

# PERMANENT COMMITMENT



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2015 CORPORATE SOCIAL RESPONSIBILITY REPORT

# LETTER FROM THE CHAIRMAN OF THE BOARD AND THE PRESIDENT

**We have prepared this document as part of our commitment to keeping our stakeholders informed about our efforts in terms of corporate social responsibility. In it, you will find a summary of our most important actions and initiatives in 2015.**



We are pleased to report that we made progress on a number of fronts, from programs to preserve the health and safety of our fellow workers, to initiatives in support of the communities where we operate, environmental care, and support to our value chains.

We also took a big step forward toward strengthening our Corporate Social Responsibility strategy with the migration to the G4 reporting methodology developed by the Global Reporting Initiative (GRI). To do so, we conducted an exhaustive analysis of the relevant issues we need to address, a study that gave us a more precise idea of the matters that our stakeholders consider to be the most important in our business. This will help us to develop an increasingly effective model of social responsibility management.

In addition to ALFA, our subsidiaries Sigma, Alpek and Nematik have joined in the effort by conducting parallel analysis and preparing their own reports on social responsibility actions.

During 2015 we executed more than 170 initiatives for the improvement of health and quality of life of our employees, including preventive healthcare, on-site medical attention, nutritional advice, and activities that promote healthier lifestyles. There are also personal and family counseling programs, which served more than 27,600 employees and their family members during the year. Reductions in the number and severity of accidents deserve also special mention.

On the community end, ALFA Foundation's Educational Project operated three schools in Monterrey and opened the first high school. With this, it can continue mentoring students through their educational development after middle school. During 2015, the Educational Project provided services to almost a thousand students.

In environmental matters, ALFA placed special attention on managing water usage, as water is both an increasingly vital problem for the human race, and a key input for our companies. Our efforts to optimize the use of this essential resource yielded positive results: we were able to lower our water consumption by 3% compared to 2014.

In this report, we are also highlighting the programs our companies have carried out in support of their respective value chains. These initiatives include everything from actions to improve operations to consultancy on their social responsibility programs.

The year 2015 posed a series of challenges, including a decrease in oil prices and an appreciation of the U.S. dollar against the Mexican peso, both of which had an impact on our businesses. Nevertheless, we were able to overcome these obstacles and once again generate positive results.

For ALFA, social responsibility is a part of its business philosophy. For more than 40 years, we have committed to promoting the welfare of our employees, being solidary toward our communities, and respect our planet.

Going forward, we will redouble our efforts to consolidate this philosophy, toward which we have a permanent commitment, as demonstrated in the actions described in this report.

San Pedro Garza García, N.L., Mexico,  
February 2, 2016.

**Armando Garza Sada**

Chairman of the Board of Directors

**Álvaro Fernández Garza**

President

# ALFA

IS A COMPANY THAT MANAGES A DIVERSIFIED BUSINESS PORTFOLIO:



An important producer, marketer and distributor of foods through well recognized brands in Mexico, the United States, Europe and Latin America.

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One of the world's largest producers of polyester (PTA, PET and fibers). It also leads the Mexican market in polypropylene, expandable polystyrene and caprolactam.

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A leading provider of innovative light-weighting solutions for the automotive industry, specializing in the development and manufacturing of aluminum components for powertrain and body structure.

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A leading provider of information technology and communications services for the enterprise segment of the Mexican market.

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A company in the hydrocarbons industry in Mexico and the United States.

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## HIGHLIGHTS 2015

REVENUES: U.S. \$16.3 BILLION

EBITDA: U.S. \$ 2.4 BILLION

FOOTPRINT: 26 COUNTRIES

PLANTS: 126

EMPLOYEES: 72,830

# SOCIAL RESPONSIBILITY MODEL

ALFA'S SOCIAL RESPONSIBILITY MODEL IS SUPPORTED BY FOUR PILLARS:



## INTERNAL WELL-BEING

TO PROVIDE CONDITIONS OF HEALTH, SAFETY AND DEVELOPMENT OPPORTUNITIES FOR EMPLOYEES.

## COMMUNITY

TO BE A RESPONSIBLE CITIZEN TOWARDS THE COMMUNITY.

## ENVIRONMENT

TO CONTROL AND REDUCE EMISSIONS IN THE AIR, SOIL AND WATER.

## ECONOMY

TO OBTAIN ADEQUATE BUSINESS RETURNS BASED ON THE INVESTMENT AND RISK TAKEN.

## MISSION

TO BECOME A SOURCE OF PRIDE FOR OUR WORKERS AND SHAREHOLDERS, AND TO EXCEED STAKEHOLDER EXPECTATIONS THROUGH LEADERSHIP, INNOVATION AND EXCEPTIONAL LONG-TERM PERFORMANCE.

## VISION

COMMITMENTS WITH OUR STAKEHOLDERS:

**STOCKHOLDERS.** To achieve outstanding long-term value creation through profitable growth, continuous portfolio optimization and selective investment in new opportunities.

**EMPLOYEES.** To be a great place to work. To attract and develop the best talent, motivating them to achieve their full potential.

**CLIENTS.** To exceed expectations with superior experiences and innovative offerings.

**SUPPLIERS.** To build long-lasting, mutually beneficial relationships.

**COMMUNITY.** To encourage safe and sustainable operations. To contribute to the development of our communities.

ALFA defines its stakeholders based on the level of relationship and the degree of impact of its businesses on them.

