

Sustainability Report







Index

A letter from the chairman 4

Corporate profile Mission and vision

Bio Pappel in figures 2020

Sustainability model 8

Geographic presence 9

Business groups and products 10

6

12

14

26

Our response to COVID-19



Economic performance 18

Our presence in United States 20
Corporate governance and ethics 22
Managing Direction 23
Code of ethics 24

Value chain



Environmental performance 28

Environmental management	29
Urban Forest®	30
Energy	32
Carbon emissions	36
Water	38
Clean transportation	40
Conservation and protection of our forests and biodiversity	41



Social performance 42 Our people 42 Training and development 46 Quality of life at work 48 Occupational health and safety 50 at work 52 Community engagement 64 Bio Pappel Foundation Community and industry involvement 66 Our stakeholders 67



Awards and certifications	68
GRI Content Index	70
United Nations Global Compact	78
Sustainable Development Goals	79
About this report	80
Materiality	82
Verification letter	83
Point of contact	84

A letter from the chairman

[102-12, 102-14, 102-15]

2020 was a peculiar year due to the health crisis driven by the COVID-19 pandemic, which derived into a significant decrease in economic activity; an acceleration of new labor trends and digitalization of operations; the implementation of new security measures; the change in consumption patterns and preferences, as well as an adjustment of the corporate vision and revaluation of priorities.

The operational adaptations we integrated throughout the year brought us a new vision of an interconnected world through out the collaboration of social, entrepreneurial, environmental, economic, governmental, and ethical factors for building a better future.

This period of complexity has proved our resilience, flexibility, and speed to adapt and innovate across all industries. Thanks to our values and firm commitment to sustainable development, at Bio Pappel we were not only able to face challenging conditions, but we were also strengthened in a wide set of aspects, such as teamwork, sustainable solutions for our costumer, and response capacity to our stakeholders needs.

Accordingly, our priority during the health crisis has been to keep the employment of our collaborators secure, just as it is to maintain their health and wellbeing, alongside our customers and suppliers.

In 2020 we continued to push forward with the circular economy through our Urban Forest® model, having recycled 1.34 million tons of paper and cardboard. Equally, thanks to our Bio-Energy system we co-generated 60.1% of the energy needed for our manufacturing processes. Furthermore, this year we captured 5.36 million tons of CO₂e.

The social responsibility towards the communities where we operate is an essential feature of our corporate culture, especially in periods of crisis such as the current one. Therefore, we reinforced the support to our diverse communities through the relationship-building strategy that we implemented, which has focused on improving the wellbeing and favoring the health of more than 7,804 people.

Bio Pappel did not stop its growth in this challenging economic environment. A reflection of this is the solidity of our business model and commercial strategy, which concentrates on continuous investment and constant operational improvement. In this regard, it is important to highlight that we continue consolidating operations in United States by kick-starting a paper plant in Washington state and replicating our sustainable business model in said country.

[102-12, 102-14, 102-15]

Although 2020 was a year full of challenges, we managed to boost all the components of our sustainability model thanks to the talent, commitment, and professionalism of every member of Bio Pappel's team, value chain and our stakeholders support. Also, we ratified our commitment to achieving the Sustainable Development Goals and the compliance of the 10 Principles of the United Nations Global Compact. Thus, through this report, we present our Communication on Progress (CoP).

At Bio Pappel, we will continue investing, growing, generating, and sharing value because we are convinced that this formula will keep bringing the best results for our business, employees, communities, and the planet. The future will hold more challenges but with optimism, we can glimpse growth and learning opportunities to adapt to a changing and challenging environment.



Miguel Rincón Arredondo

Chairman of the Board

of Directors of Bio Pappel



Corporate profile

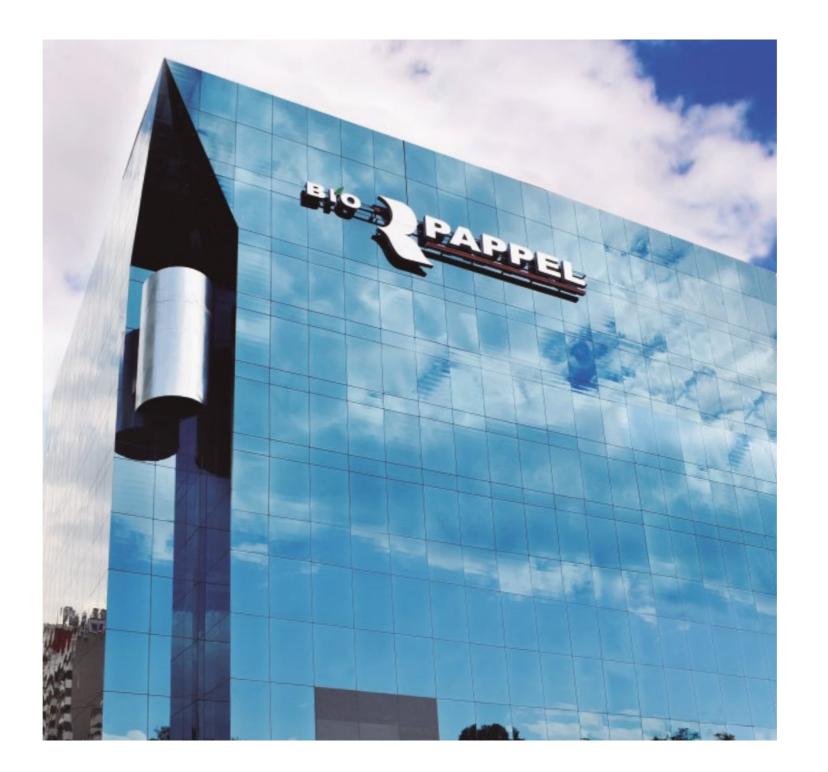
We work day in, day out to offer our customers and consumers the highest quality paper and paperrelated products, while following the Circular Economy model and encouraging innovation in our processes. Sustainability has been, and will continue to be, a guiding principle in our business model, which is why we make our stakeholders active participants, and we inspire them to join our purpose by pushing for sustainable resource production.

Mission

To competitively produce sustainable paper, paperbased products, and packaging in order to efficiently contribute to our client's success, as well as to ours and the environment.

Vision

To be a leading enterprise in the creation of shared values based on a strong culture of learning, innovation, productivity, environmental protection, and social responsibility.



Commitments to the Sustainable Development Goals

[102-12, 102-16]

The Sustainable Development Goals (SDGs) developed by the United Nations are among our guiding principles, this is why we align our business model and constantly work to develop strategies that allow us to contribute to their fulfillment.

We can proudly say that we positively impact 15 out of the 17 SDGs. Throughout this report we outline the different actions that we have performed and the way these contribute to the realization of the Goals.

The evaluation and classification of these 15 SDGs are part of our 2021 objectives, according to their primary or secondary impact.























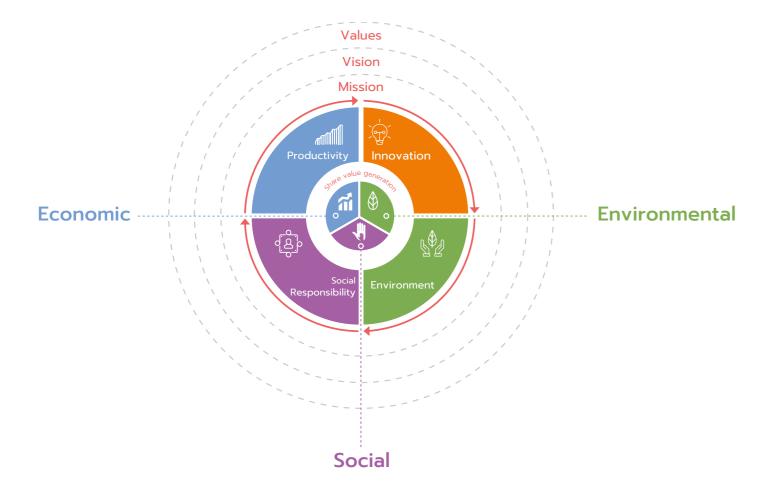




Sustainability model

[102-16, 103-2, 103-3]

As a result of our maturity as a sustainable company and the continuous commitment we hold to society and the planet. Our Sustainability Model aligns with our corporate philosophy and reflects the principles that inspire us to continue to grow and contribute to our environment.



Geographic presence

[102-4, 102-6, 102-7]

We operate accross Mexico, Colombia and the United States.





Business groups and products

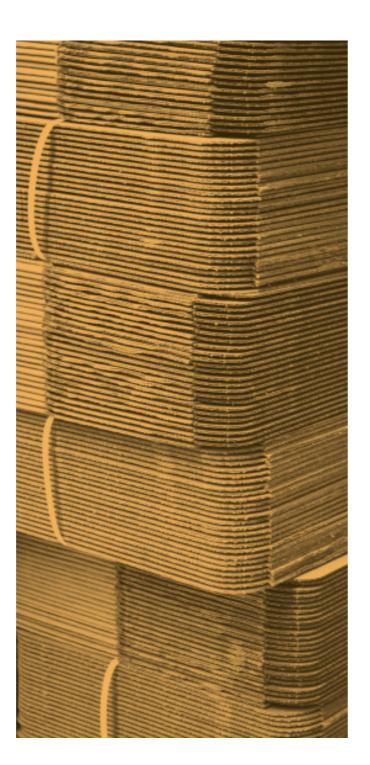
[102-2, 102-6, 102-7]



The trust our customers have placed on our products has driven us to a position of leadership in the paper industry in Mexico, United States and Latin America. Our responsibility is to meet and exceed their expectations, which is why we work constantly in developing practices that allows us to perfect the quality of our service, as well as to improve our response and productive capacity.

With our products being 100% recycled, we contribute to SDG 12: Responsible Consumption and Production

Our products are certified by the Forest Stewardship Council®, being the only Mexican paper company to hold the FSC 100% Recycled Certification.



[102-2, 102-6, 102-7]

To cover the needs of the market we have three business groups, which allows us to put at your disposition a wide range of paper products.





Leading paper producer in United States for packages, containers and corrugated packages.

Through this brand we carry our Sustainability Model across the United States operations and

Baja California in Mexico.

In 2020 we opened a new plant in Whashington State, where we are reproducing our Circular Economy model.

Products: Paper rolls for packages and containers, white and brown liner and medium paper for packaging, paper for sacks, bags and wrapping, and high-quality graphic corrugated packaging.





