

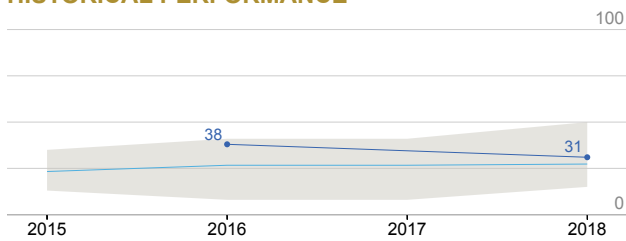
Company and Sector Performance

ESG OVERALL SCORE

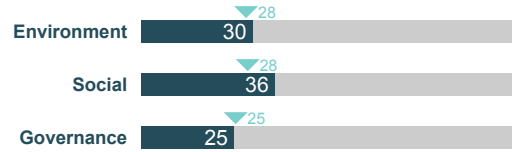


Information rate	56%
sector average	55%
Cooperation level ⁽²⁾	Not responsive
High severity controversies	No
Rank in Sector	9/27
Rank in Region	262/890
Rank in Universe	1729/4453

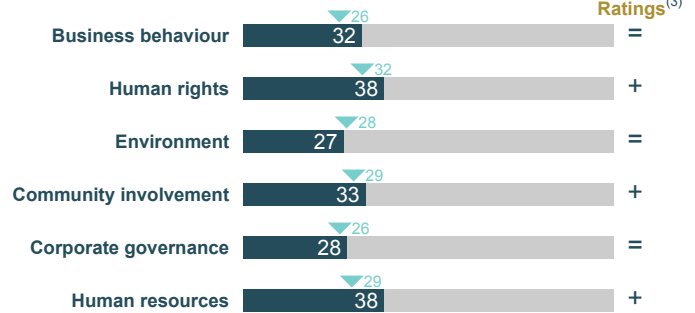
HISTORICAL PERFORMANCE



ESG PERFORMANCE (/100)



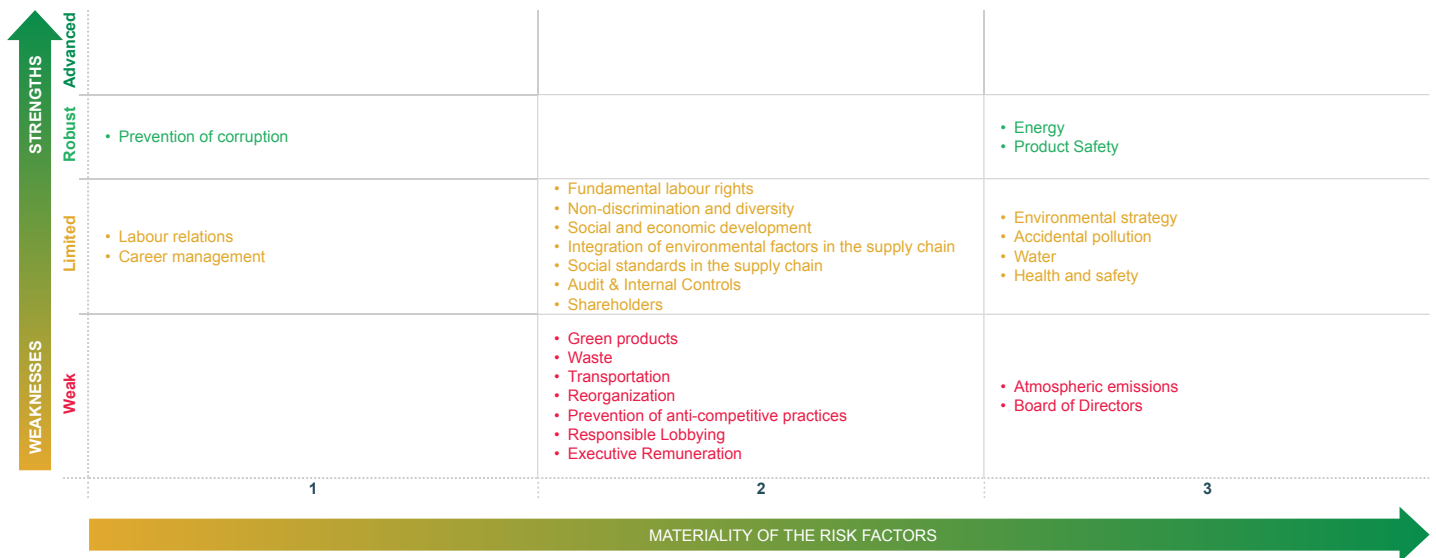
6 DOMAINS PERFORMANCE (/100)



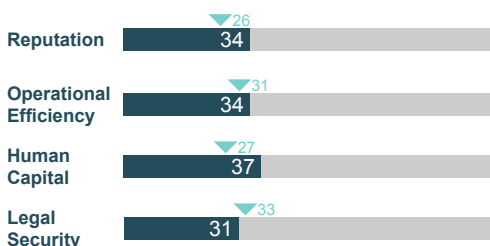
Company inclusion in Vigeo Eiris indices⁽⁴⁾: No

Management of risks and opportunities

MATERIALITY & PERFORMANCE MATRIX



RISK MITIGATION INDEX (/100)



ANALYST FOCUS

TOPIC	COMMENT	TREND
Safety	Alfa recognizes the importance of product, employee and environmental safety by addressing them through emergency measures, transparent labeling and certified health and safety systems.	→
Environmental resources	Both water and energy consumption have been properly addressed by measures that minimize the impact of their consumption by optimizing the production processes, and this is reflected in improving trends on water consumption, energy consumption and CO2 emissions indicators.	↗
Topical Issues	Alfa does not seem to properly recognize other material issues for the chemical industry, such as the development of green products, use of alternative raw materials, responsible lobbying practices or anti-competition.	

Carbon Footprint and Energy Transition*

"The Carbon Footprint & Energy Transition research provides an assessment of a company's carbon footprint combined with the strategy to manage risks and opportunities related to the transition to a low carbon economy. NI (No Info) is used to indicate that the information is not available."

CARBON FOOTPRINT



SCALE	EMISSIONS (T CO2 EQ)	CATEGORIES
A	<100 000	Moderate
B	>= 100 000 and <1 000 000	Significant
C	>= 1 000 000 and <10 000 000	High
D	>= 10 000 000	Intense

ENERGY TRANSITION SCORE



ENERGY TRANSITION SCORE	CATEGORIES
60-100	Advanced
50-59	Robust
30-49	Limited
0-29	Weak

Goods and services contributing to sustainable development*

"Sustainable Goods & Services research provides a positive screening on companies to identify business activities devoted to sustainable solutions."



INVOLVEMENT	CATEGORIES
>=50%	Major
20-49%	Significant
0-19%	Minor
0%	None

Involvement in controversial activities*

"The Controversial Activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs."

Involvement in controversial activities: Not available in this version

Screened Areas:

- Alcohol
- Animal welfare
- Chemicals of concern
- Civilian firearms
- Fossil fuels
- Gambling
- Genetic engineering
- High interest rate lending
- Military
- Nuclear power
- Pornography
- Reproductive medicine
- Tobacco

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(1) Performance level: weak (0-29/100), limited (30-49/100), robust (50-59/100), advanced (60-100/100)
 (2) Cooperation level on a 4-level scale: proactive, responsive, partially responsive, not responsive
 (3) Ratings outline companies' benchmarked domain performance within a sector, on a 5-level scale: "-", "=", "+", "++", "+++" (where "-" is the lowest and "+++" is the highest)
 (4) Indices: based on the most recent indices at the date of publication. More details on vigeo-eiris.com.

Company performance in all the Sustainability Drivers

			Overall score 31/100				Trend	Score	Leadership	Implementation	Results
Weight											
			Environment			↘	27	16	37	20	
E	ENV1.1	3	Environmental strategy			↘	45	44	46	N/A	
E	ENV1.2	3	Accidental pollution			↘	36	0	44	65	
E	ENV2.1	3	Water			→	41	30	65	27	
E	ENV2.2	3	Energy			↗	50	30	72	48	
E	ENV2.4	3	Atmospheric emissions			→	0	0	0	0	
E	ENV1.3	2	Green products			→	0	0	0	0	
E	ENV2.5	2	Waste			↗	22	15	51	0	
E	ENV2.7	2	Transportation			→	0	0	0	0	
			Human Resources			→	38	37	24	52	
S	HRS3.2	3	Health and safety			↗	47	67	41	33	
S	HRS2.3	2	Reorganization			→	27	0	0	81	
S	HRS1.1	1	Labour relations			↗	34	30	6	65	
S	HRS2.4	1	Career management			→	36	30	40	39	
			Human Rights			→	38	55	15	44	
S	HRT2.1	2	Fundamental labour rights			→	36	44	0	65	
S	HRT2.4	2	Non-discrimination and diversity			→	39	65	30	22	
			Community Involvement			↘	33	30	34	35	
S	CIN1.1	2	Social and economic development			→	33	30	34	35	
			Business Behaviour (C&S)			↘	32	20	14	61	
E	C&S1.1	3	Product Safety			→	51	30	41	81	
E	C&S2.3	2	Integration of environmental factors in the supply chain			↗	32	30	0	65	
S	C&S2.4	2	Social standards in the supply chain			↗	32	30	0	65	
G	C&S3.2	2	Prevention of anti-competitive practices			↗	14	0	0	43	
G	C&S3.3	2	Responsible Lobbying				12	0	0	35	
G	C&S3.1	1	Prevention of corruption			↗	51	35	42	77	
			Corporate Governance			↘	28	40	13	32	
G	CGV1.1	3	Board of Directors			↘	27	20	17	45	
G	CGV2.1	2	Audit & Internal Controls			↘	30	28	33	30	
G	CGV3.1	2	Shareholders			→	42	100	0	26	
G	CGV4.1	2	Executive Remuneration			→	14	20	0	22	