All stakeholders deserve attention from ALFA. To this end, the company has made a commitment to act toward each of them in a responsible, ethical and transparent manner, including an open and ongoing communication to understand their needs and concerns.

# PERMANENT COMMITMENT

**Since its founding in 1974, ALFA has kept up a commitment to operating an ethical and responsible business that is respectful of its employees, the community and the environment. After 40 years of existence, the company remains convinced that this philosophy is the best formula for achieving the development to which it aspires.**

Over the years, ALFA has strengthened its social responsibility efforts, focusing on areas that it considers to be most important for the communities where it operates. It has also evolved in its way of communicating this performance, adopting the reporting standards most commonly used by organizations around the world.

Accordingly, ALFA has prepared its corporate social responsibility reports by applying the criteria, parameters and methodology developed and established by the Global Reporting Initiative (GRI).

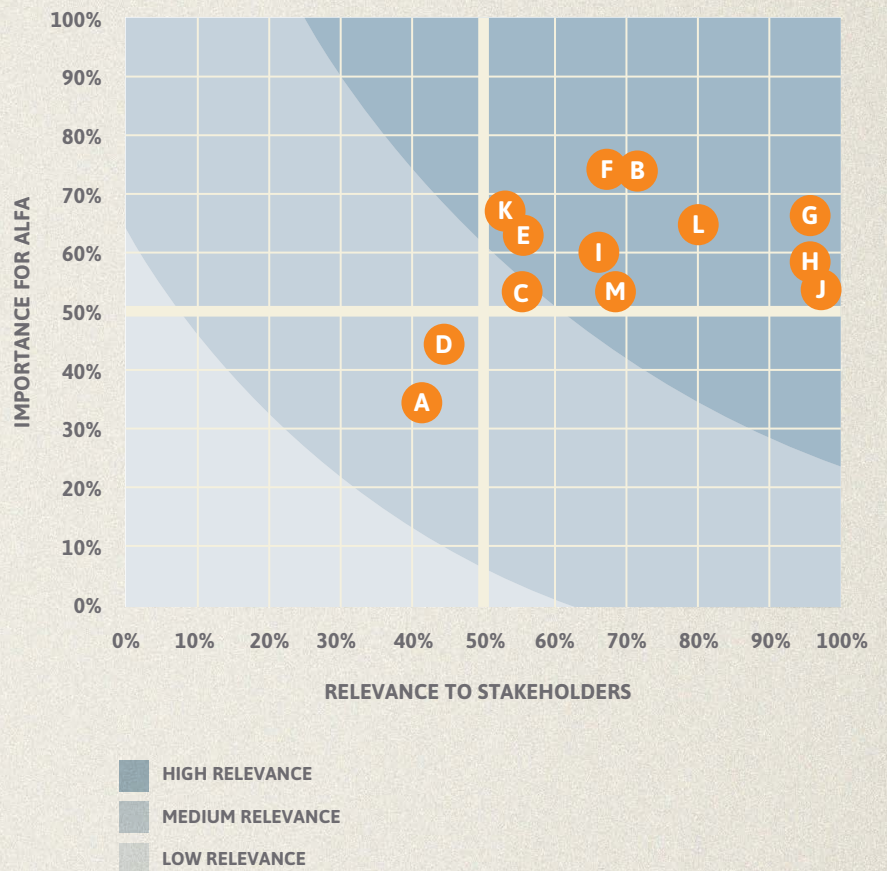
This document was prepared according to that organization's G4 reporting standards. The following are the results of ALFA's materiality analysis, which identifies the most relevant aspects relating to the company's activities according to its various stakeholders. The study was conducted by an independent firm, in coordination with ALFA's social responsibility areas. The results of this study will enable the company to continue fine-tuning its corporate responsibility strategy in the future.



Following is the result of the materiality study, showing the 13 issues found as most relevant for ALFA's stakeholders and of greater impact for the company.

- A** RESPONSIBLE MARKETING
- B** ENERGY ECO-EFFICIENCY
- C** CLIMATE CHANGE AND EMISSION STRATEGY
- D** WATER MANAGEMENT
- E** ENVIRONMENTAL MANAGEMENT
- F** LABOR PRACTICES
- G** RELATION WITH NGO'S AND REGULATORY AGENCIES
- H** CUSTOMER AND SUPPLIER RELATIONS
- I** HEALTH AND SAFETY
- J** WEALTH MANAGEMENT
- K** RISK AND OPERATION STRATEGIES
- L** INVESTOR RELATIONS
- M** COMMUNITY ENGAGEMENT

## RELEVANCE MATRIX



PERMANENTLY COMMITTED TO

# OUR EMPLOYEES

The health of ALFA's workers is a priority. That is the reason for the significant amount of money invested every year, not only in attending to illness but in preventive campaigns, including medical checkups, health fairs and programs that promote healthy lifestyles. The vast majority of ALFA's facilities have on-site medical staff that provides round-the-clock service. One example of the companies' initiatives is the Sigma Comprehensive Health program, which provides nutritional information, personalized follow-up and initiatives to encourage employees to become more physically active.