The largest brown paper and corrugated package production company in Mexico and Latin America. It has position itself as the most trustworthy provider in the market thanks to an efficient vertical integration, cutting-edge technology, and a wide production and distribution network.

Products: Paper rolls for packaging and containers, white and brown liner and medium paper for packaging, corrugated and high-quality graphic cardboard packages, paper sacks and bags.

The most recognized printing and writing paper and school-related products company in Mexico and Latin America.

Products: News paper, uncoated free-sheet paper, cut sized paper, notepads, notebooks, bond paper roll and specialty paper.

Bio Pappel in figures 2020

[102-7,102-9]



1.48⁽¹⁾
million
short tons of recycled paper and carboard produced



3.1 million trees saved



5.36 million tons of CO₂e captured



60.1 % of green energy generated through our Bio-ENERGY System



12.37 million m³ of recycled water



\$1,275+(2) million dollars in sales



51 industrial plants, recycling centers and headquarter offices



Operations
in 17 states within Mexico,
8 in the United States and
1 in Colombia



\$72+(3)
million
dollars invested in
sustainable processes



I,/5U+
SMEs are part of our supply chain



12,128 direct jobs



18,192 indirect jobs



278,944 hours training hours



2,400+

- (1) 1 Metric ton equals 1.1023 short ton.
- (2) Annual average exchange rate \$21.4990 MXN.
- (3) Year end rate \$19.9352 MXN.

Our response to COVID-19

As we mentioned before, 2020 was a particularly challenging year due to COVID-19, which unleashed a crisis and touched all spheres of our lives, including operational schemes of all industries.

Thanks to our sustainable, innovative vision and resilience capacity, we took early measures in our operations to safeguard the health and security of everyone that is part of our value chain, to guarantee our operational continuity, without leaving behind our environment and social commitment.



We formed a COVID Committee to anticipate and handle the effects of the health crisis

Today more than ever, we maintain all our facilities as safe spaces for everyone who comes in. With this purpose, in February 2020 we started to implement an internal protocol in the face of COVID-19 in all our Bio Pappel workplaces, aligned with international recommendations issued by the World Health Organization, as well as local government protocols regarding health and particularly, the handling of COVID-19.

For this reason, included in this document are the following sections, which explain in more detail the implementation of protocols and actions taken accordingly to the particularities of the disease on each of our locations, such as:

- 1. Preventive measures: How to stop COVID-19 from entering our facilities?
- 2. What to do with confirmed COVID-19 cases or employees in contact with the virus?
- 3. Our business activities
- 4. Our facilities
- 5. How to follow up and monitoring COVID-19 cases?

We appreciate all the work and professionalism of each of the medical teams located at every
Bio Pappel facility.

Their job and commitment to protecting the wellbeing of all the employees have been essential to face the sanitary contingency.



Communication and Training

[102-11, 103-2, 103-3]

We constantly disseminate information such as recommendations, preventive and security measures, and other useful information through our print and digital media, making sure that it reaches all our employees.

In the same way, we reinforce our training programs with courses on hygiene and safety protocols to reduce the risk of infection, as well as actions to take care of our mental and emotional wellbeing. The main topics addressed were:

- □ Preventive measures against COVID-19
- Bio Pappel's COVID-19 Protocol
- How to make the most of working from home?
- Childcare and schools while parents work from home
- Conflict management
- Anxiety and stress management during quarantine
- Mind and body balance
- Resilience: you are not what you achieve, you are what you overcome

All courses and seminars on health and prevention were available to all our employees





Remote work

[102-11]

With the purpose to reduce gatherings and mobility of our staff, we implemented a Remote Work scheme, flexible working hours, and restrictions for external visits and corporate travel. The points mentioned above were managed with a strict adherence to the recommendations made by health authorities according to each location, giving our staff the necessary tools and conditions to carry out their duties in an optimal way.



Environmental care

Before the pandemic, our priority was the health and safety of all our employees. Nevertheless, our sustainability commitment is fundamental, therefore, once we established the necessary protocols to take care of our employees, we adapted the processes to continue our work to protect the environment.

The Personal Protection Equipment (PPE) used by all our employees in all of our locations (face mask, face shields, gloves, glasses, etc.), resulted in a growth in regulated waste. Sealed containers were placed and identified on each of our locations for the correct disposal of the PPE.





Community engagement

[102-11]

Fulfilling our social vision, we focused our efforts on collecting personal care, hygiene and cleaning products by launching an internal campaign in the communities where we have operations. We invited all our employees to donate as many of these products as possible.

Furthermore, we contributed to protecting the first line healthcare workers of the Red Cross in Morelia, Mexico with a donation of sodium hypochlorite, a substance used to sterilize surfaces, through our production plant located in that city.

On the other hand, we designated our parking lots on our Queretaro facility for the Mexican Social Security Institute to expand its service area. We installed care tents, necessary signage and sinks, so that this place could be used as an information center for family members of COVID-19 patients.

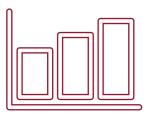
Our volunteer work never stoped, it was done at a distance due to the circumstances, this showed our social commitment and solidarity; qualities that distinguished all of our employees, demonstrating a great helping spirit and solidarity towards the communities where we maintain operations.



Economic performance

[102-7, 102-9, 103-2, 103-3]





\$1,275+(1) million



Within Mexico 92.3%

of our suppliers are domestic



\$72+⁽² million

dollars invested in initiatives to strengthen our sustainability commitment

We are convinced that innovative and sustainable companies with integrity are crucial for the community development where we have operations. For that reason, hand in hand with the United Nations Sustainable Development Goals

(SDGs), at Bio Pappel we create business strategies that promote economic growth through sustainable practices governed by the highest ethical standards.

(1) Annual average exchange rate \$21.4990 MXN (2) Year end rate 19.9352 MXN



[103-2, 103-3]

Despite the financial, economic, and social challenges that arose in 2020 due to COVID-19 health crisis, in Bio Pappel we were able to increase our income compared to the previous year. This was achieved mainly by the increase of demand in the packaging market, the

consolidation of our expansion plan in the United States and the manufacturing of our products with higher value added. This is how we contributed to the SDG 8: Decent Work and Economic Growth.



In 2020 our packaging division grew 28.6% compared to the previous year

	2017	2018	2019	2020
Direct Economic Value Generated	1,262.88(1)	1,375.00(2)	1,346.7(3)	1,275 .55 ⁽⁴⁾
Direct Economic Value Distributed	1,130.3 (1)	1,167.08(2)	1,136.37(3)	1,137.87 ⁽⁴⁾
Investment in Projects	48.95(1.1)	91.37(2.1)	55.05(3.1)	72.59 ^(4.1)

Millions of USD.

**For further information about the financial performance of Bio Pappel, please consult the 2020 Annual Financial Report at: https://www.biopappel.com/en/finance

	2017	2018	2019	2020
Annual average exchange rate MXN	(1) \$18.9266	(2) \$19.2378	(3) \$19.2596	(4) \$21.4990
Year end rate MXN	(1.1) \$19.7354	(2.1) \$19.6566	(3.1) \$18.8727	(4.1) \$19.9352

On the other hand, the Bio Pappel Board of Directors approved the delisting of our shares in the Mexican Stock Exchange, process which will continue through early 2021. However, we ratify our commitment to continue our operations under the best business practices and

the highest standards of transparency and corporate ethics, to continue growing as a leading company in the industry and generating a positive impact in our society and the planet.



Our presence in United States

[102-4, 102-6, 102-10]



According to our growth and expansion plan, the North American region plays and integral part in our strategy, this is the reason why we will continue working to consolidate our presence in the United States.

We operate two avant-garde business units in our neighboring country: McKinley Paper and McKinley Packaging, with operations in New Mexico, Washington, California, Georgia, Indiana, Texas, Arizona, and Colorado.

During the second half of 2020 the paper mill located in Washington started operations, where we have started to replicate our sustainable business model to produce paper without cutting down trees and to supply packaging plants in that region.

Our paper mill in Washington is supplied with 100% recycled material from our recycling centers

The infrastructure investment that we carried out will allow us to increase our operational capacity in the United States and will bolster our distribution network to expand growth opportunities in the international markets.









Corporate Governance and Ethics

[103-2, 103-3]



By proudly being consolidaded as a company with integrity and transparency, we contribute to SDG 16: Peace, Justice and Strong Institutions, thanks to our Corporate Government's leadership, which has taken on the task of guaranteeing the compliance to the principles enlisted in our Code of Ethics, as well as taking the best decisions to ensure the company sustainable growth.

Board of Directors

[102-18]

Our Board of Directors is made up of 12 members*, who work together to ensure that decisions are made in an inclusive and representative manner, responding to the business and the different stakeholders needs. Their main activities are:

- Manage the internal control system
- Evaluate and approve the company general strategies
- □ Guarantee the alignment with the social principles of the business

This organ is supported by the Auditing and Sustainable Practices Committee to ensure the company financial results are transparent, all operations are developed within the internal normative framework, administrative and control regulations.

For more information on our Board of Directors, its members, activities or procedures, please review our 2020 Annual Financial Report at:

https://www.biopappel.com/en/finance

*25% of whom are independent. No board member receives any remuneration. The Board is aligned with the provisions of the Ordinary General Shareholders Meeting and the Securities Market Law.

Managing Direction

[102-18

Our Chief Executive Officer cooperates closely with each of the Business Groups' Offices and the Finance, Administration, Sustainability, and Competitivity departments to guarantee internal regulations and corporate planning compliance.

The main purpose of this figure is to administer, evaluate and implement business strategies of the company, as well as to ensure that the company operations are in line with the strategic plan approved by the Board of Directors.



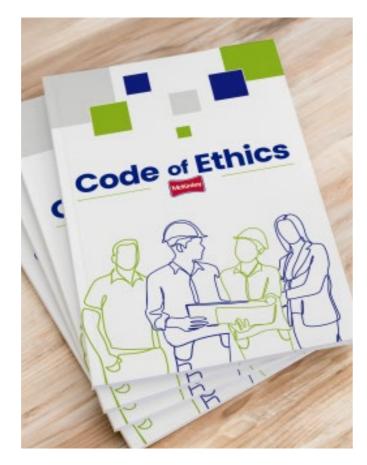
Code of Ethics

[102-16, 103-2, 103-3 / PM]

To maintain and increase Bio Pappel's leadership in a changing environment, it's necessary to regulate our actions and decisions based on our corporate values. Our Code of Ethics expresses our corporate essence, aligned with the integrity that must always prevail to guarantee our long-term relationships with our stakeholders and assure our permanence in the market.