■ Weak (0-29/100)
 ■ Limited (30-49/100)
 ■ Robust (50-59/100)
 ■ Advanced (60-100/100)



Involvement in allegations



Involvement in allegations with evidence of corrective measures

Benchmark

Position versus sector peers

Position versus sector peers		Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance	Overall Score
BRBRKMACNPA4	Braskem	++	++	++	++	+	+	50
TH1027010R10	Indorama Ventures	=	++	++	+	++	++	41
KR7051911006	LG Chem	=	++	++	++	++	+	40
MX01ME050007	Mexichem	+	+	++	++	+	=	36
INE021A01026	Asian Paints	=	+	++	+	=	+	33
PLZATRM00012	Grupa Azoty	=	++	=	+	=	+	33
MYL5183OO008	Petronas Chemicals Group	=	+	=	=	=	+	33
TH1074010R12	PTT Global Chemical	=	+	=	++	=	++	32
MXP000511016	Alfa	=	+	+	+	=	=	31
SA0007879121	SABIC	=	+	=	=	=	=	31
TW0001301000	Formosa Plastics	=	=	=	++	=	+	29
CLP8716X1082	Sociedad Quimica Y Minera	=	++	=	+	=	=	29
KR7009830001	Hanwha Chemical	=	=	++	=	=	-	27
TW0001326007	Formosa Chemicals & Fibre	=	=	+	+	-	=	26
KR7010060002	OCI Company	=	=	+	=	-	=	26
TW0001303006	Nan Ya Plastic	=	+	=	=	-	=	25
TW0001722007	Taiwan Fertilizer	=	=	+	=	-	=	25
KR7011170008	Lotte Chemical	-	-	=	++	-	=	23
INE628A01036	UPL	-	=	=	=	--	+	23
MA0000011728	Snep	=	=	=	=	-	-	22
KR7011780004	Kumho Petro Chemical	-	-	-	-	-	=	21
KR7004000006	Lotte Fine Chemical	-	-	=	=	-	=	21
MA0000011934	Colorado	-	=	-	-	-	-	17
QA000A0KD6K3	Industries Qatar	-	-	-	-	-	-	17
BMG4639H1227	Huabao International Holdings	-	-	-	-	-	=	16
PLDWORY00019	Synthos	-	-	-	-	-	=	16
KR7011790003	SKC	-	-	-	=	-	=	15

General information

Alfa, headquartered in Monterrey Mexico, is an independent producer of complex aluminium components for the automotive industry, and a producer of polyester (PTA, PET and fibres). The Company operates through 5 basic operation segments: Alpek in the petrochemical and synthetic fibers industry, Sigma in the refrigerated

foods sector, Nemark in the automotive industry sector, Axtel in the telecommunications sector and Newpek in the exploration and exploitation of natural gas and oil fields. Alfa has productive operations in 27 countries across America, Europe and Asia-Pacific.

Selected financial data

Key data	Revenues	EBIT	Employees
2016	MXN 293.8bn	MXN 24.1bn	81,084
2015	MXN 258.3bn	MXN 24.1bn	72,830
2014	MXN 229.2bn	MXN 27.1bn	70,453
2013	MXN 203.5bn	MXN 16.5bn	61,085
2012	MXN 200.2bn	MXN 16.3bn	59,847

Main shareholders	2018
The Vanguard Group, Inc.	2.04%
Dimensional Fund Advisors LP	1.65%
BlackRock Fund Advisors	1.52%

Geographical Breakdown	Turnover 2016	Employees
Mexico	43.97%	N/A
United States	24.25%	N/A
Central and South America	5.71%	N/A
Canada	0.95%	N/A
Other	25.12%	N/A

Main economic segment	Turnover 2016
Petrochemical and synthetic fibers	30.41%
Refrigerated foods	35.86%

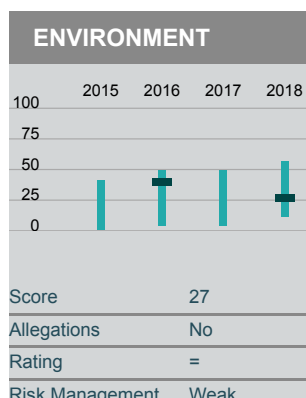
Main economic segment	Turnover 2016
Automotive industry	26.72%
Telecommunications	4.47%
Gas and oil fields	0.67%
Other	1.7%

Selected ESG Indicators

	2016	2014
Non-executive Board member(s) responsible for CSR issues	No Info	N/A
Executive remuneration linked to CSR performance	No Info	N/A
3-year energy consumption trend (normalized to turnover)	↘	N/A
Ratio of payments to employees vs. shareholders (3-year trend)	N/A	N/A
Percentage of independent Board members	27.27	45
Percentage of women on Board	0	0
Percentage of women in Executive team	0	0
Percentage of women in workforce	32.22	22
Transparency on lobbying budget	No	No
Percentage of employees covered by collective agreements on working conditions	61.88	N/A
3 year trend for safety at work	↘	↘
Involvement in armament	No	No
Transparency on payment of tax	Insufficient	Partial
Management of social risks in supply chain	Limited	Weak

CSR performance per domain

■ Sector performance
■ Company performance
Rating : min- / max ++

**Key issues**

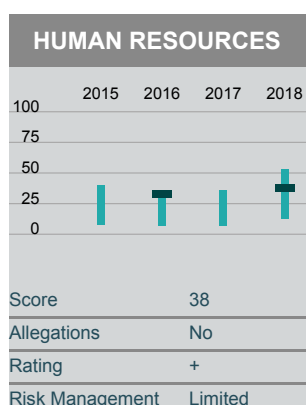
Due to the nature of their activities and products, chemicals companies have a high potential impact on the environment. The most critical environmental aspects in this sector relate to accidental pollution (ENV1.2), the protection of water resources (ENV2.1), environmental impacts from energy use (ENV2.2) and atmospheric emissions (ENV2.4). As for certain chemicals, energy costs can be up to 60% of production costs, the way firms strive to improve their energy efficiency and reduce their CO2 emissions is of key interest in this sector.

Company performance

- Alfa's performance in the Environment domain is weak in absolute terms, which is a deterioration compared to the previous review.

- Alfa has issued a formalized commitment that addresses some of its responsibilities in terms of environmental protection. The Company also created specific commissions to propose and implement actions plans to strengthen its environmental strategy. Besides, the Company has allocated extra measures to pollution prevention such as pollution control audits. Moreover, Alfa optimizes its production processes in order to minimize water consumption and emissions, reduce GHG emissions and recycle its waste. However, Alfa has left completely unaddressed the issues related to the development of green products and services, atmospheric emissions and the environmental impacts from transportation, which explains the deterioration of the Company's performance in this domain.

- No allegations for the Company were identified in the period under review.

**Key issues**

The main human resources issue for the sector is clearly workers' 'Health and Safety' (HRS3.2). Indeed, most tasks performed in the industry involve dangerous substances and hazard risks. Exposure to chemical substances can also have severe health repercussions. Over recent years, a significant acceleration of consolidation can be seen in the chemical industry. As such, restructuring changes (mergers and acquisitions, consolidation of core business and divestment of non core activities, etc.) are likely to continue and the way companies manage the impacts of these changes on their human capital remains an important issue (HRS2.3).

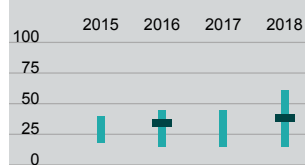
Company performance

- Alfa's performance in the Human Resources domain is limited in absolute terms, which is an improvement compared to the previous review.

- Alfa has been able to avoid lay-offs over the past three years. Also, Alfa reported that 60.1% of its employees received training during 2016. In addition, the Company has health and safety management systems that are OHSAS 18001 certified. As a result, its total recordable injury frequency rate has decreased. Besides, Alfa has allocated some means to address the issue of stress at its workplace such as an employee assistance programme and employee oriented flexibility. Finally, Alfa states that it respects its employees' rights to free association, and 61.88% of its employees are covered by collective bargaining agreements.

- No allegations for the Company were identified in the period under review.

HUMAN RIGHTS



Score	38
Allegations	No
Rating	+
Risk Management	Limited

Key issues

The chemical sector has been historically one of the most unionized of manufacturing industries. However, chemicals companies also have geographically dispersed activities and open new sites in emerging markets and/or countries where labour rights are at risk (e.g. China). An important issue for the sector is therefore related to the respect of freedom of association and the right to collective bargaining (HRT2.1). Although the chemicals workforce is increasingly white-collar and university-trained, the sector's 24-hour production schedules and night work mean that relatively few women hold positions as technicians, so the ratio of women is low in the sector and gender discrimination (HRT2.4) remains an issue.

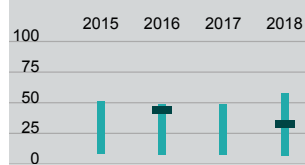
Company performance

- Alfa's performance in the Human Rights domain is limited in absolute terms, which is an improvement when compared to the previous review.

- The Company displays general commitments on the respect for freedom of association and collective bargaining. However, the Company fails to report on measures and systems in place to support these commitments. As regards the prevention of discrimination, the Company issued a formalized commitment that explicitly defines most of the categories at risk and the management processes to which these apply. Yet, measures seem to be limited to a monitoring system.

- No allegations for the Company were identified in the period under review.