## KEY FIGURES

	2015	2014
<b>SAFETY</b>		
• Accident rate	188.13	201.87
• Frequency rate	7.16	9.10
• Number of accidents	1,305	1,566
• Lost days rate	22,347	24,808
• Fatalities	1	2
<b>HEALTH</b>		
• Investment (U.S. \$ million)	20.2	21
• Programs	178	164
• Employees benefited	28,689	28,520
<b>TRAINING</b>		
• Investment (U.S. \$ million)	17.3	10.4
• Average man-hours	27.0	28
• Employees benefited	44,879	43,145
• Scholarships for employees	604	483
<b>DEVELOPMENT AND RECREATION</b>		
• Investment (U.S. \$ million)	6.3	5.1
• Scholarships for employees children	3,157	2,310
• Attendees to events	240,740	256,841

## SOME ACHIEVEMENTS



### PERSONAL AND FAMILY COUNSELING

More than 27,600 employees and family members of Nemark, Sigma and Petrotemex received support and attention through a free, confidential service that was designed to guide and assist them in issues relating to their personal and professional life. The system operates through a 1-800 hotline and website (in the case of Sigma), through which an expert counselor helps the employee or family member to find a solution to their concerns.







U.S. \$20.2  
million invested  
in health programs

### FAMILY DEVELOPMENT

More than 240,000 employees and family members attended recreational and family development programs organized by ALFA companies in 2015. These programs included training activities, sports, cultural and social events, all of which encouraged families to feel a part of ALFA.



### TRAINING

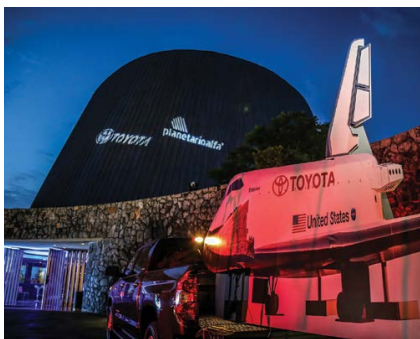
ALFA invested U.S. \$17.3 million in development and training programs for its employees, which included workshops in inter-personal relations, leadership, technical training and management skills, industrial safety and first aid, and other topics. It also increased the number of employee scholarships for ongoing education by 20% over 2014, covering studies from high school through graduate programs.

PERMANENTLY COMMITTED TO

# OUR COMMUNITY

ALFA Foundation continued to develop its Educational Project, which since 2013 has been providing extracurricular support to middle school students in math, science, Spanish and English, as well as classes in art, chess, theater and music. All this is done under an innovative pedagogical model that encourages students to develop scientific attitudes and interact with the physical and social world, in addition to improving their academic performance. In September 2015, the Project opened its first high school, with educational programs that have official certification. All together, the Educational Project served almost 1,000 young people in 2015.

## SOME ACHIEVEMENTS




### ALFA PLANETARIUM

For 37 years, this institution has been promoting an appreciation for science and culture, especially among children and young people. Besides its exhibits and interactive shows, the space more than doubled the number of events in the year, welcoming more than 300,000 visitors, including almost 100,000 school children.



### KEY FIGURES

	2015	2014
<b>ALFA FOUNDATION EDUCATIONAL PROJECT</b>		
• Extracurricular Talent Center	3	3
• High school (full time)	1	0
• Students	988	560
• Teachers	65	35
		
• Number of events	48	22
• Workshops	14	11
• Conferences	9	5
• Exhibits	6	6
• Number of attendees	308,007	305,000
• School children	99,247	104,000
<b>COMMUNITY SUPPORT</b>		
• Schools supported	115	128
• Students benefited	13,076	19,378
• Charitable institutions supported	86	171
• Volunteers	1,251	1,062
• Man-hours of volunteer time	26,575	3,847
• Total contributions (U.S. \$)	336,690	259,479

alfa fundación

9888

students enrolled in  
ALFA Foundation's  
Educational Project

## GROWING AS A FAMILY

ALFA Corporate Office began its "Growing as a Family" program, which aims to give parents a better understanding of the challenges teenagers face today. The program addresses issues of personal-family development and is aimed at parents of students in ALFA Foundation's Educational Project. It is given by volunteers from the company that received training from Tecnológico de Monterrey.



## SUPPORT FOR SCHOOLS

More than 100 schools at all educational levels received support from ALFA companies, including in-kind donation, cleanup work and renovation of facilities, talks on environmental issues and ethics. Also, students were given the opportunity to complete professional internships. All in all, some 13,000 students benefited from the joint support of ALFA's companies in 2015.

PERMANENTLY COMMITTED TO

# OUR ENVIRONMENT

Water has become an increasingly important resource for ALFA given its importance to life and because it is one of its primary inputs. In 2015, the company invested in new wastewater treatment plants and redoubled efforts to reduce consumption and improve waste water's quality. Some examples of the year's accomplishments are: **Nemak Mexico** began operating two wastewater treatment plants with a combined capacity of 170,000 m<sup>3</sup> per year; **Terza** started construction of a treatment plant with an annual capacity of 142,000 m<sup>3</sup>; **DAK Americas** reduced its consumption of filtered river water by 25%, equivalent to saving of 76,000 m<sup>3</sup> of water a year; through a process of recovery water from cooling towers, **Indelpro** reduced the amount of water sent for treatment by 50%.