In 2020 we revised our existing Code of Ethics and policies. Additionally, we developed a Code of Ethics for Suppliers and Customers, which include guidelines that allow us to maintain commercial relationships aligned to our corporate integrity with our stakeholders.

Our new Code of Ethics will be shared among employees, customers and suppliers starting in the first quarter of 2021. In the same way, during this period there will be a training on Bio Pappel's Code of Ethics and policies for all employees



For more information on the content and dissemination actions of our Code of Ethics, take a look at our website: https://www.biopappel.com/en/ethics-line



[102-17, 103-2, 103-3 / PM]

As part of our evolution, this year we have implemented the new Bio Pappel Ethics Line, a communication platform available for everyone to report in an easy, safe, and anonymous way an action that breaches our Code of Ethics.

The Ethics Line is operated by an independent organization that specializes in complaint and report management. All the reported cases are evaluated and promptly addressed internally to present a solution.





United States +1 855 245 1355

Phone Line

Mexico 800 7727 735

Colombia 01 800 5189 191



WhatsApp +52 55 6538 5504



Email ethics@biopappel.com



Live WebchatWithin the website



Mobile App

 Download "EthicsGlobal" (Available for Android and iOS)

2. Scan this QR CODE



If you would like to know more about the Bio Pappel Ethics Line, please visit: http://www.eticabiopappel.com/?l=en



Value Chain

[102-9



Aligned with our business model and corporate goals, we act to establish collaborative relationships with organizations that share our sustainable principles and vision.

We firmly oppose all corruption and discrimination practices, as well as child and forced labor

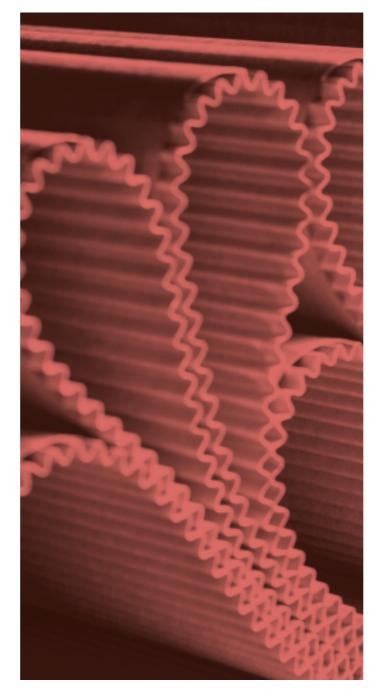
In contribution to the SDG 8: Decent Work and Economic Growth, our supply chain comprises more than 2,850 suppliers, of which 92.3% are based in México.

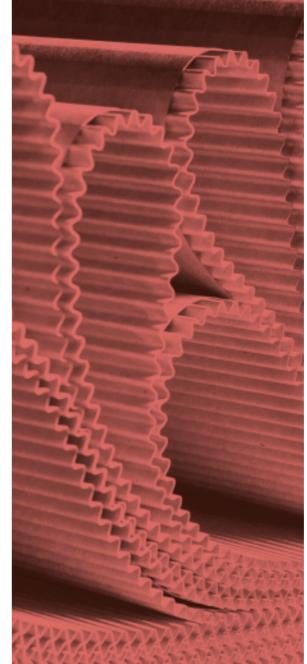
Through the "Supplier Certification" program, we promote a trusting collaboration by certifying every 3 years the legal, fiscal, economic, human, and material capacity of our suppliers in all our operations.

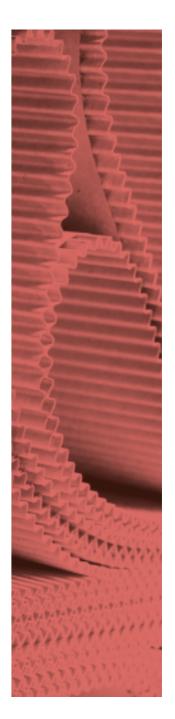
We develop long term relationships based ethically and sustainably on the Code of Ethics for suppliers; additionally they reinforce their commitment to it by reporting their purchase and service processes at Bio Pappel's Supplier Portal.

We can, therefore, guarantee high quality in our raw materials and services used in our value chain, strengthening the industry and national economic performance.

1,750+ SMEs are part of our supply chain









Environmental Performance

[103-2, 103-3 / PM]



1.48(1) million

tons of recycled paper and cardboard



60.1%

of the energy used in our operations is cogenerated



5.36 million

tons of captured CO_2e



68.17%

of the water use in our production processes is recycled

(1) 1 metric ton equals 1.1023 short ton.



Environmental Management











In line with complying with the Sustainable Development Goals, in Bio Pappel we developed our environmental strategy based on six essential pillars, which allows us to optimize the resources that we use throughout our activities and contribute to the solution for climate change.



We have expanded the life cycle of the paper and paper related products with our Circular Economy Model, Urban Forest®



We have generated green energy and used it in our proccesses through our Bio-ENERGY System



We have contributed to reducing and capturing CO2e emissions



We have optimized our water use by recycling it through our processes



We have used clean forms of transport and innovative logistics systems



We have protected our forests to preserve its biodiversity



[103-2, 103-3]



We are the biggest paper recycling company in Latin America

We are convinced that generating economic value and taking care of the planet at the same time is possible, our sustainability model Urban Forest® is proof of it. It has allowed us to expand our business portfolio and manufacture paper products of high quality out of 100% recycled materials.

We integrated a Circular Economy scheme into our business strategy and thru it, we are able to extend the paper life cycle by collecting it and processing to convert it again into paper and paper products. Furthermore, we contribute to reducing contaminating waste and optimizing energy consumption and natural resources.

By recycling we save **7,742** adult trees every day

We collaborate closely with different players of our value chain, in addition, we establish strategic partnerships with state and local governments to develop optimal solid waste management practices.

According to the data provided by the Paper Industry Chamber of Commerce, our model has notably influenced Mexico's paper collection index, which has registered a 40% to 56.6% increase in the last 20 years.





[103-2, 103-3, 301-2, 301-3]

We use

of the material we collect to produce paper for packages

*Information consolidated by plant and by recycled raw material.



McKinley Paper Albuquerque recycling center.



Paper and cardboard recycling (Thousands of short tons*)

2018	2019	2020	2021 Goal	
1,589,540	1,491,434	1,476,588	1,506,117	•

*1 metric ton equals 1.1023 short ton.



[102-11, 103-2, 103-3 / PM]





In line with the adherence of the Sustainable Development Goals and the Mexican Energy Transition Law, which derived from the Paris Climate Agreement, we focused our efforts to improve our production processes and to modernize our infrastructure to make our energy consumption in our manufacturing plants more efficient.

We innovate our industry with the Bio-ENERGY System, using the resulting steam from the manufacturing processes to generate green energy. Thanks to this system, we're able to become energy self-suffiencient.

With Bio-ENERGY we consume only one third part of the energy needed to produce paper while we contribute to the SDGs 7: Affordable and Clean Energy, 9: Industry, Innovation and Infrastructure, 12: Responsible Production and Consumption and 13: Climate Action







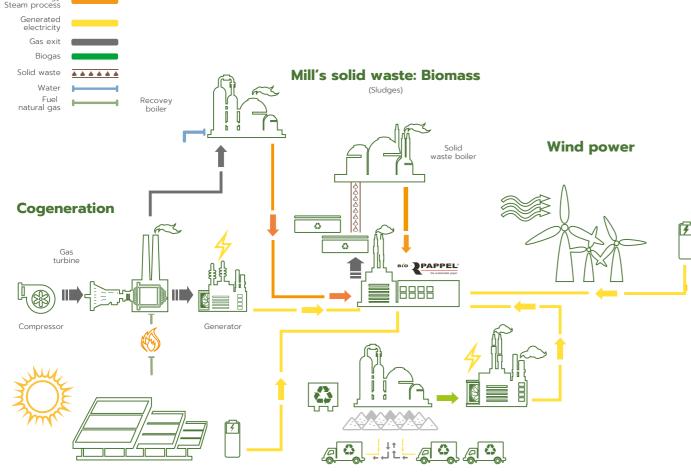


[103-2,103-3]











Photovoltaic energy

Solar panels

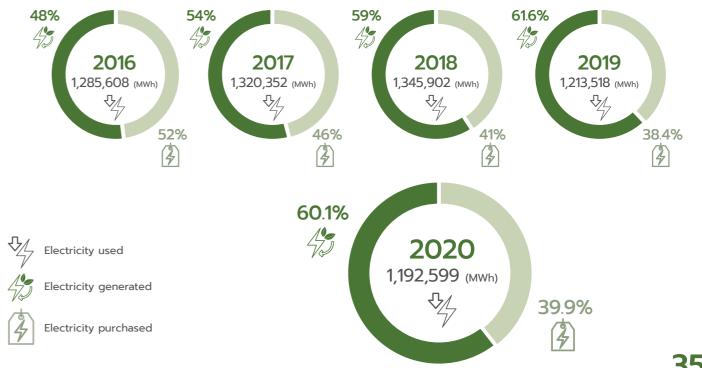




Energy Use [103-2, 103-3, 302-1]

Energy type	2018	2019	2020	2021 Goal	
Electricity (MWh)	1,345,902	1,213,518	1,268,746	1,241,274	
Wind energy (MWh)	10,283	1,421	425	433	
Fuel oil (m³)	11,035	24,284	52,079	53,120	
Natural Gas (Gigacalories)	4,152,298	3,809,203	3,571,614	3,643,046	
Gasoline (Liters)	977,542	947,431	818,961	835,340	
Diesel (Liters)	6,946,418	5,866,899	6,744,889	6,879,786	

Electricity used, purchased and generated (MWh)





[102-11, 103-2, 103-3]

Our commitment is to actively contribute to fight climate change and its effects. Our Urban Forest® production model has helped us mitigate our environmental footprint by recycling and generating partnerships with our value chain to boost a green and low carbon economy.

This year we captured **5.36** million tons of CO₂e

Moreover, we have established ourselves as a transparent company by reporting periodically and voluntarily all greenhouse gas emissions through our GHG Mexico Program, regulated by the Mexican Ministry of Environment and Natural Resources (SEMARNAT), the Commission on Private Sector Studies for Sustainable Development (CESPEDES), and the Carbon Disclosure Project.