COMMUNITY INVOLVEMENT



Score	33
Allegations	No
Rating	+
Risk Management	Limited

Key issues

Products developed by chemical companies applied without good management practices can pose significant risks to human health and the environment, with the poorest members of the global community being highly vulnerable to their negative effects (e.g. pesticides, fertilizers..). On the other hand companies can have a positive impact through their products and services by providing access to their products to underserved groups. These issues are analysed under the sustainability driver 'Societal impact of the company's products and services' (CIN2.1). In addition, chemical companies, which are often concentrated in a single local industrial plant, can play a decisive role in the social and economic development of the local communities (CIN1.1).

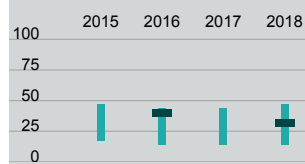
Company performance

- Alfa's performance in the Community Involvement domain is limited in absolute terms, which is a deterioration compared to the previous review.

- Alfa makes references to promote local social and economic development in its CSR Report, and allocates social and economic development initiatives in order to uphold this commitment. Alfa has also established a relevant stakeholder engagement plan. While the Company operates in jurisdictions considered by the OECD as not compliant enough on tax transparency rules, it justifies these presences. Finally, Alfa reports only on gross taxes paid.

- No allegations for the Company were identified in the period under review.

BUSINESS BEHAVIOUR (C&S)



Score	32
Allegations	No
Rating	=
Risk Management	Limited

Key issues

The most important business behavior issue in the chemicals sector is 'Product Safety' (C&S1.1). Chemicals companies develop products which can potentially be hazardous and toxic if not used in an appropriate way. Companies should demonstrate how product safety risks are assessed and how substitutes are developed for hazardous products. Besides, the management of product safety incidents is of critical importance for the sector. The transparent communication on risks and the provision of thorough information to customers on their safe use is another essential aspect of product safety. These aspects are now integrated in the sustainability driver 'Product Safety'. In view of the legislative evolutions in the U.S. (Dodd-Frank Section 1502) and the finalization of the E.U. conflict minerals regulation, companies' due diligence on this issue is now analysed in the 'Social standards in the supply chain' (C&S2.4). Finally, 'Corruption' risks (C&S3.1) are from this review on also analysed for chemical companies.

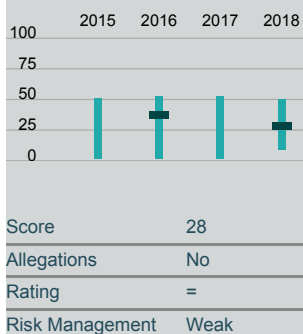
Company performance

- Alfa's performance in the Business Behaviour domain is limited in absolute terms, which is a deterioration compared to the previous review.

- Alfa has made references to product safety in its CSR reporting and has allocated transparent labelling of products as a basic measure. Also, the Company has committed to including social and environmental factors in its supply chain although no means were disclosed in this areas. While Alfa has committed to prevent corruption in its Code of Ethics, the issues of anti-competition and responsible lobbying are left completely unaddressed, which explains Alfa's performance deterioration in this domain.

- No allegations for the Company were identified in the period under review.

CORPORATE GOVERNANCE



Key issues

*** Vigeo recently updated its Corporate Governance evaluation model to better assess the level of integration of environmental and social risk factors in the governance framework. ***

Corporate governance is critical to ensuring that a well functioning system of checks and balances protects the interests of all of the company's stakeholders. The effectiveness of the Board of Directors is a key issue to be addressed: this can be gleaned from information on Board composition (independence and competencies) and its way of functioning (regularity of Board meetings, evaluation of performance). Other important corporate governance factors include the effectiveness of the Audit and Internal control system, the protection of Shareholders Rights and the establishment of Executive Remunerations which align executives' and company's interests.

Company performance

- Alfa's performance in the Corporate Governance domain is weak in absolute terms, which is a deterioration compared to the previous review.

- Less than half of the Board of Directors and its related committee members are considered independent, and while the roles of Chairman and CEO are separated the Chairman is not considered independent. The Audit Committee seems to have a comprehensive role for monitoring financial, operational and legal risks, but the internal control system does not seem to cover CSR issues. With respect to shareholders rights, Alfa respects the "one share - one vote" principle and does not make references to anti-takeover devices. Finally, disclosure of individual executive remuneration data for senior executives is insufficient.

- No allegations for the Company were identified in the period under review.

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CSR performance per criterion

Detailed Analysis

Environment	11
ENV1.1 Environmental strategy and eco-design	11
ENV1.2 Pollution prevention and control (soil, accident)	13
ENV1.3 Development of green products and services	14
ENV2.1 Protection of water resources	15
ENV2.2 Minimising environmental impacts from energy use	17
ENV2.4 Management of atmospheric emissions	18
ENV2.5 Waste management	19
ENV2.7 Management of environmental impacts from transportation	20
Human resources	21
HRS1.1 Promotion of labour relations	21
HRS2.3 Responsible management of restructurings	23
HRS2.4 Career management and promotion of employability	24
HRS3.2 Improvement of health and safety conditions	26
Human rights	28
HRT2.1 Respect for freedom of association and the right to collective bargaining	28
HRT2.4 Non-discrimination	30
Community involvement	32
CIN1.1 Promotion of the social and economic development	32
CIN2.1 Societal impacts of the company's products / services	35
Business behaviour (C&S)	36
C&S1.1 Product Safety	36
C&S2.3 Integration of environmental factors in the supply chain	38
C&S2.4 Integration of social factors in the supply chain	40
C&S3.1 Prevention of corruption	42
C&S3.2 Prevention of anti-competitive practices	44
C&S3.3 Transparency and integrity of influence strategies and practices	46

Corporate governance

		48
CGV1.1	Board of Directors	48
CGV2.1	Audit & Internal Controls	50
CGV3.1	Shareholders	52
CGV4.1	Executive Remuneration	53

 Involvement in allegations  Involvement in allegations with evidence of corrective measures

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Environment

Score: 27

ENV1.1 Environmental strategy and eco-design

(score: 45, weight: 3)



Visibility of commitment to environmental issues

The company has issued a formalised commitment to environmental protection in its:

- The company is a signatory of the Global Compact and communicates on this principle.
- The company is a signatory of the Global Compact but does not communicate on this principle.

Code of Ethics. In addition, the Company is a signatory of the Global Compact and communicates on this principle.

Relevance of environmental strategy

The company commits to some of its responsibilities in terms of environmental protection:

- Pollution prevention and control (soil, accident)
- Development of bio-based products or use of secondary raw materials
- Protection of water resources
- Minimising environmental impacts from energy use
- Management of atmospheric emissions
- Waste management
- Management of environmental impacts from transportation
- Management of environmental impacts from the disposal of products/services

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, there is a dedicated structure responsible for this issue.

The company established a Department of Energy, an area fully dedicated to the development of programs to optimize energy consumption, including the design of more efficient equipment and the use of technologies that allow for a more efficient consumption of energy and the use of alternative sources.

Environmental Management System

The company has allocated significant resources to environmental management.

- Environmental manual specifying procedures and responsibilities
- Internal audits that assess the effectiveness of the EMS
- Management review of the EMS (at Executive Level)
- Environmental performance measured against targets
- External verification of reporting on environmental performance

The Company has ISO 14001 certifications in place.

Coverage of certified environmental management systems

Between 50% and 75% of the company's sites/offices have a certified environmental management system.

13 out of 18 Company sites are covered by ISO 14001 certifications.

Life cycle Analysis

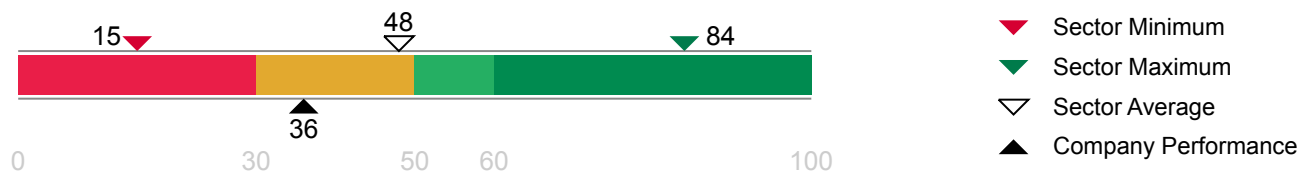
Information obtained from company and public sources regarding product life-cycle analyses is insufficient.

Leadership	44
Visibility	65
Relevance	30
Ownership	65

Implementation	46
Means & resources	65
Coverage	37

ENV1.2 Pollution prevention and control (soil, accident)

(score: 36, weight: 3)



Relevance of commitments on accidental pollution prevention and control

The company does not disclose any commitment to accidental pollution prevention and control.

Means allocated to accidental pollution prevention and control

Basic resources are allocated to accidental pollution prevention and control:

- Environmental Impact Assessment
- specific training
- pollution control audits (f.i. to detect leaks)
- implementation of risk prevention procedures (emergency plans, simulation exercises)
- installation or maintenance of pollution prevention devices (such as containment basins, etc)
- review of historically polluted soil (f.i. to identify remediation needs)

The Company states that it has emergency simulation practices,

Coverage

The company has allocated resources to pollution prevention and control at a majority of the company's sites.

There is no evidence that these measures cover the majority of Company operations. However, ISO 14001 certifications cover a majority of Company sites.

Existence / Reporting of accidental pollution

The company does not disclose data on its environmental incidents and nothing was found in public sources.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

As of 01/2018, Alfa did not appear to be involved in any controversy related to this sustainability driver

Leadership	0	Implementation	44	Results	65
Relevance	0	Means & resources	30	Performance	65
		Coverage	65	Trends	65

ENV1.3 Development of green products and services

(score: 0, weight: 2)



Relevance of the company's commitment in terms of biobased chemicals or other alternative raw materials

The company does not disclose any commitment to alternative raw materials.

Means allocated

Information obtained from company and public sources regarding means in place to use alternative raw materials is insufficient.