## KEY FIGURES

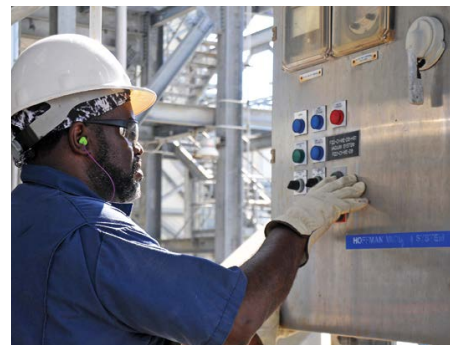
	2015	2014
• Investment (U.S. \$ million)	47.5	41
• Direct energy consumption (GJ)	37.23x10 <sup>6</sup>	32.20x10 <sup>6</sup>
• Energy produced from natural gas	96%	91%
• CO <sub>2</sub> emissions (tons)	3,718,629	3,695,414
<small>* Production increase of 4.2% (est.) in 2015</small>		
• Water consumption (millions of m <sup>3</sup> )	105	108
• Wastewater treatment plants	35	44
• Use of aluminium from recycled sources (metric tons)	642,000	337,907
• Recycled PET (metric tons)	53,777	48,567

## SOME ACHIEVEMENTS



### CLEAN ENERGY

ALFA continued to invest in improving its energy efficiency and reducing CO<sub>2</sub> emissions. At the end of 2014 it started up operation of a cogeneration plant in Veracruz, with the capacity to generate 90 MW. It also worked on enhancing the capacity of the Alestra cogeneration plant in Querétaro. By operating with natural gas, these plants avoid the emission of more than 170,000 metric tons of CO<sub>2</sub> per year. In 2015, 96% of the energy used by ALFA came from natural gas, the cleanest fuel available today.





30%  
reduction in water  
consumption from 2014

## WASTE REDUCTION

Sigma Mexico has succeeded in recycling or re-using 95% of the waste generated in its operating processes, so that it not waste does not end up in sanitary landfills. At DAK Americas, the waste reduction program manages more than 200 kinds of waste through recycling processes, composting or energy conversion. This has reduced the amount of waste sent to sanitary landfills by 97%.



## RECYCLING

ALFA has two important recycling programs, one for aluminum and another for PET. 75% of the aluminum consumed by Nemak comes from recycled sources. Regarding PET, Alpek has two recycling plants, one in the U.S. and the other in Argentina. Together they processed 53,777 metric tons of bottles this year. Apart from avoiding having to dispose of these bottles, recycling them helps to reduce energy consumption and CO<sub>2</sub> emissions.

PERMANENTLY COMMITTED TO

# OUR VALUE CHAIN

ALFA develops initiatives in support of its value chain, which includes suppliers, distributors and customers. For example, Sigma has been operating a Dairy Farming Support Program, which helps small-scale dairy producers in central Mexico by providing them advice on purchasing better feed, training on financing processes, and by guaranteeing the purchase of 100% of the milk they produce. In 2015, the program supported 176 such producers. Additionally, the company began buying goat's milk from low-income producers in northeastern Mexico.

## SOME ACHIEVEMENTS



### EXCELLENT CLIENT

Sigma's "Excellent Client" Platform continued its program to support clients in the traditional channel (mom-and-pop stores, wholesalers and distributors) through five areas: recognition plans, strategic equipment, comprehensive promotional activity and business development services. Also, 543 mom-and-pops store owners graduated from the Center for the Development of Small Grocery Businesses, which the company supports.





63%

of ALFA's purchases are made to local suppliers

**SUSTAINABILITY CODE FOR SUPPLIERS**

In line with its commitment to promoting social responsibility throughout ALFA's supply chain, in 2015 Nemak developed a Sustainable Code for Suppliers, which seeks to establish mutually beneficial long-term alliances. In 2016, the Code will be distributed to the company's 400 top suppliers around the world.



**SOCIAL RESPONSIBILITY**

In 2015, ALFA's Sustainability Committee began deployment of a program aimed at its supply chain. It includes creation of a frame of reference and a methodology for learning about suppliers' practices. This will allow ALFA's companies to support them with development plans that could be reflected in their performance and economic growth.

# AWARDS AND RECOGNITIONS

COMPANY	RECOGNITION	FROM	COUNTRY
AKRA POLYESTER	ISO 14001	Bureau Veritas	France
	Clean Industry	Environmental Protection Agency	Mexico
DAK AMERICAS	CF Support 45 Year NC DOL Gold Award North	North Carolina Department of Labor	USA
GRUPO PETROTEMEX	ISO 14000	AENOR	Mexico
	Comprehensive Responsibility	ANIQ	Mexico
	Clean Industry	Environmental Protection Agency	Mexico
	Safe Company	Environmental Protection Agency	Mexico
INDELPRO	Comprehensive Responsibility	ANIQ	Mexico
	Environmental Excellence	Environmental Protection Agency	Mexico
	Clean Industry	Environmental Protection Agency	Mexico
NEMAK BRAZIL	ISO 14001	Det Norske Veritas (DNV GL)	Brazil
	OHSAS 18001	Det Norske Veritas (DNV GL)	Brazil
NEMAK CANADA	ISO 14001	ISO	Canada
NEMAK DILLINGEN	Family-Friendly Company	Chamber of Commerce and Industry	Germany
NEMAK SLOVAKIA	ISO 14001	Det Norske Veritas (DNV GL)	Germany
	OHSAS 18001	Det Norske Veritas (DNV GL)	Germany
NEMAK KENTUCKY	Rising Star – Relay for Life	American Cancer Society	USA
NEMAK LINZ	Operational Health	Fund for a Healthy Austria	Austria
NEMAK MONTERREY	ISO 14001	ABS Quality Evaluations	Mexico
	Clean Industry	Environmental Protection Agency	Mexico
NEMAK POLAND	ISO 14001	Det Norske Veritas (DNV GL)	Poland
	OHSAS 18001	Det Norske Veritas (DNV GL)	Poland
NEMAK TENNESSEE	ISO 14001	TRC	USA
POLIOLES	Clean Industry	Environmental Protection Agency	Mexico
	Family-Responsible Company	Ministry of Labor and Social Planning	Mexico
SIGMA	Clean Transport	Ministry of Environment and Natural Resources	Mexico
	Family-Responsible Company	Ministry of Labor and Social Welfare	Mexico
	Excellent Environmental Performance	Ministry of Environment and Natural Resources	Mexico
	GFSI Certification	Global Food Safety Initiative	Mexico