CO₂e emissions and capture (Thousands of tons) [305-1, 103-2, 103-3]

Indicators	2018	2019	2020	2021 Goal
*CO ₂ e emissions	1,036	1,000	1,076	1,097
CO ₂ e capture	5,768	5,412	5,358	5,465
Net CO ₂ e capture	4,732	4,412	4,282	4,367

*GHG Direct or Scope 1 Emissions from Fossil Fuels



Gas emissions (Thousands of tons) [305-7]

Indicators	2018	2019	2020
*NOx	0.73	0.822	0.860
*SOx (SO ₂)	0.75	2.402	3.624
*Particles	0.09	0.198	0.271
*Methane	0.030	0.028	0.056

Measured using ISOKINETIC studies based on NOM085 SEMARNAT and emission calculations based on AP42.



 $[102\text{-}11,\,103\text{-}2,\,103\text{-}3,\,303\text{-}1,\,303\text{-}2,\,303\text{-}3,\,303\text{-}5,\,306\text{-}1\;/\;PM\;/\;EP\;Principle\;1\&2]$



To boost sustainable production practices in the paper industry and to contribute directly to the fulfillment of SDG 6 Clean Water and Sanitation and 14 Underwater Life, we developed a zero-effluent and a wastewater treatment system. With it, we can optimize water usage in the production processes of our facilities.

We implemented high-tech closed-circuit systems through which we were able to recycle most of the water used in our industrial plants operations. Likewise, the water resources that we do not recycle get a treatment process to assure that its discharge will comply with governmental normative parameters.

In 2020 we recycled **68.17%** of the water in our operations

Our resource management systems have positioned us as one of the least water consumption paper companies worldwide, due to this fact, we were awarded with the "Water Efficiency Award, which is given by Pulp and Paper International.



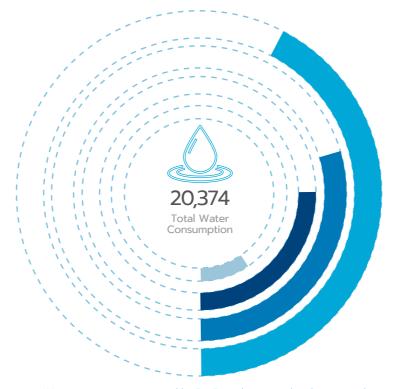
Water use and discharge (Thousands of m³/year)

Indicator	2018	2018 Unit (m³/ton)	2019	2019 Unit (m³/ton)	2020	2020 Unit (m³/ton)	2021 Goal	2021 Unit Goal (m³/ton)
Water consumption	22,186	7.6	21,366	7.62	20,374	7.4	20,781	7.4
Waste water discharge	16,501	5.6	13,297	4.7	12,369	4.49	12,616	4.5
Net water use	5,685	1.9	8,068	2.92	8,004	2.91	8,165	2.91



Total Water Abstraction by Source (Thousands of m³/year)

[103-2, 103-3, 303-1,303-3, 303-5]



*Measuring equipment owned by Bio Pappel, approved and supervised by the corresponding authorities and accredited by third parties.















41%
Groundwater well



[102-11, 103-2, 103-3 PM / EP Principle 1&2]



To honor our commitment to the environment, we have developed clean transportation programs that help us mitigate our environmental footprint and consume fuel responsibly.

We averted the emittion of 2,413 tons of CO₂e thanks to our inverse logistics system, which has allowed us to use our means of transport more efficiently while reducing loading and unloading times. Additionally, we incorporated EURO V technology to our truck fleet which allows us to reduce GHG emissions while reinforcing our strategy to substitute the use of trucks for railcars to transport raw materials and products.

For the seventh consecutive year, we have received the "Excellent Environmental Performance" recognition given by the Mexican Ministry of Environment and Natural Resources SEMARNAT





Conservation and protection of our Forests and Biodiversity

[102-11, 103-2, 103-3, 304-2]

One of our main goals is to maintain a harmonious relationship with nature, this is how, we take part of the fulfillment of the Sustainable Development Goal 15: Life on Land. Day by day we work to optimize our manufacturing processes to keep persuing the consumption of sustainable natural resources. Similarly, we encourage the development of reforestation campaigns in the regions where we operate to contribute to preserving the ecosystems and their biodiversity.

Our commitment is reflected in the decision made to safeguard the forests where our Scribe San Rafael Plant is located, making it an important forest reserve. This protected area expands more than four thousand hectares and constitutes an important green lung for the more than 20 million people that live in the Mexico Valley.





[102-7, 102-8, 102-11 / PM]



Our People

In line with SDG 8: Decent Work and Economic Growth, we created programs and initiatives to offer better working conditions and a favorable environment. This has motivated our employees to keep contributing with their talent, effort, and creativity to continue strengthening our company, produce more products, and meet our customer needs.

In accordance with the above, in 2020, despite the health crisis, we maintained our operations with the same workforce, salaries, and integral benefits.



In total, we supported 12,128 direct jobs in the regions where we have presence



[102-7, 102-8, 102-41]

Workforce by employment contract* (Time)

	Men	2018 Women	Total	Men	2019 Women	Total	Men	2020 Women	Total
Fixed contract	7,169	2,110	9,279	7,604	2,340	9,944	7,925	2.,565	10,490
Temporary contract	1,492	440	1,932	1,391	428	1,819	1,238	400	1,638
Total	8,661	2,550	11,211	8,995	2,768	11,763	9,163	2,965	12,128

*60% of our employees are included in collective bargaining agreements. We determine salaries and changes to the benefits packages of our employees through their trade union representatives



Workforce by gender and region

		Men			Women		
	2018	2019	2020	2018	2019	2020	
Mexico	8,441	8,131	8,207	2,485	2,502	2,656	
United States	133	773	869	39	238	281	
Colombia	87	91	87	26	28	28	
Total	8,661	8,995	9,163	2,550	2,768	2,965	



Workforce by employment contract (Hours)

	Men	2019 Women	Total		:020 ′omen	Total
Full time	8,752	2,694	11,446	8,916 2	2,885	11,801
Part time	243	74	317	247	80	327
Total	8,995	2,768	11,763	9,163 2	2,965	12,128

*The information presented in these tables are compiled from the Employee Balance Sheet for each workplace.



[103-2, 103-3 / PM]



We support the individual and professional development of our team through the BIO TALENT program, which consists of three stages:

- Identify opportunity areas for improvement and training topics required
- **2** Establish individual goals aligned with corporate goals
- Intermediate evaluations that will offer guidance about how to reach goals



1,098 participants in the performance evaluation process



5,374 performance goals and3,450 development goals established



14% of our employees had their performance evaluation and received feedback from their direct supervisor



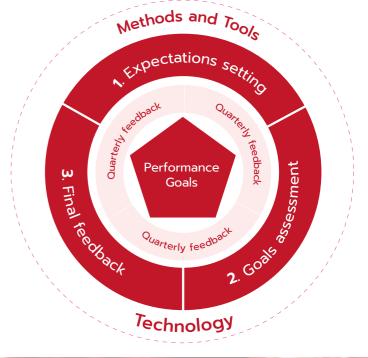
144 employees trained in the United States, as a result of our expansion into this country



95% of participants executed 3 quaterly feedbacks within the year

[103-2, 103-3]









Training and development

[103-2, 103-3]









Our contribution to SDG 3: Health and Wellbeing and 4: Quality Education expanded due to the global conditions, where we virtually offer a broad catalogue of subjects to support and guide the wellbeing and healthcare of all our employees as well as training and educational programs.



In 2020 we expanded the catalogue to provide specialized advice on issues related to COVID-19





[103-2, 103-3, 404-2]

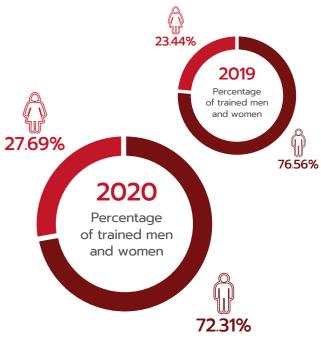
Bio Pappel University has established itself as a fundamental element in our business strategy, through different digital training programs. We have strengthened and promoted the professional and personal growth of our team members, and during quarantine, our catalogue of subjects grew to address the new needs.

Throughout 2020, the main subjects offered in Bio Pappel University were:

- Psychosocial risk factors at work
- Preventing discrimination and harassment
- Gender equality awareness
- Drafting of documents
- Time management

	2019	2020
Total employees attending training courses	23,526	24,256
Total training hours	315,248	278, 944

- Teamwork
- Human Capital Week
- Supply Week
- How to make the most out of working from home
- Anxiety and stress management during quarantine
- Mind & body balance
- Resilience... you are not what you achieve, you are what you overcome
- School for parents: I guide you today so you soar tomorrow





Life quality

[103-2, 103-3 / PM]







Committed to Labour Equality and Non-Discrimination

We are proud to have a diverse team, made of a wide variety of human talent, which is crucial to maintain a favourable working environment where employees can fully develop.

Through our Bio Pappel University programs, we strengthen the culture of equality and non-discrimination

We contributed to the fulfillment of SDG 5: Gender Equality and 10: Reduced Inequalities through the work environments we have built up, where we recognize diversity and foster gender equality and non-discrimination. This culture is reinforced through the following tools:

- Labour Equality and Non-Discrimination Policy
- Code of Ethics: where we manifest an explicit zero-tolerance to discrimination, violence, mobbing and workplace harassment
- Committee for Equal Employment Opportunities and Non-Discrimination at each workplace
- □ An Ethical Complaint Line: to receive and follow up in case of violations to Bio Pappel principles

Inclusion and non-discrimination are essential pillars of our company culture, therefore we always act based on our four principles:

- Equitable distribution of responsibilities
- Eradicate gender roles and stereotypes
- Strengthen a culture of accessibility
- Integrate people with disabilities into our workplaces

[103-2, 103-3]

To promote these principles throughout all the company's levels, we contributed to the change we want to see in our world.

Day by day we continue to work on developing initiatives that eradicate discrimination and support gender equality.

We are committed to the seven women empowerment principles by being part of **UN Women**

We have 23 workplaces certified under the NMX-025 Labour Equality and Non-Discrimination Mexican Standard, and we focus our efforts to progressively integrate more workplaces

The participation and recruitment of women increased 51.6% in the last 5 years

Through our alliance with National Council for the Prevention and Elimination of Discrimination (CONAPRED), we expanded our training catalogue with labour inclusion topics





Occupational health and safety at work

[102-11, 103-2, 103-3 / PM]



Our goal is to achieve zero accidents in all our operations

Aligned to SDG 3: Healty and well-being and 8: Decent Work and Economic Growth, guarantee the safety of our employees and people that visit us are paramount.