- Research and development related to bio-based chemicals or other alternative raw materials (in house & in partnership with external reserach centers)
- Developing of new bio-based products or developing new alternative raw material recuperation
- Substituting existing non renewable raw materials with renewable ones
- Backward integration and joint ventures with producers of bio-based raw materials or companies specialised in valorisation of secondary raw materials
- Certification of biomaterials (sustainability in production process not bio-based content)

Coverage

Information obtained from company and public sources regarding the percentage of products covered by such actions is insufficient.

Proportion of production or sales derived from biobased chemicals/alternative raw materials

The company does not disclose quantitative data relating to the development of "biobased chemicals"/products made of alternative raw materials .

Part of biobased materials or other secondary raw material as percentage of raw materials purchased

The company does not disclose quantitative data relating to the part of alternative raw materials as percentage of raw materials purchased.

Leadership	0	Implementation	0	Results	0
Relevance	0	Means & resources	0	Performance	0
		Coverage	0		

ENV2.1 Protection of water resources

(score: 41, weight: 3)



Relevance of the company's commitment in terms of reducing its water consumption

The company's commitment to reduce its water consumption is general.

Relevance of the company's commitment in terms of reducing its water emissions.

The company's commitment to reduce its water emissions is general.

Means allocated

The company works to optimize its production processes to reduce water consumption and/or pollution.

- All of the water from productive processes discharged by Alfa companies is treated as required by environmental laws before being channelled to its destination, which depends on the type of residue to treat. This takes place in the water treatment facilities inside Alfa operations, or through external suppliers that provide the service based on each kind of residue.
- All operations where water is relevant have water treatment plants that allow reusing the fluid in the processes and its discharge according to standards set by environmental authorities.

Coverage

The company has taken such measures at a majority of the company's sites.

The monitoring system cover all the companies' activities. Over 50% of water consumed in Alfa's operations is reused in their processes.

Water consumption

The company's water consumption, normalised to sales, has decreased continuously between 2014 to 2016 by 19%.

Persistent organic pollutants discharged into water (t)

The company does not disclose quantitative data on persistent organic pollutants discharged into water.

Nitrogen* (N) discharges into water

The company does not disclose quantitative data on nitrogen discharges into water.

Phosphorus (P) discharges into water

The company does not disclose quantitative data on phosphorus discharges into water.

Heavy metals* discharges into water

The company does not disclose quantitative data on heavy metals discharges into water.

Wastewater Chemical Oxygen Demand (COD or BOD)* The company does not disclose quantitative data on wastewater oxygen demand.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the Company during the period under review: stakeholders' feedback is neutral.

As of 01/2018, Alfa did not appear to be involved in any controversy related to this sustainability driver

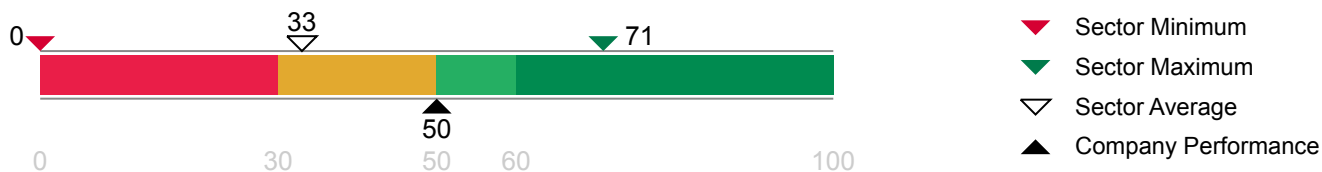
Leadership	30
Relevance	30

Implementation	65
Means & resources	65
Coverage	65

Results	27
Performance	27

ENV2.2 Minimising environmental impacts from energy use

(score: 50, weight: 3)



Relevance of the company's commitment in terms of reducing its energy consumption.

The company's commitment to reduce its energy consumption is general.

Relevance of the company's commitment in terms of reducing its GHG emissions.

The company's commitment to reduce its GHG emissions is general.

Means allocated.

The company uses innovative measures compared to its peers in order to reduce its energy consumption and/or GHG emissions.

The company has its energy co-generation plant in Veracruz, Mexico. In addition, another energy co-generation plant has started its construction process Altamira, Tamaulipas, as well as a propylene storage sphere, a raw material for the production of polypropylene. This last project will bring about Reduction in emissions from the supplier by maximizing the usage of this raw material. Besides, the company has adopted many additional initiatives such as the utilization of natural gas for steam production, programs to eliminate leaks, heat recovery systems, boiler carburization, and others.

Coverage

The company has taken such measures in a minority of sites.

There is no evidence that the company has taken such measures at a majority of its sites.

Energy consumption

The company's energy consumption, normalised to sales, has decreased continuously between 2014 to 2016 by 14%.

GHG emissions (direct AND indirect*, when applicable)

The company's CO2 emissions linked to energy consumption (direct and indirect), normalised to sales, have decreased but not continuously between 2014 to 2016 by 12%.

Leadership	30	Implementation	72	Results	48
Relevance	30	Means & resources	100	Performance	48
		Coverage	30		

ENV2.4 Management of atmospheric emissions

(score: 0, weight: 3)



Relevance of the company's commitment in terms of reducing its atmospheric emissions.

The company does not disclose any commitment with regard to its atmospheric emissions.

Means allocated

Information obtained from company and public sources regarding means allocated to reducing air emissions is insufficient.

Coverage

Information obtained from company and public sources regarding the percentage of sites covered by such actions is insufficient.

Volatile Organic Compounds (VOC) emissions

The company does not disclose quantitative data on VOC emissions.

Ozone Depleting substances* (in CFC-11 equivalent)

The company does not disclose quantitative data on ozone depleting substances emissions.

Emission of substances responsible for acid rain (SOx, NOx, NH3 - ammonia, other acids,...) and other volatile inorganic substances (such as CO, ...)

The company's emissions of NOx, normalised to sales, have increased over the past three years by 1585%. The company reports that its total NOx emissions stood at 224 tonnes of CO2 equivalent in 2014, and this increased to 4,839 tonnes of CO2 equivalent in 2016, however Alfa does not justify this increase in its CSR Report.

Persistent Organic Pollutant* (POP) emissions

The company does not disclose quantitative data on Persistent Organic Pollutant emissions.

Leadership	0	Implementation	0	Results	0
Relevance	0	Means & resources	0	Performance	0
		Coverage	0		

ENV2.5 Waste management

(score: 22, weight: 2)



Relevance of the company's commitment with regard to its non-hazardous waste production.

The company's commitment to reduce its non-hazardous waste production is general.

Relevance of the company's commitment to reducing its hazardous waste production.

The company does not disclose any commitment with regard to its hazardous waste production.

Means allocated to waste management

The company works to optimize its production processes to reduce its waste-related impacts.

Alfa reports that it has recycling programs and responsible waste management programs.

Coverage

The company has taken such measures in a minority of sites.

There is no evidence that these measures cover a majority of Company sites.

Non-hazardous waste

The company does not disclose data on non-hazardous waste.

Alfa states that waste from its companies is not significant in respect to their operations given their reuse and recycle actions and programs. However, the Company does not disclose the actual amount of waste set to treatment or landfill, nor does it disclose the percentage of recycled or reused waste.

Waste treatment / recycling

Information obtained from company and public sources regarding waste treatment is insufficient.

While Alfa does report on the amount of recycled aluminum and PET, since it does not disclose the amount of aluminum waste or PET generated, VigeoEiris can't determine the percentage of recycled or reused waste.

Hazardous waste

The company does not disclose data on hazardous waste.

Leadership	15	Implementation	51	Results	0
Relevance	15	Means & resources	65	Performance	0
		Coverage	30	Trends	0

ENV2.7 Management of environmental impacts from transportation

(score: 0, weight: 2)



Relevance of the company's commitment with regard to the environmental impacts related to the transport of its products and/or raw materials

The company does not disclose any commitment with regard to the environmental impacts related to the transport of its products.

Means allocated to minimising the environmental impacts

Information obtained from company and public sources regarding means allocated to minimising the environmental impacts related to the transport of its products is insufficient.

- Measures to reduce pollution (car maintenance, alternative fuels, driver training, etc.)
- Rationalisation of transport flows
- Improvement of production transport mix (alternatives to road transport)
- External evaluation of the impacts of product transport and logistics supply chain

While Alfa states that it has cleaner transportation schemes for its products and services, it does not disclose the actual means allocated to this end.

Coverage

Information obtained from company and public sources regarding the percentage of sites/products covered by such actions is insufficient.

Energy consumption or CO2 emissions related to transportation

The company does not monitor energy consumption or CO2 emissions from transportation.

Trend in transport mix

Information obtained from company and public sources regarding the company's transport mix is insufficient to determine a trend.

Leadership	0
Relevance	0

Implementation	0
Means & resources	0
Coverage	0

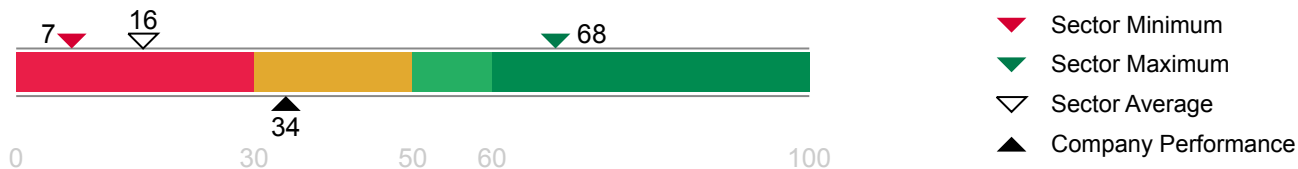
Results	0
Performance	0
Trends	0

Human resources

Score: 38

HRS1.1 Promotion of labour relations

(score: 34, weight: 1)



Visibility of commitment

The company has made references to labour relations in its:

CSR Report.