FSC LOGO



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# GRI G4 INDEX

DISCLOSURE AND RESPONSE	MATERIAL ASPECT	REPORTING LEVEL	
<b>GENERAL STANDARD DISCLOSURES</b>			
<b>Strategy and analysis</b>			
<b>G4-1</b>	<p><b>Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability</b></p> <p>See page 1.</p> <p><b>Importance of Sustainability for ALFA</b> For ALFA, operating under a sustainable development framework is fundamental to its viability and long-term business growth. In addition to creating economic value, ALFA promotes the development and well being of its employees and nearby communities, as well as operating in harmony with nature.</p> <p><b>Strategic Priorities and Key Issues</b></p> <p><u>Employees</u> To offer a health, safe and inclusive work environment. To offer opportunities for personal and professional growth.</p> <p><u>Community</u> To operate in safe facilities To support the development of the community, particularly on education. To offer healthier, more nutritious food products.</p> <p><u>Environment</u> To reduce the carbon and water footprints of its operation. To reduce, reuse and recycle its wastes.</p> <p><b>Broader Trends</b></p> <p><u>Mexico</u> Reduced water availability in some regions. Stricter environmental legislation.</p> <p><u>World</u> Effects of climate change (severe winters, droughts, floods, hurricanes, etc.). Compliance with international standards on issues related to the environment, health, nutrition, and others.</p> <p><b>Main events, accomplishments and challenges</b></p> <p><u>Events</u> The prices of oil and other petrochemical raw materials went down drastically. The value of the US dollar against the Mexican peso, the euro and other currencies has risen. Mexico continued experiencing moderate economic growth.</p>	Mandatory	Fully

Markets

The automotive industry showed greater dynamism in the US and in Europe.  
Food consumption in Mexico improved slightly.  
Polyester margins started rising again.

Accomplishments

ALFA's EBITDA increased 19%, thanks to improved margins in some products, non-recurring earnings and improved productivity.  
Sigma fully acquired control of Campofrio Food Group.  
Nemak launched its IPO in the Mexican Stock Exchange, started operating a plant in Russia and began the construction of a new plant in Mexico.  
Alpek incorporated the Expandable Polystyrene (EPS) operations it acquired from BASF in North and South America.

Challenges

The rise of the US dollar's value affected Alestra's and Nemak's results (when reported in US dollars).  
The volatility of petrochemical raw materials' prices continued to affect Alpek.  
Stricter environmental regulations, particularly in relation to emissions and water usage.

Setbacks

One employee passed away in an occupational accident.  
Investments in Pacific Exploration & Production's stocks resulted in capital loss.

**Strategy**

Invest to improve business efficiency and to develop products and services with improved added value.  
Participating in markets where a position of leadership can be reached and maintained.  
Increasing cost competitiveness based on human resources and cutting edge technology.  
Maintain financial health.

**Goals**

To eliminate deadly accidents.  
To continue reducing the number of workplace and industrial accidents.  
To continue reducing CO<sub>2</sub> emissions.  
To continue optimizing water usage in our operations.

**G4-2**

**Description of key impacts, risks, and opportunities**

See page 1.

Most significant impacts	Stakeholder
Polluting emissions (air, ground and water).	Community, environment
Water scarcity.	Community, environment

Most significant challenges	Stakeholder
Workplace accidents	Employees
Emissions and spills.	Employees, community

Operational Risk Strategy

Fully

<b>Most significant opportunities</b>		<b>Stakeholder</b>		
Reinforcing safety equipment and programs.		Employees, community		
Optimizing water management.		Community, environment		
Reducing emissions.		Community, environment		
Boosting recycling and reuse of materials.		Community, environment		
To continue supporting education.		Community		
Contributing to community development.		Community		
<b>Organizational profile</b>				
<b>G4-3</b>	<b>Name of the organization</b>		Mandatory	Fully
	ALFA, S.A.B. de C.V.			
<b>G4-4</b>	<b>Primary brands, products and services</b>		Mandatory	Fully
	<b>Business groups and products</b>			
	<b>Group</b>	<b>Products/Services</b>	<b>Brands</b>	
	Sigma	Processed meats (ham, sausages, mortadella, bacon); dairy products (cheeses and yogurt); prepared meals.	FUD, San Rafael, Campofrio, Chimex, Iberomex, Tangamanga, San Antonio, Zar, Chen, Braedt, La Villita, Chalet, Yoplait, Guten, Sosúa, Checo, Norteñita, Bar-S, Zar, Bernina, Juris, Nayar, Aoste, Monteverde, La Chona, Nochebuena, Longmont, El Cazo.	
	Alpek	Polyester products (PTA, PET and fibers); Plastics and chemicals: Polypropylene, Expandable Polystyrene (EPS) and caprolactam.	Laser, Melinar, Delcron, Dacron, Styropor, Hydrotec, Profax, Valtec, Terza, Luxor.	
	Nemak	Aluminum heads and blocks for gasoline and diesel engines; powertrain and structural aluminum parts.	Nemak	
	Alestra	Telecommunications services and information technologies.	Alestra	
	Newpek	Exploration and exploitation of natural gas and hydrocarbons.	NA	
<b>G4-5</b>	<b>Location of the organization's headquarters</b>		Mandatory	Fully
	Ave. Gómez Morín 1111 sur, Col. Carrizalejo, San Pedro Garza García, N.L. México. C.P. 66254.			