During 2020, we reinforced occupational healthy and safety measures in our overall operations, in this way we guarantee health and safety, as explained in the "Our Response to COVID-19" chapter

The Occupational Health and Safety at Work Policy, and the Health and Safety Commission are part of the initiatives we have developed to prevent or address any situation that might put at risk our staff's wellbeing.

Likewise, in each of our workplaces, we have support of trained personnel and the necessary tools to attend any emergency, acting according to our security model.

100% of our employees are covered by the Health and Safety Commission

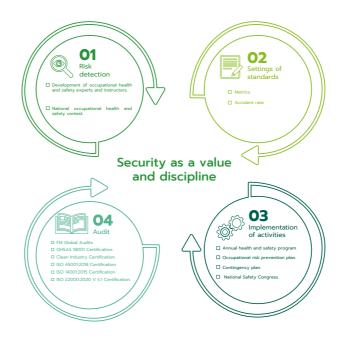


In 2020 the following actions were carried out:

\$1.32⁽¹⁾ million dollars

Invested to reinforce the safety and security of our systems and facilities

92,088 of training offered to 8,371 employees hours



Psychosocial risk management

[102-11, 103-2, 103-3]

We promote a safe work environment in all our workplaces, to ensure the physical and mental wellbeing of our employees. This year we strengthened our actions to ensure the NOM-035 regarding Psychosocial Risk Factors in all our company's operations.

- We worked to identify psychosocial risk factors to reduce and prevent them in all our facilities
- □ We designed a communication plan with prevention and risk management measures



As part of our actions to address COVID-19 and the quarantine, we developed a series of virtual workshops where we made recommendations on how to efficiently work from home and how to set and encourage favourable environment and conditions for personal wellbeing

Furthermore, we offered our staff a virtual conference given by stress management organization. Likewise, we referred them to specialized personnel for those employees that required emotional assistance to give confidential and proper care.

(1) Year end rate \$19.9352 MXN

50 IS2020

Community engagement

The communities where we have presence are a big part of the stakeholders that contribute to our social growth. Because of this, we are in constant communication with the main players in each community where we operate, to identify their specific needs and interests.

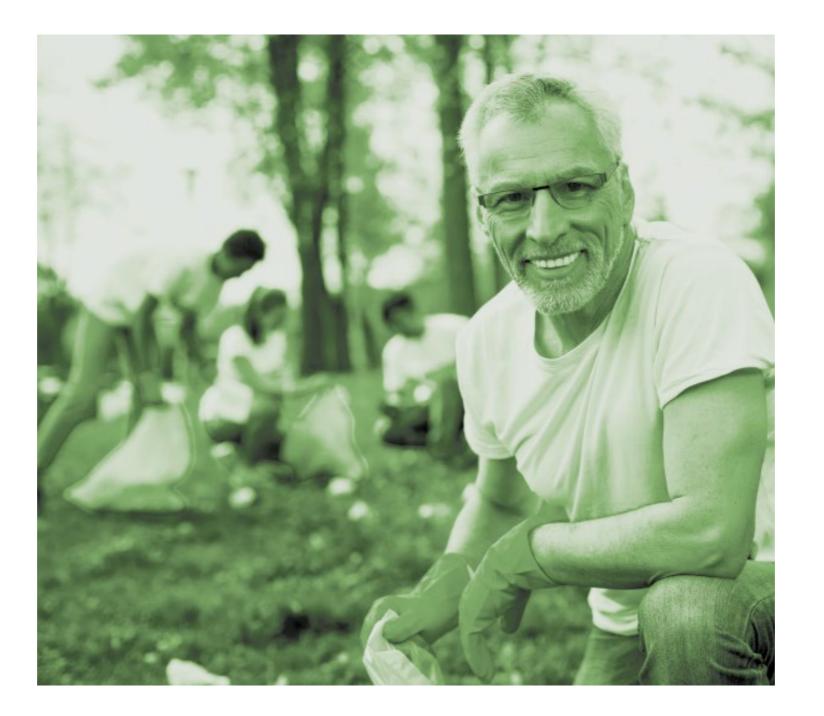


In the face of the challenges of 2020, we adapted our initiatives to continue creating stronger and long-lasting ties with our communities, with which we were able to strengthen our programs, contribute to local development, continue learning from our neighbours and generate shared value

All these actions are part of our Corporate Social Responsibility program, that consists of three main principles:

- Environmental education and conservation
- Community development
- Education for development

Through our social responsibility programs we contributed to eight different Sustainable Development Goals





Environmental Education and Conservation

[103-2, 103-3]







The preservation of the planet, its ecosystems and resources are responsability of all of us. We have worked on educational programs that raise awareness within our stakeholders on the mechanisms and benefits of environmental conservation, as well as fostering sustainability practices.

> Environmental education and conservation contribute to the following SDGs:

> > **13:** Climate Action

4: Quality Education

15: Life on Land

17: Partnerships for the Goals





Bio Pappel Green Schools

[103-2, 103-3, 203-1]







During the Bio Pappel Green Schools certification process, we provide tools, and work closely with teachers and parents from nearby public elementary schools, to encourage interest of young generations in the SDGs, through their direct participation in projects with high environmental and social impact. Participating institutions are required to do the following:

- Have a collection center for recyclable materials within their facilities
- 2 Environmental and social projects to:
 - Promote the efficient use of natural resources
 - lacktriangledown Promote the care and protection of biodiversity
 - □ Incentivize evolution of projects towards productive workshops
 - Benefit the school's comunity and/or neighbouring community

- These projects will be promoted by the Ecology Club, which must:
 - Be entirely made up by students and parents
 - Have an environmental leader



In 2020, we prioritized the community health and wellbeing, and the adaptation process to distance learning, providing materials with recommendations for online school created by Bio Pappel Scribe

We maintain 20 certified centers In Mexico in the states of Veracruz, Oaxaca, Durango, Nuevo Leon, Jalisco, Queretaro and the State of Mexico.





Hug a Tree

[103-2, 103-3, 203-1]



We have launched awareness campaigns in various educational institutions and civil society organizations to develop a green culture that promotes paper and cardboard sorting and recycling. In return, each institution obtains an in kind benefit to cover specific needs.

Additionally, this initiative contributes to our purpose as a company: to manufacture 100% recycled paper and paper products and bring us closer to meeting SDG 13: Climate Action and 15: Life on Land.

We collected

92 tons of paper and cardboard from 24 institutions in Durango, Coahuila, Nuevo Leon, Guanajuato, Hidalgo, Jalisco, the State of Mexico, and Veracruz.











In 2020 we launched a call for our employees to voluntarily join our adopt-a-tree campaigns and thus contribute to the preservation and conservation of the environment

This action contributed to the objective of the program, it was adapted to the current conditions, to learning and to taking care of these species.

We carried out

tree-adopting campaigns

In the Mexican states of Sinaloa, Coahuila, State of Mexico, Jalisco, Oaxaca, Michoacan, Veracruz, Durango, Nuevo Leon and Queretaro

Our employees adopted 7,445

















We contribute to the sustainable development of the communities where we operate and we promote the conservation of the environment in younger generations.

> The Community Development contributes to different SDGs, among the main ones are:

> > **4:** Quality Education

11: Sustainable Cities and Communities

13: Climate Action

15: Life on Land









We know how important it is to spark children's interest in caring for our planet and natural resources and this year we also included health risks prevention

For this reason, we developed a variety of activities to be carried out in a safe environment at home, addressing 5 main themes: recycling, water care, risk prevention at home, healthcare, and values such as respect and solidarity. Through these dynamics, we promote family integration, environmental education and awareness of priority issues for the children of our employees.

During the 2020 summer vacation period, we launched our Bio Pappel Green Summer at Home for **1,511 children** in 34 workplaces and we provided them with the necessary materials to carry out the different activities of the program





Taking care of my community

[103-2, 103-3, 203-1]



The objective of this program is in line with SDG 11: Sustainable Cities and Communities, where we identify the main needs of the communities where we are located to decide how we can address areas of opportunity and, with the support of our volunteers, contribute to their safe, inclusive, sustainable, and resilient growth.



We launch campaigns to collect hygiene and cleaning items to sanitize spaces in institutions that serve vulnerable groups

We benefit **973 people** from 9 communities in Mexico City, Queretaro, Jalisco, State of Mexico, Oaxaca and Veracruz

















In collaboration with local governments, we align our efforts to train women from the communities in a diverse set of professions. This way, the beneficiaries of the training acquire the knowledge to open a micro-business. With this initiative we promote SDGs:

5: Gender Equality, 8: Decent Work and Economic Growth, 10: Reduced Inequalities and 17: Partnerships for the Goals

promoting entrepreneurship and the full participation of women in the economic growth of their community.



Safeguarding our public, we focus our efforts on consolidating safe spaces and means to educate women in 2021.



School Visits

[103-2, 103-3, 203-1]

We invited high school and college students to learn about our production process for paper and paper products, starting from its recovery and recycling. During these sessions, we provided theoretical and technical knowledge for their training.

Between January and February, 84 students from 5 schools participated in Jalisco, Queretaro, Michoacan and the State of Mexico



In addition, we design the training and teaching material of each of the manufacturing process of paper and paper products that will be taught in 2021 by our expert employees through virtual sessions, which will bring the student community closer to manufacturing operations in places where we couldn't reach before



















The growth and positive results of the programs that make up our Corporate Social Responsability strategy, would not be possible without the team's solidarity that gives life to our corporate volunteering program, through which we promote the development of neighboring communities and their inhabitants, while strengthening empathy and teamwork.

Actions for Sustainable **Development Goals**

As part of the commitment to sustainability and continuous innovation to grow and contribute, in 2020 we worked on the development of Youth in Action for

the SDGs, a new program that we will integrate in 2021 into our community strategy.

The purpose of this initiative is to promote interest among young people from different universities about the importance of the SDGs and show them how we can all contribute and together, progress even further to achieve a sustainable development.