Relevance of commitment

The company's commitment to promote labour relations is general.

Alfa states that it respects its employees' right to free association in trade union organizations and collective bargaining agreements.

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Coverage of employee representative bodies

Information obtained from company and public sources regarding the percentage of sites where employee representation structures are in place is insufficient.

Subjects covered by collective bargaining

Collective bargaining between the company and employee representatives deals with subjects related to working conditions, including:

- health & safety
- CSR issues
- remuneration
- working hours
- training
- career development
- work time flexibility
- employability/life long learning
- stress management
- equal opportunities

Employee representative bodies in countries with restrictive legislation

Information obtained from company and public sources regarding how the company promotes employee representation in countries with restrictive legislations is insufficient.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

As of 01/2018, Alfa did not appear to be involved in any controversy related to this sustainability driver

Coverage of collective agreements on working conditions

Collective agreements on working conditions cover between 51 and 75% of its employees.

Collective agreements on working conditions cover 61.88% of its employees.

Leadership	30
Visibility	30
Relevance	30
Ownership	30

Implementation	6
Means & resources	0
Scope	30
Coverage	0

Results	65
Performance	65

HRS2.3 Responsible management of restructurings

(score: 27, weight: 2)



Relevance of commitment to manage reorganisations responsibly The company does not disclose any commitment to manage reorganisations responsibly.

Involvement with employee representatives The company does not disclose any commitment to inform and consult employee representatives on reorganisations.

Means allocated to prevent and manage reorganisations Information obtained from company and public sources regarding measures allocated to prevent and manage reorganisations is insufficient.

- significant financial compensation
- early retirement
- reduction of labour time
- internal mobility programme
- outplacement services
- individualised follow-up of employees
- re-training

Coverage Information obtained from company and public sources regarding the percentage of sites where such measures are taken is insufficient.

Stakeholders' feedback A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.
As of 01/2018, Alfa did not appear to be involved in any controversy related to this sustainability driver

Result of the company's commitment to manage reorganisations responsibly The company has been able to avoid redundancies or to maintain employment.

Leadership	0	Implementation	0	Results	81
Relevance	0	Means & resources	0	Performance	81
Ownership	0	Coverage	0		

HRS2.4 Career management and promotion of employability

(score: 36, weight: 1)



Visibility of commitment

The company makes some general statements promoting career management and training in its:

CSR report 2014.

Relevance of commitment

The company's commitment to promoting career management and training only addresses part of its responsibilities:

- Ensure training, life-long learning and employability
- Promote career development
- Anticipate long-term employment needs and skill requirements (ageing workforce)
- Put in place a concerted career management framework, which is transparent and individualized

Ownership of commitment

The Head of HR is part of the company's Executive Committee. It remains however unclear if line managers are evaluated on their performance in terms of HR management.

Career management systems

Employees have regular performance assessment interviews.
Alfa provides annual performance evaluation to its employees.

Coverage of career management systems

These career management systems cover a majority of the company's employees.
75% of male employees and 58% of women employees received annual performance evaluations in 2016.

Types of training provided to non-managers

Information obtained from company and public sources regarding training programmes offered to employees is insufficient.

Means allocated to training for all employees

The annual average number of training hours provided to employees has increased, but not continuously, over the past five years, from 27 (hrs / Nb) in 2012 to 31 (hrs / Nb) in 2016.

Mobility / turnover

The average monthly turnover rate of employees at Alfa has increased from 1.4%

in 2012 to 1.84% in 2015. Data for 2013, 2014 and 2016 was not disclosed.

Training delivered during the year under review

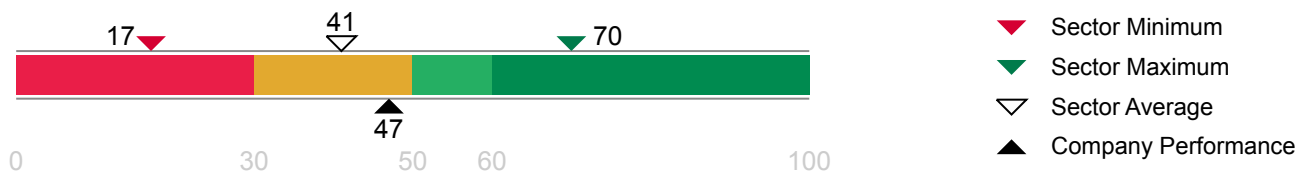
The majority of the company's employees received training during the year under review.

The percentage of employees having received training during 2016 is 60.1%.

Leadership	30	Implementation	40	Results	39
Visibility	30	Means & resources	48	Performance	39
Relevance	30	Scope	0		
Ownership	30	Coverage	65		

HRS3.2 Improvement of health and safety conditions

(score: 47, weight: 3)



Visibility of health & safety commitments

The company has made a formalised commitment to health and safety issues in its *Code of Ethics*.

Relevance of commitment

The company's commitment only addresses part of its responsibilities:

- ensure awareness about health and safety issues
- reduce the number of work accidents and their severity
- prevent occupational disease
- reduce stress/promote well-being

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, employee representatives are involved at group level.

The company has a formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs. All unionized employees are represented in these committees.

Means allocated to health and safety

The company has allocated means to address these issues, including a certified health and safety system:

- training/awareness raising programmes
- internal monitoring
- risk assessments
- internal H&S audits
- H&S competitions
- remuneration based on H&S performance
- OHSAS 18001 certifications

- health topics are considered in all events, physical activity campaigns included. In most work-centers, health services are available and campaigns for preventive healthcare and weight control, among others, are promoted.
- Alfa monitors indicators on health and safety of its employees.
- Nemark Brasil and Nemark Dillingen have OSHAS 18001 certifications.

Coverage of health and safety system

The health and safety measures cover a minority of the company's employees.

While only two sites have allocated OHSAS 18001 certifications, the Company reports that 35,669 of its employees (44% of its workforce) benefited from health programs.

Means allocated to reduce stress at work

The company has allocated basic means to address stress at work, including:

- Employee assistance programme / hotline (stress only)/counselling
- Job redesign (work organisation)
- Monitoring of absenteeism/rate of occupational disease; assessment of stress through analysis of internal H&S data
- Stress management training
- Awareness campaigns and information
- Measures to improve ergonomics
- Detection of stress: Identification of stress sources/risks assessments
- Avoidance of overtime
- Employee oriented flexibility (work/life balance)
- Employee participation tools (opinion surveys, dedicated teams, workshops)

- The Employee Assistance Program offers free counselling and orientation on medical, nutritional, emotional, legal and financial issues to employees and their family members.
 - Flex-time schedules, maternity and paternity leave, and work-from-home policies, are aimed at strengthening Alfas' s flexibility to adopt new working practices.

Coverage of means allocated to address mental health

The measures allocated to address mental health cover a minority of the company's employees.

There is no evidence that the measures allocated to address mental health cover the majority of the company's employees.

Accident frequency rate

The total recordable injury frequency rate has decreased but not continuously over the past five years by 25%

Accident severity rate

The company does not disclose quantitative data on accident severity rates.

Other health and safety indicators

The company does not disclose quantitative data on occupational disease rates.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the Company during the period under review: stakeholders' feedback is neutral.

As of 01/2018, Alfa did not appear to be involved in any controversy related to this sustainability driver

Leadership	67
Visibility	65
Relevance	30
Ownership	100

Implementation	41
Means & resources	48
Coverage	30

Results	33
Performance	32

Human rights

Score: 38

HRT2.1 Respect for freedom of association and the right to collective bargaining

(score: 36, weight: 2)



Visibility of commitment

The company has made references to freedom of association and the right to collective bargaining in its:

- The company is a signatory of the Global Compact and communicates on this principle.
- The company is a signatory of the Global Compact but does not communicate on this principle.

CSR Report. In addition, the Company is a signatory of the Global Compact but does not communicate on this principle.

Relevance of commitment

The company's commitment addresses some of its responsibilities:

- protection of freedom of association and the right to organize
- respect of the right to collective bargaining
- respect and protection of workers' representatives
- explicit support for ILO Conventions C87, C98, C135 ,or similar international texts on union rights
- prevent employee representative discrimination
- guarantee the effective exercise of the trade unions rights in the workplace
- prevent violations of the freedom of association and the right to organize

The company's commitment generally addresses freedom of association and the right to collective bargaining.

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved.

The company has a Human Resources committee in each business group that is responsible for overseeing its commitment.

Monitoring

It is not clear what steps the company takes to ensure that freedom of association is respected throughout the company's operations (e.g.: through external verification, risk mapping, audits, etc.)

- occasional risk mapping
- occasional internal audits
- regular risk mapping
- regular internal audits
- external audits/verification
- external investigation of allegations
- cooperation with unions: joint audits, joint grievance procedures etc.

Promotion of collective bargaining and freedom of association

Information obtained from company and public sources regarding measures in place to inform employees about their trade union rights is insufficient.

- Introductory training; awareness raising campaigns
- Reference in employee contract to labour rights
- Means allocated to employees representatives in order they can exercise their function
- Dedicated intranet for all employees
- Infrastructure/time to exercise these rights
- Collaboration with trade unions on the promotion of labour rights

Coverage

Information obtained from company and public sources the percentage of the company where such labour rights systems and programmes are in place is insufficient.