<b>G4-6</b>	<b>Number of countries where the organization operates</b>	Mandatory	Fully												
	<p>26 countries</p> <p>(Argentina, Austria, Belgium, Brazil, Canada, Chile, China, Costa Rica, Czech Republic, Dominican Republic, Ecuador, El Salvador, France, Germany, Hungary, India, Italy, Mexico, Netherlands, Peru, Poland, Portugal, Russia Slovakia, Spain, and United States.)</p>														
<b>G4-7</b>	<b>Nature of ownership and legal form</b>	Mandatory	Fully												
	ALFA, S.A.B. de C.V. is a stock limited company with variable capital whose regulations comply with Mexico's laws on Mercantile Corporations and the Stock Market.														
<b>G4-8</b>	<b>Markets served</b>	Mandatory	Fully												
	<p>ALFA's products serve mainly the food and beverage, automotive, packaging, textile, construction, furniture, telecommunications and energy sectors. Their main markets are located in Mexico, United States, Germany and Brazil.</p> <p><b>Market Presence</b></p> <table border="1"> <thead> <tr> <th>Geographical zone</th> <th>Industry sectors</th> <th>Type of customer</th> </tr> </thead> <tbody> <tr> <td>North, Central and South America; Europe and Asia.</td> <td>Food and beverages, automotive, packaging, textile, construction, telecommunications, energy.</td> <td> <ul style="list-style-type: none"> <li>Producers of packaging and containers for food, beverages, and electronics. Construction companies. Nylon manufacturers.</li> <li>Automotive manufacture and assembly companies.</li> <li>Retail, supermarkets and convenience stores.</li> <li>Corporate information and telecommunications market.</li> <li>Other organizations: restaurants, hotels, hospitals, etc.</li> </ul> </td> </tr> </tbody> </table>			Geographical zone	Industry sectors	Type of customer	North, Central and South America; Europe and Asia.	Food and beverages, automotive, packaging, textile, construction, telecommunications, energy.	<ul style="list-style-type: none"> <li>Producers of packaging and containers for food, beverages, and electronics. Construction companies. Nylon manufacturers.</li> <li>Automotive manufacture and assembly companies.</li> <li>Retail, supermarkets and convenience stores.</li> <li>Corporate information and telecommunications market.</li> <li>Other organizations: restaurants, hotels, hospitals, etc.</li> </ul>						
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<b>G4-9</b>	<b>Scale of the organization</b>	Mandatory	Fully												
	<table border="1"> <tr> <td><b>Employees</b></td> <td>72,529</td> </tr> <tr> <td><b>Operation sites</b></td> <td>126</td> </tr> <tr> <td><b>Revenue</b></td> <td>U.S. \$16,315 million</td> </tr> <tr> <td><b>Total capitalization in terms of debt and equity</b></td> <td>U.S. \$15,497 million</td> </tr> <tr> <td><b>Number of products and services rendered</b></td> <td>35 (main)</td> </tr> <tr> <td><b>Total assets</b></td> <td>U.S. \$15,501 million</td> </tr> </table>			<b>Employees</b>	72,529	<b>Operation sites</b>	126	<b>Revenue</b>	U.S. \$16,315 million	<b>Total capitalization in terms of debt and equity</b>	U.S. \$15,497 million	<b>Number of products and services rendered</b>	35 (main)	<b>Total assets</b>	U.S. \$15,501 million
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<b>G4-10</b>	<b>Total workforce</b>	Labor Practices	Fully												
	<b>Workforce by gender:</b>														
	<table border="1"> <thead> <tr> <th>Gender</th> <th>Number</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Women</td> <td>15,435</td> <td>21%</td> </tr> <tr> <td>Men</td> <td>57,094</td> <td>79%</td> </tr> <tr> <td>Total</td> <td>72,529</td> <td>100%</td> </tr> </tbody> </table>			Gender	Number	Percentage	Women	15,435	21%	Men	57,094	79%	Total	72,529	100%
	Gender			Number	Percentage										
Women	15,435	21%													
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<b>Workforce by contract:</b>															
	<table border="1"> <thead> <tr> <th>Contract type</th> <th>Number</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Permanent</td> <td>68,111</td> <td>92%</td> </tr> <tr> <td>Temporary</td> <td>4,418</td> <td>6%</td> </tr> <tr> <td>By fees</td> <td>1,498</td> <td>2%</td> </tr> </tbody> </table>	Contract type	Number	Percentage	Permanent	68,111	92%	Temporary	4,418	6%	By fees	1,498	2%		
Contract type	Number	Percentage													
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Temporary	4,418	6%													
By fees	1,498	2%													
	*The first table does not include individuals employed by fee.														
<b>G4-11</b>	<b>Employees covered by collective bargaining agreements</b>														
	<table border="1"> <thead> <tr> <th>Employee type</th> <th>Number</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Unionized</td> <td>34,508</td> <td>47.6%</td> </tr> <tr> <td>Employees</td> <td>38,021</td> <td>52.4%</td> </tr> </tbody> </table>			Employee type	Number	Percentage	Unionized	34,508	47.6%	Employees	38,021	52.4%			
Employee type	Number	Percentage													
Unionized	34,508	47.6%													
Employees	38,021	52.4%													
<b>G4-12</b>	<b>Describe the organization's supply chain</b>	Relationships with Clients and Suppliers	Fully												
	ALFA uses a wide range of suppliers to satisfy the needs of its diverse business portfolio, including petrochemical raw materials producers, industrial equipment manufacturers, aluminum recyclers and processors, and poultry, pig and dairy farmers.														
<b>G4-13</b>	<b>Significant changes in the organization during the reporting period</b>	Operational Risk Strategy	Fully												
	Sigma acquired 37% of Campofrio Food Group, thus assuming full control. Alpek incorporated the expandable polystyrene operations it acquired from BASF in North and South America. Nemak launched its IPO in the Mexican Stock Exchange and started operating an automotive component manufacturing plant in Russia.														