The program's development will be carried out in two axes:

- □ Integrate young people into our operations through professional internships, social service or as part-time interns
- □ Invite the school community to join in any of our community programs and participate as volunteers

We work to share our experiences and involve more people to contribute to the SDGs



2020 Results

[103-2, 103-3]

We benefitted **7,804 people**

We left a mark in 74 communities in 16 states around Mexico

SDG	Axis	Program	Indicator	2018	2019	2020
4 OUMLY EUCATION 5 GRADER EQUALITY	Environmental	Bio Pappel Green Schools	Participating Schools Beneficiaries	19 4,876	20 5,226	20 5,236
©	Education and Conservation	Hug a Tree	Tons Benefitted Schools	186 34	149 32	92 24
8 DECENT WORK AND ECONOMIC GROWTH		Reforestation: Our Greatest Role	Planted Trees	14,169	10,567	7,445
10 REDUCED NEQUALITIES	Community Development	Bio Pappel Green Summer Taking care of my community	Beneficiaries Beneficiaries	1,392 9,926	1,234 8,884	1,511 973
13 ACTION	Education for Development	Productive Workshops*	Benefitted Women Training Hours	117 8,190	114 1,412	
15 UPE ON LAND		School Visits*	Visitors	2,062	1,898	84
17 PARTINESSAPS FOR THE GOALS	Bio Pappel Volunteering		Corporate Volunteers Volunteering Hours	1,795 6,382	1,826 6,441	2,411 863

*Productive workshops and school visits were halted as a preventive healthcare measure















Bio Pappel Foundation constitutes an essential pillar for the fulfillment of our sustainable strategy, as it allows us to promote the conservation of the environment and social development through activities and projects in collaboration with companies and government entities, such as:

Papalote Children's Museum

We invite children to our activities and through games we teach them the importance of recycling and sustainability.

Kidzania

We carry out recreational activities to awaken interest in sustainable issues among Mexico's children.

Chapultepec Forest Trust

We collaborate with this entity for the care and protection of the most important lung in Mexico City, the Chapultepec Forest.





[103-2, 103-3, 203-1]

Best Buddies Mexico

Keeping with our culture of equality and nondiscrimination, we rely on this organization to integrate people with disabilities into the company and strengthen our teams.

National Museum of Anthropology

Aware of the great impact of our archaeological legacy on present and future generations, we collaborate in the protection and security of our pre-hispanic cultural heritage, which is a symbol of our Mexican identity.



Community and Industry Involvement

[102-13, 103-2, 103-3]



By building partnerships, we can have a greater impact in the world, as well as mobilizing knowledge and resources that contribute to the fulfillment of the Sustainable Development Goals. Therefore, we hold memberships with a diverse set of international and national organizations.

- National Chamber of Cellulose and Paper Industries
- □ GEMI Initiative
- Private Sector Study Commission for Sustainable Development (CESPEDES)
- National Confederation of Industrial Chambers (CONCAMIN)
- United Nations Global Compact
- Mexican Center for Philanthropy













Our Stakeholders

[102-40, 102-42, 102-43, 102-44 / PM]

Open channels to have an accessible and constant communication with the different stakeholders is crucial for Bio Pappel's overall strategy. Our commitment is to identify and address the needs and expectations of the groups involved in our operations, to keep them updated on their most pressing issues, as well as to detect areas of opportunity that will keep us improving and growing as a company.

Stakeholder	Expectations	Response/Actions	Communication channels	Frequency of contact
Customers	Offer competitive and sustainable products that efficiently contribute to the success of the company and that of its customers	Quality, health and safety, environmental management and social responsibility audits by our customers. Publishing of our Code of Ethics for Clients. Strategies to improve inventory management and compliance to standards and certifications	Customer satisfaction surveys. Audits to our manufacturing plants. Bio Pappel Ethics Line. Direct communication with our customers to understand more about their needs and expectations	Satisfaction Survey: AnnuallyçAudits: Annually Bio Pappel Ethics Line: On-going
Board Of Directors And Shareholders	Create sustainable value through competitiveness, innovation, environmental protection, and social responsibility in all our operations	Alignment of the sustainability strategy to our business strategy. Appointment of one of the members of the Board of Directors as Sustainability Director. Appointment of a Sustainability and Ethics Committee	Annual and quarterly meetings between the Board of Directors and Shareholders. Annual Financial Report. Annual Sustainability Report. Executive meetings	Executive meetings and Financial Reports: Quarterly and annually Board of Directors and Shareholders, Financial Report, Sustainability Report: Annually
Our people	To be one of the best places to work by offering opportunities of development and professional growth for our people, as well as improving occupational health and safety conditions	Bio Talent: Performance Management Program, seeks to aligned individual goals with corporate goals. Permanent Training Plans. Reward and bonus schemes. Code of Ethics. Occupational Health and Safety Model. Labor Equality and Non-Discrimination Policy and Committee. Participation in organizational climate rankings	Performance feedback, Committees to handle our employees' suggestions and concerns, as well as implementing new projects or initiatives. Organizational climate surveys, Bio Pappel Ethics Line, Bio News, volunteering programs	Bio Talent: Twice a year Committees: Quarterly Organizational working environment: Annually Bio Pappel Ethics Line: On-going Bio News: one a month
Suppliers	Promote effective relations within our value chain, driving mutual growth and market position	Supplier's Certification. Compliance with Supplier Policy. Supplier Code of Ethics. Annual Suppliers Congress	Annual Suppliers Congress to provide training to all employees from the Procurement department and help improve working relationships with our suppliers. Direct communication with key suppliers to identify areas of opportunity and best practices Bio Ethics Line	Suppliers Congress: Annually Bio Pappel Ethics Line: On-going
Communities	Create shared value with the neighboring communities to our production centers, through our company's skills and talent, while contributing to its development	Identifications of needs of the communities where we operate. Community annual work plan, with objectives and evaluation indicators. ScoREthree-pillar program: 1) Environmental Education and Conservation, 2) Community development and 3) Education for development	Direct dialogue with community leaders. Identifying needs and defining plans of action for each community. Community surveys. Bio Pappel Ethics Line	Monthly
Government	Guarantee the compliance of the legal framework in all our operations through honest and transparent processes	Active participation in corporate chambers and organizations to strengthen environmental and sustainable development standards. Collaborative public-private partnerships. Participation in public bidding processes in a transparent way, adhering to all pre-requisites	Direct dialogue with authorities. Work meetings with groups, chambers, and corporate associations. Annual reports. Seminars and forums on relevant subjects	Monthly
Civil society organizations and general public	Promote transparent relationships that are aligned with social and environmental impact	Development of strategic alliances. Participation in environmental and social responsibility rankings and awards	Direct dialogue to learn more about the needs and expectations of civil society organizations. Digital media, website. Rankings	Monthly Participation in rankings: Annually
Bank creditors	Create shared value and healthy financial relationships	Identification of financial requirements and the implementation of financing strategies using tailor-made products that offer the best possible market conditions	On-going communication with Banking Institutions to identify business and financing opportunities	Quarterly and annually reports



Awards and Certifications

[103-2 103-3]



Integrated Management System

- □ ISO 9001:2015. Quality and Productivity Processes
- ISO 14001:2015. Environmental Performance
- □ ISO 22000:2020. V5.1. Food safety and products processes
- OHSAS 18001:2007. Occupational Health and Safety Processes
- □ ISO 45001:2018. Occupational Health and Safety at Work



(Highly Protected Risk)

Awarded by FM Global – High standards and investments in protection and mitigation of fires and accidents



Forest Management Merit National Award SEMARNAT and CONAFOR

Recognized by our process to produce 100% recycled products, the development of reforestation campaigns, and our sustainability model



FSC® 100% Recycled

We are the only Mexican company certified to use 100% recycled raw materials in the production of our paper



World Wildlife Fund (WWF) **Environmental Paper Company Index**

We are part of the 35 global companies of our industry, and we are the only Mexican company of the industry

Pulp & Paper International Awards Global CEO of the year Award

Recognition of our CEO for his strong leadership and drive of our sustainability model in our operations in Mexico, United States and Latin America



Water Efficiency Award

Thanks to our innovative processes for water usage efficiency

Environmental Leadership Award

Recognition to our constant efforts to mitigate our environmental footprint



Instituto Panamericano de Alta Dirección de Empresas

Our sustainable business model placed us as a success story



Programme for the Endorsment of Forest Certification®

Chain of Custody Certification that guarantees the use of sustainable raw materials in our products

[103-2, 103-3]



GEI Mexico Program

For the 7th. year in a row, we voluntarily publish our emissions inventory



Super-Companies

EXPANSIÓN and Top Companies



Monarch Butterfly Eco-Label

Mexican label that ensures that the newsprint paper, paper for bags, are produced with recycled fiber



paper for wrapping, paper for sacks, corrugated boxes and solid fiber boxes

NOM-035-STPS-2018

Mexican Standard on Psychosocial Risk Factors at the Workplace

NMX-AA-144-SCFI-2018

Mexican standard ensures that print and photocopy papers are produced with recycled fiber and chlorine is not used for their whitening



Clean Industry

PROFEPA

Cemeti

CENTRO MEXICANO PARA LA FILANTEGRIA

CEMEFI

Socially Responsible Enterprise

Social Responsibility

Best Practices

Bio Pappel Green Schools

concamin

"Ethics and Values" Award in

the Mexican industry



Environmental Excellence

SEMARNAT and PROFEPA



Clean Transport SEMARNAT



Un Global Compact

Nations Global Compact and we are part of the Global Compact's Mexican Network Council



We support the United





EXPANSIÓN

Leading Company in Anticorruption Practices. Leading Company in Social Responsibility



Premio CLARES

Corporate Social Responsibility Award



Sustainable Forestry Initiative®

Chain of Custody Certification that guarantees the use of sustainable raw materials in our products



Made in Mexico Brand Emblem

Made in Mexico products badge



GRI Content Index

[102-55]



4-5
For more information, consult the 2020 Annual Report, page 9 at: https://www.biopappel.com/es/finanzas

Basic General Disclosures

For Materiality Disclosures Services, GRI Services has reviewed that the GRI Content Index is clear and that the references for 102-40 to 102-49 contents correspond to the right sections of the report. The service was performed on the Spanish version of the report.

