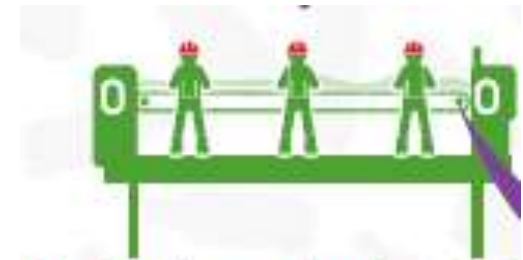
Green PET



Exotic PET



We purchase all translucent bottles at the mixed of the market blend without limiting any bottles that otherwise would become an environmental liability, unrinsed and with caps and labels.



The bottles are hand sorted in the conveyor belt.

PetStar Sustainable Business Model Tangible in rPET

hecha 100% de otras botellas

COCA-COLA
Industria Mexicana

100% PETSTAR REBOORN

CERTIFIED
cradle to cradle
BRONZE

- Seguridad para la salud y el ambiente
- Reutilización de material
- Energía renovable
- Uso eficiente del agua
- Justicia social

Average PCR Content
30%



CSD Bottles up to 100%
of Recycled content



CSD Bottles up to 50%
of Recycled Content

III. Fully Integrated Supply Chain Quality Control

Is a unique space created to serve PetStar's processes and Mexican Reclaiming Companies.
Bottles we Collect are tested and classified according to their capability of being Recycled.



PetStar seeks to promote bottles and components recyclability to ensure and improve the *quality and active recycling of the 100% composition of PET post-consumer bottles* in environment's benefit.



APR Design® *Guide for Plastics Recyclability* and *APR testing portfolio* are applied for generating technical information of marketplace bottles recyclability.



ECOCE provides feedback to Brand Companies on their bottles recyclability and PetStar offers Design Support promoting *APR recognized innovations*.

Fully aligned with the EMF Global Commitment Common Vision.



HOW TO DISPOSE **PLASTIC BOTTLES** PROPERLY



Simple actions has a very high environmental impact, reducing the volume 75%, you avoid the generation of the related Carbon Footprint.