Of note, 38.11% of the workforce is Unionized.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

As of 01/2018, Alfa did not appear to be involved in any controversy related to this sustainability driver

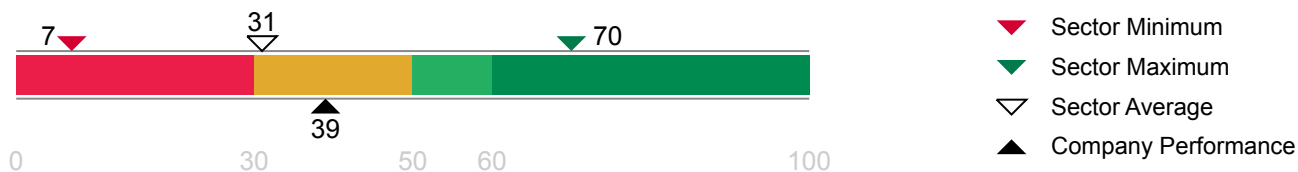
Leadership	44
Visibility	30
Relevance	30
Ownership	65

Implementation	0
Means & resources	0
Coverage	0

Results	65
Performance	65

HRT2.4 Non-discrimination

(score: 39, weight: 2)



Visibility of commitment

The company has issued a formalised commitment to non-discrimination in its:

- The company is a signatory of the Global Compact and communicates on this principle.
- The company is a signatory of the Global Compact but does not communicate on this principle.

Code of Ethics. In addition, the Company is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment

The company's commitment to non-discrimination explicitly defines most of the categories and the management processes to which these apply:

- gender
- sensitive medical conditions
- trade union membership or activities
- other (please define)
- Discrimination in employment decisions (hiring / promoting / redundancies)
- Discrimination in working conditions (working hours / training / remuneration / social security)
- race / ethnicity / nationality
- social background
- religion
- sexual orientation
- family responsibilities (including pregnancy)
- disabilities
- political opinion
- age

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Means allocated

The company has set up basic measures to prevent discrimination and promote diversity:

- awareness raising
- maternity pay (greater than the statutory requirement)
- paternity pay (greater than the statutory requirement)
- job sharing initiatives
- monitoring of salary disparities
- training

- monitoring
- confidential reporting system / grievance procedures
- disciplinary procedures / corrective measures
- affirmative action programmes
- flexitime initiatives
- child care facilities/child care subsidies
- career break opportunities

The Company monitors the gender balance. Additionally, Alfa states that no differences are made in the basic salaries paid to men and women for the same kind of positions, since compensation is based on knowledge, capacity and experience.

Coverage

The company has set up programmes to promote diversity (eg: training, awareness-raising, etc.) in a minority of its operations.

There is no evidence that monitoring of salary disparities cover the majority of business sites.

Results in terms of gender distribution

Information disclosed on performance indicators such as the share of women in management positions is insufficient to determine a trend.

While women in executive positions in 2016 accounted for 13.44% of total executive positions, no information is disclosed for previous years to determine a trend. Of note, the gender balance has increased by 10.22 percentage points over the past three years, to stand at 32.22% in 2016.

Results in terms of employment of disabled persons

Information disclosed on performance indicators such as the share of disabled persons in the total workforce is insufficient to determine a trend.

Alfa has not disclosed the number of handicapped individuals since 2014.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

As of 01/2018, Alfa did not appear to be involved in any controversy related to this sustainability driver

Leadership	65
Visibility	65
Relevance	100
Ownership	30

Implementation	30
Means & resources	30
Coverage	30

Results	22
Performance	65
Trends	0

Community involvement

Score: 33

CIN1.1 Promotion of the social and economic development

(score: 33, weight: 2)



Visibility of the policy

The company has made references to promote local social and economic development in its CSR Report 2014.

Relevance of commitment

The company's commitment to promote local social and economic development addresses only part of its responsibilities:

- Promote the creation and development of local businesses
- Preference for local suppliers
- Promote the transfer of technology and skills to developing countries
- Promote the employment and training of local personnel
- Reduce the social impacts related to site closures, openings, and restructuring
- Implement a responsible tax strategy
- Engage with local communities

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Means allocated

The company has allocated some means to address social and economic development, including:

- Social development initiatives (health, education,...)
- Economic development initiatives (support to local businesses/local suppliers/local workforce/infrastructure)
- Community engagement
- Measures to mitigate negative impacts of activities and/or site closure and restructurings

- Alfa hires local staff for the companies it establishes and maintains the workforce of those it acquires. Local personnel are hired in non-executive positions to develop their skills and provide training so they can move on to executive positions once they have acquired the necessary abilities.
 - While no specific plans or programs are disclosed in this regard, Alfa discloses the proportion of spending in local suppliers per region: Mexico (59%), United States (80%), Europe (47%) and South America (49%).
 - Alfa's Foundation Educational Project is the flagship program of the Company's community support, and provides free extracurricular support to intellectually gifted students in order to stimulate their development, and encourages them to continue their studies through college.

Geographical coverage

These means are allocated in a minority of company sites.

There is no evidence that these measures are allocated in a majority of company sites.

Scope: community engagement.

The company has established a relevant community engagement plan for its production sites.

- Stakeholder identification and analysis
- Information disclosure and reporting to stakeholders
- Stakeholder consultation
- Management function
- Grievance mechanisms
- Project monitoring

The Company has a stakeholder Materiality Assessment Process. This allowed the Company to consult five stakeholder groups about their short, medium and long term concerns and priorities.

Performance trend

The company does not monitor/report indicators on social and economic development.

Transparency of tax reporting

The Company reports only on gross taxes paid. There is no breakdown on a regional or country basis.

- taxes paid in some countries of operations
- taxes paid in some regions of operations
- taxes paid in key regions of operations
- taxes paid in key countries of operations
- sales per zone
- operating profit per zone
- number of employees per zone
- ratio between tax paid and headline corporate tax rate per zone
- explanation for significant differences between tax rate actually paid and expected tax rate

Presence in IMF 'offshore financial centers' and/ or in jurisdictions considered by the OECD as not compliant enough with tax transparency rules

The Company operates in IMF 'offshore financial centres' and/ or in jurisdictions considered by the OECD as not compliant enough on tax transparency rules, and it justifies its presence in most of them.

The Company operates in Costa Rica, Dominican Republic and Turkey, jurisdictions considered by the OECD as not compliant enough on tax transparency rules, and it justifies its presence in most of them.

*- In Turkey, Alfa recently acquired Cevher Döküm, an aluminium auto parts manufacturer, in order to strengthen Nemak's global expansion strategy.
- While no specific names were given, Alfa states that production and distribution centers can be found in the Dominican Republic and Costa Rica. These are related to Sigma, Alfa's refrigerated food company.*

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the Company during the period under review: stakeholders' feedback is neutral.

As of 01/2018, Alfa did not appear to be involved in any controversy related to this sustainability driver

Leadership	30	Implementation	34	Results	35
Visibility	30	Means & resources	30	Performance	47
Relevance	30	Scope	65	Trends	0
Ownership	30	Coverage	30		

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CIN2.1 **Societal impacts of the company's products / services**
(deactivated)

This sustainability driver is only analysed for companies manufacturing pharmaceutical products and agrochemicals. It is thus not assessed for this company.

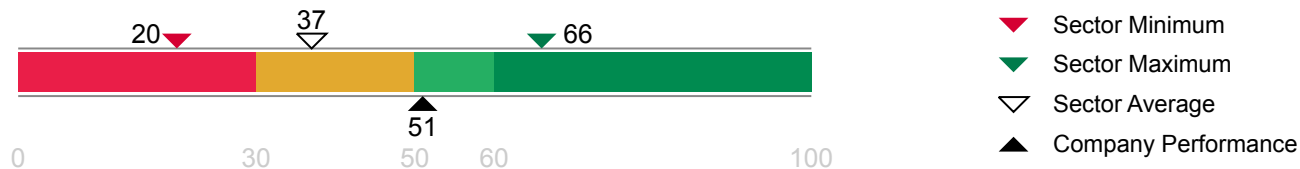
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Business behaviour (C&S)

Score: 32

C&S1.1 Product Safety

(score: 51, weight: 3)



Visibility of commitment

The company has made references to product safety in its:

CSR Report.

Relevance of commitment to product safety

The company makes general reference to address product safety.

- safe transport and/or storage of products
- safe handling or use of products
- safe disposal of products
- fair advertising or marketing practices
- substitution of harmful compounds with alternative substances
- precautionary stance towards nanomaterial

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Product safety management systems

The company has allocated some resources to ensure product safety that include:

- health and safety risk impact assessments and/or audits of products
- transparent labeling of products (pictograms, safety data sheets...)
- customer support measures (i.e. awareness-raising, training, take-back programs, etc.)
- traceability system / crisis management system / emergency measures
- technical developments (i.e. innovative products packaging, improvement of application techniques, initiatives in place to phase out hazardous chemicals, etc.)

- Alfa labels its products based on their origins, contents, safe usage and environmental and social impact in case of disposal.

Coverage of product safety management systems

The company has implemented these measures in a majority of sites or to a majority of products (more than 50% of sites/products covered, but below 75%).

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

As of 01/2018, Alfa did not appear to be involved in any controversy related to this sustainability driver

Percentage of substances classified as hazardous chemicals of very high concern on the total product sales.

The company does not sell any products considered as hazardous chemicals of very high concern. This has been confirmed by a review of relevant stakeholder sources.

Alfa and its subsidiaries are not listed on the SIN list of Chemsec as producers of SIN List substances.

Of note, Alfa's main chemical products include polyethylene terephthalate, polypropylene and expandable polystyrene.

Leadership	30
Visibility	30
Relevance	30
Ownership	30

Implementation	41
Means & resources	30
Coverage	65

Results	81
Performance	81

C&S2.3 Integration of environmental factors in the supply chain

(score: 32, weight: 2)



Visibility of commitment

The company has made references to including environmental factors in supply chain management in its:

CSR Report.

Relevance of commitment

The company's environmental requirements for suppliers are general and refer only to applicable laws or corporate environmental policies.