GRI 101: Disclosures 2016

General disclosures

GRI 102: General Disclosures 2016

Organizational	profile
0.900	p. oc

102-1	Name of the organization	80
102-2	Activities, brands, products, and services	10-11
102-3	Location of headquarters	84
102-4	Location of operations	9, 20
102-5	Ownership and legal form	80
102-6	Markets served	9-11, 20 For more information on our Main Clients, consult the 2020 Annual Report, page 18 at: https://www.biopappel.com/es/finanzas.
102-7	Scale of the organization	9-13,18, 42-43
102-8	Information on employees and other workers	42-43 *Bio Pappel does not employ outsourcing workers.
102-9	Supply chain	12-13, 18, 26 We have more than 2,850 suppliers in our supply chain. In 2020, the monetary value generated from the purchase of goods and services from said suppliers amounted to \$12,866 million pesos. 75% of said expenses are concentrated in the following items: fiber, cellulose, natural gas, electrical energy and chemicals. In 2020, for the supplier certification process, in tax matters, 96% of our supplier base was certified, guaranteeing compliance with Mexican tax and labor authorities.
102-10	Significant changes to the organization and its supply chain	20, 80
102-11	Precautionary Principle or approach	14-17, 29, 32, 36, 38, 40-42, 48, 50-51
102-12	External initiatives	5, 12
102-13	Membership of associations	66
Strategy		
102-14	Statement from senior decision-maker	4-5

70 IS2020

102-15

Key impacts, risks, and opportunities

[102-55]

Content

Ethics and in	tegrity	
102-16	Values, principles, Standards, and norms of behavior	6-8, 24
102-17	Mechanisms for Advice and Concerns about Ethics	25
Governance		
102-18	Governance structure	22-23 For more information about our Corporate Governance, please consult our Annual Financial Report, page 60 at: http://www.biopappel.com/en/finance/financial-fundamentals/reports
Stakeholder	engagement	
102-40	List of stakeholder groups	67
102-41	Collective bargaining agreements	43
102-42	Identifying and selecting stakeholders	67
102-43	Approach to stakeholder engagement	67
102-44	Key topics and concerns raised	67
Reporting p	ractice	
102-45	Entities included in the consolidated financial statements	80
102-46	Defining report content and topic Boundaries	82
102-47	List of material topics	82
102-48	Restatements of information	80
102-49	Changes in reporting	80
102-50	Reporting period	80
102-51	Date of most recent report	80
102-52	Reporting cycle	80
102-53	Contact point for questions regarding the report	84
102-54	Claims of reporting in accordance with the GRI Standards	80
102-55	GRI content index	70-77
102-56	External assurance	80, 83

Page / Direct response / URL(S)

[102-55]

Content		Page / Direct response / URL(s)		
Material issues				
	Environmental p	protection		
GRI 103: Mai	nagement approach 2016			
103-1	Explanation of the material topic and its Boundary	82		
103-2	The management approach and its components	28-32, 34-41		
103-3	Evaluation of the management approach	28-32, 34-41		
GRI 301: Ma	terials 2016			
301-1	Materials Used by Weight or Volume	$20,373,829 \text{m}^3$ of water. 1,908,446 tons of cellulose and secondary fiber.		
301-2	Recycled Input	31		
301-3	Reclaimed Products and their Packaging Materials	31		
GRI 302: En	ergy 2016			
302-1	Energy consumption within the organization	35 *The company does not calculate the consumption and sale of heating, cooling and steam. The methodology considers mass-energy conversion factors of the international system of units, internal control reports.		
302-4	Reducción del consumo energético	*a 1% decrease in unit consumption of Total energy, to reach 9.26 GJ / t. -4.0% DECREASE in consumption of Electric Energy in 2020 compared to 2019 to reach 1,524 E.E. GJ / ton. b. Electricity consumed, fuels for stationary sources, (Fuel oil, Natural Gas, black liquor), fuels for mobile sources, (gasoline, diesel, LP gas) as well as thermal energy through steam. c. Base year 2014 vs year 2020. d. Electricity (MWh) Factor: * 3.6Gig Joules / Mwh Fuel (liters) Factor: * 412474 Giga Joules / I		
302-5	Reductions in Energy Requirements of Products and Service	a. slight decrease of -1.0% in the main energy requirements for the generation of products to reach 9.26 Giga Joules / ton.		
GRI-303 Water and effluents 2018				
303-1	Interactions with water as a shared resource	38-39 *The discharge of water is regulated by NOM 001 1996 SEMARNAT referring to discharges into national waters and goods and by NOM 002 SEMARNAT 1996 discharges to municipal urban sewer systems. Sampling is done twice a month for plants that discharge to federal bodies and twice a year for plants that discharge to municipal sewer systems. We make investments in installation and tools for water treatment, its maintenance and necessary corrections.		

[102-55]

Content	Page / Direct response / URL(s)
Management of water discharge-related impacts	38 *The discharges of water from our processes to federal bodies, (rivers) are regulated by NOM OOI 1996 SEMARNAT, which establishes the Maximum permissible limits of pollutants in wastewater in national waters and goods, by NOM OO2 SEMARNAT 1996, which establishes the maximum permissible limits of pollutants in wastewater discharges to municipal urban sewer systems.
Water withdrawal	38-39 *a. surface water: 4,997.2 groundwater: 8,432.52 third party water: 799.08 b. Undetermined. c. Undetermined. e. Measurement equipment owned by Bio Pappel, endorsed and supervised by corresponding authorities and accredited third parties.
Water consumption diversity 2016	38-39 *b. Undetermined c. No change in water storage d. Measurement equipment owned by Bio Pappel, endorsed and supervised by corresponding authorities and accredited third parties."
Operational Sites Owned, Leased, Managed in, or adjacent to, Protected Areas and Areas of High Biodiversity Value outside Protected Areas	Our operational facilities are not located within or next to protected areas or areas of great value for biodiversity outside protected areas.
Significant Impacts of Activities, Products, and Services on Biodiversity	41 *There are no significant direct and indirect impacts on biodiversity.
ssions 2016	
Direct (Scope 1) GHG Emissions	a. 1,076,037 metric tons of CO2e, Fixed, Mobile, Fugitive and Process Sources. b. CO2, CH4, N2O, HFC. c. The company does not make these measurements. d. Base year 2014. Recalculation of the base year 2005 was carried out since there was a change in the organizational limits, changes in the quantification methodology, changes in the emission factors. This year, most of the accounting for GHG emissions derived from the integration and consolidation of the company's business groups has been consolidated in such a way that it is the most comparable year forward. Emissions in the base year were 1,203,400 tons of CO2e. e. GHG emissions are calculated using the SEMARNAT Approved Methodology (RENE) and the emission factors and warming potential published by SEMARNAT and SENER are applied. F. Operational Control and shareholding. g. AGREEMENT that establishes the technical characteristics and formulas for the application of methodologies for the calculation of greenhouse gase or compound emissions, SEMARNAT 2015. AGREEMENT that establishes the greenhouse gases or compounds that are grouped for the purposes of reporting emissions, as well as their warming potentials, SEMARNAT 2015. LIST OF FUELS 2018 THAT IS CONSIDERED TO IDENTIFY USERS WITH A HIGH CONSUMPTION PATTERN, AS WELL AS THE FACTORS TO DETERMINE THE EQUIVALENT EQUAL VALUES IN OIL BARRELS (Posted by the Emission factor of the National Electric System, 2017 (Published by CRE).
	Management of water discharge-related impacts Water withdrawal Water consumption diversity 2016 Operational Sites Owned, Leased, Managed in, or adjacent to, Protected Areas and Areas of High Biodiversity Value outside Protected Areas Significant Impacts of Activities, Products, and Services on Biodiversity ssions 2016



[102-55]

Content

305-2	Energy indirect (Scope 2) GHG Emissions	*a. 511,830 metric tons of CO2e derived from the purchase of energy, (thermal and electrical) b. Undetermined. c. CO2 d. Base year 2014. As of this year, most of the GHG emissions accounting has been consolidated, which in turn derives from the integration and consolidation of the company's business groups in such a way that it is the most comparable year forward. Emissions in the base year were 318,928 tons of CO2e. Recalculation of the base year 2005 was carried out since there was a change in the quantification methodology, changes in the emission factors. and. Considers: Consumption of Electric Power and Steam purchased as Energy Methodology: Electric Emission Factor published by CONUEE SEMARNAT Fiscal Year 2017 and Electric and Thermal Emission Factors calculated internally. F. Operational control and shareholding g. AGREEMENT that establishes the technical features and formulas for the application of methodologies for the calculation of greenhouse gas or compound emissions, SEMARNAT 2015 Electric Emission Factor published by CONUEE SEMARNAT Exercise 2017 and Internally calculated Electrical and Thermal Emission Factors.
305-6	Emissions of Ozone-Depleting Substances (ODS)	*a. Included in direct emissions, (scope 1) those generated by the recharge of refrigerant gases in air conditioning systems b. Refrigerants R-22, R-404A, R410A, R141B c. d. Methodology that establishes the emission standards and factors published by SEMARNAT 2019
305-7	Óxidos de nitrógeno (Nox), óxidos de azufre (Sox) y otras emisiones significativas al aire	 a. La empresa no realiza mediciones sobre los contaminantes orgánicos persistentes, los compuestos orgánicos volátiles y los contaminantes del aire peligroso. b. Medición puntual mediante estudios ISOCINÉTICOS de acuerdo a la NOM085 SEMARNAT. c. Emisiones determinadas con Factores de Emisión de la AP-42 de la EPA 1995
GRI 306: Efflu	ients and waste 2016	
306-1	Water Discharge by Quality and Destination	38 a. To Federal Bodies: 12,153,766 m3 approximately 87% of the total discharge volume To Municipal discharges: 149,118 m3 approximately 16% of the total discharge volume Third Party Treatment: 1,745,455 m3 approximately 12.42% of the total discharge volume b. Compliance with NOM 001 SEMARNAT 1996 and NOM 002 SEMARNAT 1996.
GRI 307: Envi	ronmental compliance 2016	
307-1	Non-Compliance with Environmental Laws and Regulations	No breaches of environmental laws or regulations were identified.