G4-14	Whether and how the precautionary approach is addressed by the organization	Environmental Management	Fully
	<p>Through various dialogue and engagement processes with stakeholders (see Table G4-15), as well as the Materiality Assessment carried out during 2015, ALFA has identified areas that present risks for and from its operations. As a result, ALFA has been able to create and modify its management strategy and to execute new actions that contribute to mitigating any significant risks.</p> <p><b>1. Identified Risks</b></p> <p><u>Workplace</u></p> <ul style="list-style-type: none"> <li>• Workplace accidents. Due to the nature of their operations, some of ALFA's companies handle raw materials and products, and carry out processes that could pose the risk of an accident.</li> <li>• Strikes. Despite human resources programs and a zero strikes or serious conflict record, this is regarded as a potential risk.</li> </ul> <p><u>Environment</u></p> <ul style="list-style-type: none"> <li>• Emissions, spills or discharges that could potentially pollute air, land and water due to the nature of raw materials, products and processes, and their handling and transportation.</li> <li>• Lack of natural resources. The increasing scarcity of natural resources like water is a risk for the continuous long-term operation of ALFA's businesses.</li> <li>• Product life-cycle. Some of ALFA's products like PET, polypropylene or expandable polystyrene (EPS) could pose a risk to the ecosystem if handled or disposed incorrectly.</li> </ul> <p><u>Community</u></p> <ul style="list-style-type: none"> <li>• Possibility of a community rejecting the operations of a plant because of the potential risk of emissions, explosions, traffic congestion, effects on quality of life, etc.</li> <li>• Product life-cycle: for Sigma, the sale of a product in inadequate conditions for human consumption, for any cause (attributable to the organization or not), could pose a risk for the health of consumers.</li> </ul> <p><u>Economic</u></p> <ul style="list-style-type: none"> <li>• Regulatory change in the countries where ALFA operates.</li> <li>• Economic volatility of international markets.</li> <li>• Cyclic nature of certain businesses.</li> <li>• Lesser availability of raw materials and feedstock like water or energy, which could increase their costs.</li> </ul>	Environmental Management	Fully

## 2. Measures taken to mitigate these risks

### Workplace

- Continuous improvement in programs and investments related to health and safety.
- Labor relations programs, including training, integral development for employees and their families, connection with employees' families, competitive compensation and benefits, and other efforts towards a healthy, inclusive, and collaborative workplace.

### Environment

- Investments in cutting-edge emissions reduction technologies, including the use of cleaner energies (one natural gas-based energy cogeneration plant operating and another one, twice as big, in construction).
- Investments to promote recycling of final products (promoting the recycling of aluminum, sand and PET).
- Complying with regulations set by authorities, suppliers and the industry.
- Promoting an environmental culture, in and outside the company, including the creation of commissions to propose and implement specific action points to strengthen environmental management.
- Creating alliances with other companies to cooperate in activities in favor of the environment.
- Advancing and supporting suppliers to achieve a thorough commitment to environmental and human rights-related topics.

### Community

- Continuing to support education.
- Promoting the company's involvement in community programs.
- Supporting communities through volunteering work for natural disaster response and other contingencies.
- Community support initiatives (improvements for schools, food banks, etc.).
- Contributing to health programs for communities.
- Identifying operational risks in communities and implementing effective actions to mitigate them.

### Economic

- Continuously updating the company's business strategy.
- Searching for substitute raw materials and better ways to recycle those that are currently used.
- Investment on and support of innovation and technological development.