- pollution prevention and control
- protection of biodiversity
- protection of water resources
- minimising environmental impacts from energy use
- management of atmospheric emissions
- waste management
- management of local pollution
- management of environmental impacts from transportation
- ban of the purchase of hazardous chemicals of very high concern

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Means allocated

Information obtained from company and public sources regarding measures to include environmental factors in supply chain management is insufficient.

- integration of environmental issues into contractual clauses
- supplier questionnaires
- supplier support (training, technical assistance, etc.)
- training/awareness raising of employees in charge of purchasing
- non-compliance procedures for suppliers (re-auditing, re-training, eventual ending of contracts)
- risk assessments for suppliers

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

As of 01/2018, Alfa did not appear to be involved in any controversy related to this sustainability driver

Audits of suppliers/subcontractors

Information obtained from company and public sources regarding environmental audits of suppliers/subcontractors is insufficient.

Coverage of measures to integrate environmental factors into the supply chain

Information obtained from company and public sources regarding the percentage of the company's suppliers covered by such procedures is insufficient.

Coverage of environmental audits

Information obtained from company and public sources regarding environmental audits of suppliers is insufficient.

Leadership	30
Visibility	30
Relevance	30
Ownership	30

Implementation	0
Means & resources	0
Coverage	0

Results	65
Performance	65

C&S2.4 Integration of social factors in the supply chain

(score: 32, weight: 2)



Visibility of commitment

The company has made references to including social factors in supply chain management in its:

CSR Report 2014.

Relevance of commitment

The company's social requirements for suppliers only address some of the relevant issues in the sector:

- Freedom of association and right to collective bargaining
- Responsible sourcing from conflict areas
- Abolition of child labour
- Abolition of forced labour
- Non-discrimination
- Health and Safety
- Decent wages
- Working hours
- Other rights (e.g. prevention of cruel, degrading and inhuman behaviour, etc.)

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Means allocated

Information obtained from company and public sources regarding measures to include social factors in supply chain management is insufficient.

- integration of social issues into contractual clauses
- supplier questionnaires
- supplier support (training, technical assistance, etc.)
- training/awareness raising of employees in charge of purchasing
- assessment of social risks linked to existing or potential suppliers
- non-compliance procedures for suppliers (re-auditing, re-training, eventual ending of contracts)

Due diligence measures for conflict free supply chain

Information obtained from company and public sources regarding due diligence measures to prevent conflict minerals from entering in the supply chain is insufficient.

- Chain of custody tracking and/or traceability (at mines, trading centers, transportation routes, artisanal miners, suppliers)
- On site audits by an accredited third party auditor
- Certification of chain of custody by third party

- Transparency (making reporting online available/answer to customer inquiries)
- Cooperation with stakeholders (NGO, local networks, sector peers) to build capacities in this field

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

As of 01/2018, Alfa did not appear to be involved in any controversy related to this sustainability driver

Audits of suppliers/subcontractors

Information obtained from company and public sources regarding social audits of suppliers/subcontractors is insufficient.

Coverage of measures to integrate social factors into the supply chain

Information obtained from company and public sources regarding the percentage of the company's suppliers covered by such procedures is insufficient.

Coverage of social audits

Information obtained from company and public sources regarding social audits of suppliers/subcontractors is insufficient.

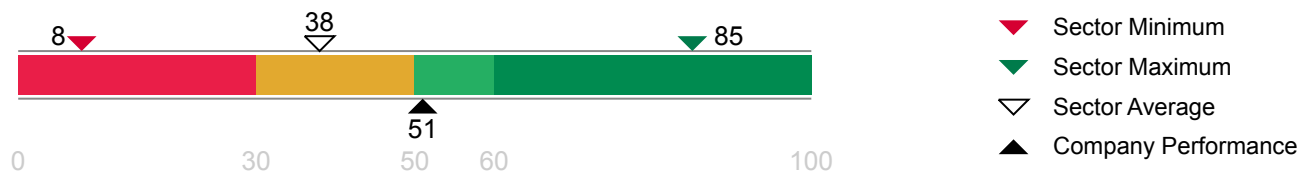
Leadership	30
Visibility	30
Relevance	30
Ownership	30

Implementation	0
Means & resources	0
Coverage	0

Results	65
Performance	65

C&S3.1 Prevention of corruption

(score: 51, weight: 1)



Visibility of commitment

The company has issued a formalised commitment to preventing corruption in its:

- The company is a signatory of the Global Compact and communicates on this principle.
- The company is a signatory of the Global Compact but does not communicate on this principle.
- The company is a signatory of the Nippon Keidanren Charter.

Code of Ethics. In addition, the Company is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment

The company's commitment to preventing corruption addresses only part of its responsibilities:

- giving / receiving bribes
- restriction of facilitation payments
- gifts and invitations
- extortion
- fraud
- embezzlement
- money laundering
- conflicts of interest
- financing of political parties
- prohibition of facilitation payments

Ownership of commitment

It is unclear who is responsible for the company's commitment or to which parts of the company it applies.

Alfa's Code of Ethics has not been signed.

Involvement of employees

Information obtained from company and public sources regarding the involvement of employees in preventing corruption is insufficient.

Means allocated

The company has set up internal controls to prevent corruption that include:

- approval procedures for gifts, etc. by an independent department
- external audits (by an independent, external specialised organisation)
- external investigations of allegations
- the possibility to contact internal audit, legal or compliance departments directly & confidentially

- a dedicated confidential hotline or email address
- internal audits (internal verification of compliance with the company's code of conduct etc.)
- risk assessment of company vulnerability
- due diligence on joint ventures
- due diligence in evaluating contracts/suppliers
- systems for appointment/remuneration of agents
- identify and black list known bribe payers

Alfa states that it evaluates its operations in terms of risk related to corruption.

Coverage

The measures implemented cover all significant parts of the company as well as sales agents.

The Company states that 100% of its operations have been evaluated.

Reporting

The company discloses quantitative data on the corruption incidents reported internally and on how they were handled:

In 2016, there were 841 incidents related to non-compliance of ALFA's policies and values. 100% of them was investigated. As a result, 133 persons were separated from the company. None of these cases implicated activities of ALFA's employees involved with governmental authorities. No contracts with commercial partners were rescinded or ceased to be renewed because of non-compliance of ALFA's policies and values. There was also no legal action against ALFA for any incidents related to corruption.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 01/2018, Alfa did not appear to be involved in any controversy related to this sustainability driver

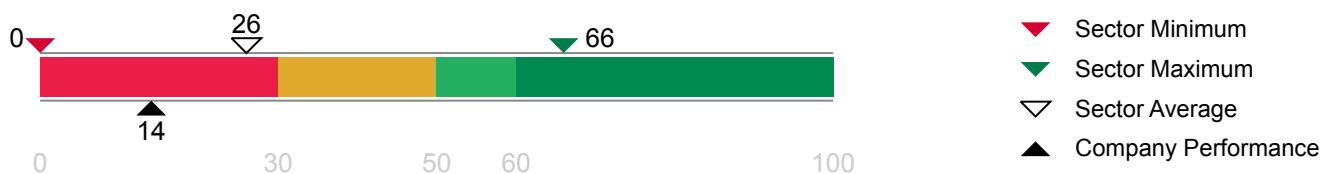
Leadership	35
Visibility	65
Relevance	30
Ownership	0

Implementation	42
Means & resources	32
Coverage	65

Results	77
Performance	77

C&S3.2 Prevention of anti-competitive practices

(score: 14, weight: 2)



Visibility of commitment

The company does not disclose any commitment to preventing anti-competitive practices.

Relevance of commitment

The company does not disclose any commitment to preventing anti-competitive practices.

- Price fixing
- Collusion tenders
- Output restrictions or quotas
- Market sharing

Ownership of commitment

The company does not disclose any commitment to preventing anti-competitive practices.

Involvement of employees

Information obtained from company and public sources regarding reporting involvement of employees in preventing anti-competitive practices is insufficient.

Means allocated

Information obtained from company and public sources regarding reporting mechanisms to monitor anti-competitive behaviour is insufficient.

- approval procedures for contract prices etc. by an independent department
- the possibility to contact internal audit, legal or compliance departments directly & confidentially
- a dedicated confidential hotline or email address
- risk assessment of vulnerability areas within the company
- internal audits (internal verification of compliance with the company's code of conduct etc.)
- external audits (by an independent, external specialised organisation)
- external investigations of allegations

Coverage

Information obtained from company and public sources regarding the percentage of the company covered by such controls and programmes is insufficient.

Reporting

While the Company states that no legal actions related to anti-competition were reported in 2016, it does not disclose the number of antitrust incidents reported internally.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 01/2018, Alfa did not appear to be involved in any controversy related to this sustainability driver

Leadership	0
Visibility	0
Relevance	0
Ownership	0

Implementation	0
Means & resources	0
Coverage	0

Results	43
Performance	43

C&S3.3 Transparency and integrity of influence strategies and practices

(score: 12, weight: 2)



Visibility towards stakeholders

The company does not disclose any commitment to ensuring transparency and integrity of lobbying practices.

Comprehensiveness of the commitment

The company does not disclose any commitment to ensuring transparency and integrity of lobbying practices.

- to prevent any contrast with public international conventions (UN, ILO, OECD)
- not obtain or try to obtain information, or any decision, dishonestly
- not to misrepresent themselves to mislead third parties and/or staff of public authorities
- openly declare the company's business interests
- ensure that information provided is up-to-date, complete and not misleading
- not induce staff of PA to contravene rules of behaviour applicable to them
- if the company employs former staff of PA, to respect their obligation of confidentiality
- to be transparent on the amounts of donations to political parties/organisations

Ownership of commitment

The company does not disclose any commitment to ensuring transparency and integrity of lobbying practices.