Page / Direct response / URL(S)

[102-55]

Content

	Content	rage / Direct response / One(s)
	Training and c	levelopment
GRI 103: M	lanagement approach 2016	
103-1	Explanation of the material topic and its Boundary	82
103-2	The management approach and its components	15, 46-47
103-3	Evaluation of the management approach	15, 46-47
GRI 404:	Training and education 2016	
404-1	Average hours of Training per Year per Employee	Training hours by job category is information not available.
404-2	Programs for Upgrading Employee Skills and Transition Assistance Programs	47 The company does not have transition programs for retired or laid off people.
	Performance r	nanagement
GRI 103: M	lanagement approach 2016	
103-1	Explanation of the material topic and its Boundary	82
103-2	The management approach and its components	44-45
103-3	Evaluation of the management approach	44-45
GRI 404: 1	Training and education 2016	
404-3	Percentage of Employees Receiving Regular Performance and Career Development Reviews	Of 14% of employees who received their performance evaluation, 80% are men and 20% are women. According to their job category: 2% of Management, 4% of Sub-direction, 18% of Management, 9% of Sub-management, 48% of Headquarters, 16% of Coordination and 4% of AAA
	Community e	ngagement
GRI 103: N	lanagement approach 2016	
103-1	Explanation of the material topic and its Boundary	82
103-2	The management approach and its components	52-65
103-3	Evaluation of the management approach	52-65

Page / Direct response / URL(s)



[102-55]

Content		Content	Page / Direct response / URL(s)
GRI 2	203: Indir	ect economic impacts 2016	
2	203-1	Infrastructure Investments and Services Supported	54-56, 58,62, 64-65 The investment in social projects during 2020 amounted to \$4,055,927.00 pesos.
GRI 4	413: Local	communities 2016	
4	1 13-2	Operations with significant actual and potential negative impacts on local communities	No operations with significant negative impacts -real or potential- were identified in the local communities.
		Government license	s and permits
GRI 1	103: Mana	gement approach 2016	
1	103-1	Explanation of the material topic and its Boundary	82
1	03-2	The management approach and its components	18-19, 22, 36, 66, 68-69

Cultural standardization

18-19, 22, 36, 66, 68-69

GRI 103: Management approach 2016

Evaluation of the management approach

103-1	Explanation of the material topic and its Boundary	82
103-2	The management approach and its components	6-8, 24, 48-51
103-3	Evaluation of the management approach	6-8, 24, 48-51

Generation of synergies between business groups for resource optimization

GRI 103: Management approach 2016

103-1	Explanation of the material topic and its Boundary	82		
103-2	The management approach and its components	54-56, 58-62, 64-66, 68-69		
103-3	Evaluation of the management approach	54-56, 58-62, 64-66, 68-69		

76

[102-55]

	Content	Page / Direct response / URL(s)				
	Innovati	on				
GRI 103: Management approach 2016						
103-1	Explanation of the material topic and its Boundary	82				
103-2	The management approach and its components	32, 34				
103-3	Evaluation of the management approach	32, 34				
	Internal comm	unication				
GRI 103: Mar	nagement approach 2016					
103-1	Explanation of the material topic and its Boundary	82				
103-2	The management approach and its components	25				
103-3	Evaluation of the management approach	25				

United Nations Global Compact

[102-12]



Areas		Principles of the United Nations Global Compact	Page
Human Rights	1	Businesses should support and respect the protection of internationally proclaimed human rights Businesses should make sure that they are not complicit in human right abuses	24-25, 42-44, 48-49
	3	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining	43
	4	Business should uphold the elimination of all forms of forced and compulsory labour	
Labour	5	Business should uphold the effective abolition of child labour	24-25, 42-44, 48-49
	6	Business should uphold the elimination of discrimination in respect of employment and occupation	
	7	Business should support a precautionary approach to environmental challenges	
Environment	8	Business should undertake initiatives to promote greater environmental responsibility	28-41, 50
	9	Business should encourage the development and diffusion of environmentally friendly technologies	34, 50
Anti-Corruption	10	Business should work against corruption in all its forms, including extortion and bribery	24-25

Sustainable **Development Goals**



Sustainable Development Goals	Description	Page	Sustainable Development Goals	Description	Page	Sustainable Development Goals	Description	Page
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	14-17, 46-47, 50-51, 57	8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	10-11, 16, 18-20, 22, 26, 42-51, 60-63	13 CUMATE	Take urgent action to combat climate change and its impacts	16, 28-32, 34-37, 39-40, 53-58, 62-64
4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	44-47, 53-54, 57-58, 60-64	9 MOUSTRY IMMOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote sustainable industrialization and foster innovation	29, 32, 34, 40	14 LIFE BELOW WATER	Conserve and sustainably use the oceans, seas and marine resources	38-39
5 GENDER EQUALITY	Achieve gender equality and empower all women and girls	47-49, 60, 62-63	10 REDUCED INFOQUALITIES	Reduce inequality within and among countries	42-43, 46-49, 59-63, 65	15 UFE ON LIAND	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	29-31, 41, 53-58, 63-64
6 CLEANWATER AND SANTATEON	Ensure availability and sustainable management of water and sanitation for all	29, 38-39, 57	11 SUSTAINABLECTIES AND COMMUNITIES	Make cities inclusive, safe, resilient and sustainable	57, 59, 62-63, 65	16 PEACE JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	18-19, 22-26, 48-49, 66
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all	29, 32, 34-35	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	10-11, 20, 29-31, 34-35, 57, 61, 64	17 PARTHERSHIPS FOR THE GOALS	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	17, 53-54, 60-69

About this report

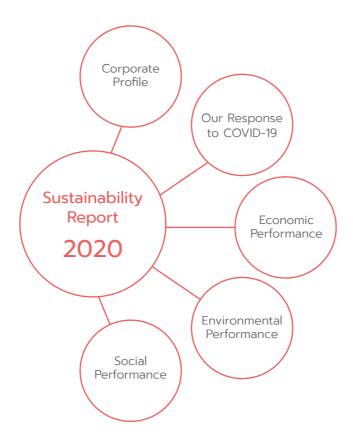
[102-1, 102-5, 102-10, 102-45, 102-48, 102-49, 102-50, 102-51, 102-52, 102-54, 102-56]

To keep track of our annual reporting cycle to share with our stakeholders our environmental, social and economic results, this report contains the actions of Bio Pappel S.A.B. of C.V. in Mexico, the United States and Colombia between January 1 and December 31 of 2020.

"This report has been developed in compliance with the Essential option of the GRI Standards", with the support of McBride SustainAbility and was verified by Redes Sociales en Línea Timberland S.A. de C.V.

There has been no restatement of information. However, since our last report published in May 2020, the significant changes within the company are reflected in the new operating dynamic, which is focused on protecting our employees and our stakeholders.

This is detailed in our new chapter dedicated to the actions we carried out to face the challenges stemming from the COVID-19 pandemic, always in line with the Global Compact Principles and committed to the Sustainable Development Goals. Thus, the current report is integrated as follows:



For further details about us, please visit our website: http://www.biopappel.com/en



Materiality

[102-46, 102-47, 103-1]

To produce this report, we used as a baseline the results of our last Materiality Study, where we identified the company's most pressing issues from the opinions and expectations of our Stakeholders and the Sustainability Context within which we operate. Afterward, we took up the principle of Comprehensiveness to integrate and communicate the information regarding material issues, which are in line with the following principles:

Precision	Balance		
Clarity	Benchmarking		
Fidelity	Punctuality		

Relevance to the Company	Material Aspect	Coverage Internal External		GRI Disclosures	
	Environmental Conservation	*	*	301-1,301-2,301-3,302-1, 302-4, 302-5, 303-1, 303-2, 303-3, 303-5, 304-1, 304-2, 305-1, 305-2, 305-6, 305-7, 306-1, 307-1	
High	Government licenses and permits	*	*	103-1, 103-2, 103-3	
	Cultural Standardization	*		103-1, 103-2, 103-3	
	Generation of synergies between business groups for resource optimization	*	*	103-1, 103-2, 103-3	
	Performance Management	*		404-3	
Media	Training and Development	*		404-1, 404-2	
	Innovation	*		103-1, 103-2, 103-3	
Pain	Community Engagement	*	*	203-1, 413-2	
Baja	Internal Communication	*		103-1, 103-2, 103-3	

To stay at the forefront and strengthen our commitment to sustainability, in 2021 we will update our materiality to know the most relevant issues for Bio Pappel and, this way, continuing to develop initiatives that positively impact society, business and the planet.

Verification Letter

[102-56]



2020 Bio Pappel's Sustainability Report Verification Letter

To the Board of Directors of Bio Pappel SAB de CV:

We notify you that we carried out a limited and independent verification of a sample of the contents of GRI Sustainability Reporting Standards (GRI Standards) reported in the 2020 Sustainability Report developed by Bio Pappel.

The scope of our verification covered the results of the subsidiaries that make up Bio Pappel: Mexico, Colombia and the United States corresponding to the period from January 1st to December 31st, 2020.

Bio Pappel's Management is responsible for preparing the information contained in the 2020 Sustainability Report and for the information included in the scope of our verification, which implies: the selection process of material topics and GRI disclosures, systems and processes internal management and publication of information.

Our mission is to issue impartial and objective opinions about the certainty, traceability and reliability of the selected sample contained in the 2020 Sustainability Report by means of visual and / or documentary evidence that is true and sufficient to verify the agreed content.

Our work considered as criteria: the GRI Standards, in the Essential option and the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information".

The GRI disclosures selected for verification are:

102-1	102-7	102-13	102-42	102-48	102-54	304-1
102-2	102-8	102-14	102-43	102-49	102-55	305-1
102-3	102-9	102-16	102-44	102-50	203-1	306-1
102-4	102-10	102-18	102-45	102-51	301-1	307-1
102-5	102-11	102-40	102-46	102-52	302-1	404-1
102-6	102-12	102-41	102-47	102-53	303-1	404-3

Among the activities carried out during the verification process are listed: dialogue with the Directorate to learn about the internal management of information as well as the tools used, validation of information presented in previous reports, review of methodological compliance with the selected standards and verification of data qualitative and quantitative through visual, documentary and public evidence.

During the verification process, we did not find any factors that make us determine that Bio Pappel's 2020 Sustainability Report has not been prepared in accordance with the essential option of the GRI Standards and that the published data contains errors.

An internal report of recommendations, exclusive to Bio Pappel, is delivered separately, containing the areas of opportunity detected for a future report.

Alma Paulina Garduño Arellano

April 30, 2021

Redes Sociales en Línea Timberlan S.A. de C.V. Pico Sorata 180, Jardines en la Montaña, Tlalpan, C.P. 14210, CDMX. paulina@redsociales.com T. (55) 54 46 74 84

Declaration of independence and competence of Timberlan Online Social Networks

Employees of Redes Sociales have the level of competence necessary to verify compliance with the standards used in the preparation of Sustainability Reports, so they can issue a professional opinion on the reports of non-financial information, complying with the principles of independence, integrity , objectivity, competence and professional diligence, confidentiality and professional behavior. In no case our verification statement can be understood as an audit report, so no responsibility is assumed for the management and internal control systems and processes from which the information is obtained. This Verification Letter is issued on April 30, 2021 and is valid as long as no subsequent and substantial modifications are made to Bio Pappel's Sustainability Report.

Point of contact

[102-3 102-53]

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Printed on Bio Pappel Scribe 100% recycled and 100% recyclable paper, using soy and vegetable oil-based inks that are free from heavy metals.