Involvement of employees

Information regarding the involvement of employees in ensuring transparency and integrity of lobbying practices is insufficient.

Measures allocated

Information regarding measure allocated to ensure transparency and integrity of lobbying practices is insufficient.

- publication of detailed information on lobbying activities
- approval procedures for gifts, travel or other privilege by an independent department
- a dedicated confidential hotline or email address
- internal monitoring for lobbying budget
- internal audits for lobbying activities
- independent party for monitoring lobbying budget/external audit
- external investigations of allegations
- disclosure of the positions in the period of preparation of a debate and during the debate

Coverage

Information regarding the percentage of the company covered by such controls and measures is insufficient.

Reporting

The company does not disclose the budget directly and indirectly dedicated to lobbying practices.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 01/2018, Alfa did not appear to be involved in any controversy related to this sustainability driver

Leadership	0
Visibility	0
Relevance	0
Ownership	0

Implementation	0
Means & resources	0
Coverage	0

Results	35
Performance	35

Corporate governance

Score: 28

CGV1.1 Board of Directors

(score: 27, weight: 3)



[LISTED COMPANIES] Existence and independence of Nomination Committee

Information disclosed on this subject is insufficient or not relevant.

Independence of the Board Chairman

The roles of Chairman and CEO are separated, but the chairman is not considered independent.

Responsibility allocated over CSR issues

Information on the responsibilities allocated over CSR issues is insufficient.

Share of independent shareholder-elected Board members

[LISTED COMPANIES] The Board is between 21 and 33% independent, which is less than the recommended level.

Three members of the 11-member Board are considered independent.

Diversity of the skills and backgrounds of the Board

Information obtained from company and public sources regarding the diversity of skills and backgrounds of board members is insufficient.

- At least 30% of directors are women
- At least 40% of directors are women
- Employee representative(s) sitting on the Board
- Board members with demonstrated professional experience in the company's sector of activities
- Board members with demonstrated expertise on CSR issues

Training and expertise provided to board members

Information obtained from company and public sources regarding training provided to board members is insufficient.

Regular election of Board members

[LISTED COMPANIES] Board members are elected every year.

Evaluation of Board's functioning and performance

Information obtained from company and public sources regarding the evaluation of board functioning and performance is insufficient.

Review of CSR issues at Board meeting

Information obtained from company and public sources regarding the review of

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CSR issues at board meetings is insufficient.

- Employee safety
- Product responsibility
- Climate change
- Pollution prevention
- Societal impacts of products/services (when relevant)
- Bio-based/renewable chemicals

Regularity of and attendance at Board meetings

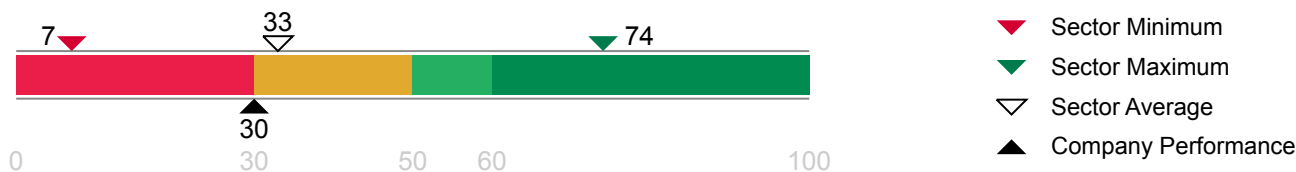
Regular meetings are held, and attendance rates are above 90%

Six Board meetings were held during the last fiscal year, and average attendance rate was 96.6%.

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	> 9 years on Board	Stock options	Paid > 1/2 executive salary	Represent > 3% company's shares	Other	Independency
José Calderón			X			X			X					
Enrique Castillo			X			X								X
Francisco Fernández	Planning and Finance Committee President		X											X
Álvaro Fernández	President	X							X					
Armando Garza	Chairman		X					X	X					
Claudio González			X						X					
Ricardo Guajardo			X						X					
David Martínez			X											X
Adrián Sada	Corporate Practices Committee President		X						X					
Federico Toussaint	Audit Committee President		X			X			X					
Guillermo Vogel			X						X					

CGV2.1 **Audit & Internal Controls**

(score: 30, weight: 2)



[LISTED COMPANIES] Existence and independence of Audit Committee

No executive is a member of the committee, but half or fewer are independent.
One member of the 3-member Audit Committee is considered independent.

Skills and backgrounds of Audit Committee members

Information disclosed on this subject is insufficient or not relevant.

Operational and CSR risks covered by the company's internal controls system

The system covers the standard issues related to financial, operational, and legal risks.

- Employee safety
- Product responsibility
- Climate change
- Accidental pollution
- Societal impacts of products/services (when relevant)
- Bio-based/renewable chemicals

The Company states that the Board of Directors relies on the Audit, Corporate Practices, and Planning and Finance committees to review the company's strategy, management and results, which include risk management processes for economic, environmental and social issues. However, which specific risks are considered in each of these categories is not disclosed.

Role of the Audit Committee in overseeing internal and external controls

The Audit Committee has a comprehensive role that includes:

- Oversee internal audit and internal controls
- Review accounting policies and be responsible for updates
- Nominate the statutory auditor
- Oversee the work of the external auditor
- Approve the type of audit and non-audit services provided and fees paid to the external auditor

Management of the CSR risks

Information obtained from company and public sources regarding the management of the CSR risks is insufficient.

- Balanced scorecard
- Risk-related training
- Monitoring of key risk indicators
- Reporting system to the Board
- Risk mapping/materiality assessment
- A Board Risk Committee with no executive part of it

Independence of the firm's external auditors

Information obtained from company and public sources regarding the independence of the firm's external auditors is insufficient.

Inclusion of CSR issues in the company's reporting

The company publishes significant CSR reporting on key material issues.

Of note, the CSR Report has not been verified by an external party.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 01/2018, Alfa did not appear to be involved in any controversy related to this sustainability driver

CGV3.1 Shareholders

(score: 42, weight: 2)



Nonexistence of voting rights restrictions

The company respects the "one share - one vote" principle.

Nonexistence of anti-takeover devices

There is no reference to anti-takeover devices in the company's reporting.

Ability to add items to the agenda of the AGM and to convene an EGM

Information obtained from company and public sources, regarding the ability to add items to the agenda of the AGM and to convene an EGM, is insufficient.

Access to voting at General Meetings

Information obtained from company and public sources regarding the access to voting at the AGM is insufficient.

Ability to vote on relevant issues in separate resolutions at AGM

Information obtained from company and public sources, regarding which items are customarily put to a vote at the AGM, is insufficient.

Presentation of CSR strategy to shareholders and investors

The company's CSR strategy has not been presented to shareholders and investors.

- Employee safety
- Product responsibility
- Climate change
- Pollution prevention
- Societal impacts of products/services (when relevant)
- Bio-based/renewable chemicals

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 01/2018, Alfa did not appear to be involved in any controversy related to this sustainability driver

CGV4.1 Executive Remuneration

(score: 14, weight: 2)



[LISTED COMPANIES] Existence and independence of Remuneration Committee

No executive is a member of the committee, but half or fewer are independent.
No member of the 3-member Corporate Practices Committee is considered independent.

Disclosure of senior executives' individual remuneration

Disclosure of individual executive remuneration data for senior executives is insufficient.

Link between Short Term Incentive Plans and the performance of the company

There is no disclosure on what rules guide the company in allocating bonuses and other short-term incentives to senior executives.

Link between the main Long Term Incentive Plan and the performance of the company

Information on the rules and performance conditions guiding the allocation of long-term incentives to senior executives is insufficient.

Link between variable remuneration and CSR performance of the company

There is no disclosure on the links between variable remuneration of executive and the CSR performance of the company.

- Employee safety
- Product responsibility
- Climate change
- Pollution prevention
- Societal impacts of products/services (when relevant)
- Development / Innovation in terms of bio-based and renewable materials

Severance pay for senior executives

Information obtained from company and public sources regarding severance pay for senior executives is insufficient.

Evolution of CEO-to-employee compensation ratio

Information obtained from company and public sources regarding the compensation of CEO is insufficient.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 01/2018, Alfa did not appear to be involved in any controversy related to this sustainability driver

Detailed Scores and Ratings

CURRENT AND PREVIOUS RATINGS

Period	Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance
2018/02	=	+	+	+	=	=
2016/02	+	+	+	++	+	+
2014/02	=	+	+	+	=	+

SCORES PER DOMAIN

Domain	Average Score	Leadership	Implementation	Results
Environment	27	16	37	20
Human resources	38	37	24	52
Human rights	38	55	15	44
Community involvement	33	30	34	35
Business behaviour (C&S)	32	20	14	61
Corporate governance	28	40	13	32

SCORES PER CRITERIA

Sub-domain	Criterion	Score
Environment 1	1	45
	2	36
	3	0
Environment 2	1	41
	2	50
	4	0
	5	22
	7	0

Sub-domain	Criterion	Score
Human resources 1	1	34
Human resources 2	3	27
	4	36
Human resources 3	2	47

Sub-domain	Criterion	Score
Human rights 2	1	36
	4	39

Sub-domain	Criterion	Score
Community involvement 1	1	33
	1	N/A

Sub-domain	Criterion	Score
Business behaviour (C&S) 1	1	51
	3	32
Business behaviour (C&S) 2	4	32
	1	51
Business behaviour (C&S) 3	2	14
	3	12

Sub-domain	Criterion	Score
Corporate governance 1	1	27
Corporate governance 2	1	30
Corporate governance 3	1	42
Corporate governance 4	1	14

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Overview of the latest updates

Date of the latest update	Information updated
2018/07	Carbon & Energy Transition
2018/02	Controversial Activities Screening
2018/02	Full ESG profile