<b>G4-15</b>	<p><b>Externally developed initiatives to which the organization subscribes</b></p> <table border="1"> <thead> <tr> <th data-bbox="217 184 488 249">Program</th> <th data-bbox="488 184 917 249">Organization</th> <th data-bbox="917 184 1175 249">Start</th> </tr> </thead> <tbody> <tr> <td></td> <td>Pronatura Noreste, A.C.</td> <td>2013</td> </tr> <tr> <td></td> <td>CONARTE, Nuevo León</td> <td>2012</td> </tr> <tr> <td>Cultura de la Legalidad (Culture of Legality)</td> <td>Hagámoslo Bien</td> <td>2014</td> </tr> <tr> <td></td> <td>RED Sumarse</td> <td>2011</td> </tr> <tr> <td>Movimiento Congruencia (Congruency Movement)</td> <td>Servicios de Administración y Reclutamiento, S.C.</td> <td>2009</td> </tr> <tr> <td>Industria Limpia (Clean Industry)</td> <td>PROFEPA (Federal Bureau of Environmental Protection)</td> <td>2011</td> </tr> <tr> <td>Earth Day</td> <td>US Environmental Protection Agency</td> <td></td> </tr> <tr> <td></td> <td>American Cancer Society</td> <td>2015</td> </tr> <tr> <td></td> <td>JDRF (Juvenile Diabetes Research Foundation)</td> <td>2005</td> </tr> <tr> <td></td> <td>United Way</td> <td></td> </tr> <tr> <td></td> <td>Universidad del Comercio Emprendedor (UNICEM)</td> <td></td> </tr> </tbody> </table>	Program	Organization	Start		Pronatura Noreste, A.C.	2013		CONARTE, Nuevo León	2012	Cultura de la Legalidad (Culture of Legality)	Hagámoslo Bien	2014		RED Sumarse	2011	Movimiento Congruencia (Congruency Movement)	Servicios de Administración y Reclutamiento, S.C.	2009	Industria Limpia (Clean Industry)	PROFEPA (Federal Bureau of Environmental Protection)	2011	Earth Day	US Environmental Protection Agency			American Cancer Society	2015		JDRF (Juvenile Diabetes Research Foundation)	2005		United Way			Universidad del Comercio Emprendedor (UNICEM)		Relationships with NGOs and Regulators	Fully
Program	Organization	Start																																					
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**G4-16 Membership in chambers and associations**

 Relationships with  
NGOs and  
Regulators

Fully

Country	Company	Association	Does it hold a position in the governance body or participate in committees?	Does it provide funding above membership dues?	Is the participation seen as strategic?
<b>Argentina</b>	<b>Nemak</b>	Association for Components Made in Argentina	No	No	Yes
	<b>DAK Americas</b>	CAIRPLAS (Plastic Recycling Chamber)	Yes	No	Yes
	<b>Nemak</b>	Metal Industrialists Chamber	No	No	Yes
	<b>DAK Americas</b>	CCAM (Argentinian-Mexican Chamber of Commerce)	No	No	Yes
	<b>DAK Americas</b>	CEMPRE (Business Commitment for Recycling)	No	No	Yes
	<b>DAK Americas</b>	CICAZ (Interindustry Committee for the Conservation of the Environment Zárate Campana)	Yes	No	Yes
	<b>DAK Americas</b>	CIPETAR (Chamber of the Argentinian PET Industry)	Yes	No	Yes
	<b>DAK Americas</b>	CIQyP (Chamber of the Chemical and Petrochemical Industry)	No	No	Yes

<b>Austria</b>	<b>Nemak</b>	Austrian Chamber of the Economy	Yes	No	No
	<b>Nemak</b>	ÖGI Österreichisches Gießerei Institut (Institute for Foundry Research in Austria)	Yes	No	Yes
	<b>Nemak</b>	VÖG Verein Österreichischer Gießereifachleute (Austrian Association of Foundry Professionals)	No	No	Yes
<b>Brazil</b>	<b>Styropek</b>	ABIQUIM (Brazilian Association for the Chemical Industry)	Yes	No	Yes
	<b>Nemak</b>	Sindipeças (National Syndicate for the Automotive Component Manufacturing Industry)	No	No	Yes
<b>Canada</b>	<b>Nemak</b>	Canadian Foundry Society	Yes	No	Yes
<b>China</b>	<b>Nemak</b>	Foundry Association (in Chongqing and Nanjing)	No	No	Yes
<b>Germany</b>	<b>Nemak</b>	VDA Verband der Automobilindustrie e.V. (German Association for the Automotive Industry)	No	No	Yes
<b>Hungary</b>	<b>Nemak</b>	Association for the Hungarian Automotive Industry	No	No	Yes
	<b>Nemak</b>	MexCham Mexican-Hungarian Business Association	No	No	Yes

<b>Mexico</b>	<b>Grupo Petrotemex</b>	AISTAC (Industrial Association of Southern Tamaulipas, A. C.)	Yes	No	Yes
	<b>Indelpro</b>		Yes	No	No
	<b>AKRA Polyester</b>		No	No	Yes
	<b>Grupo Petrotemex</b>	ANIQ (National Association for the Chemical Industry)	Yes	No	Yes
	<b>Indelpro</b>		Yes	No	No
	<b>Polioles</b>		Yes	No	Yes
	<b>Univex</b>		Yes	No	Yes
	<b>Sigma</b>	National Association of TIF Operations, A.C.	Yes	No	Yes
	<b>Nemak</b>	CANACINTRA (National Chamber of the Transformation Industry)	No	Yes	Yes
	<b>Sigma</b>		Yes	No	Yes
	<b>Nemak</b>		No	No	Yes
	<b>Sigma</b>	CANILEC (National Chamber of Milk Industry)	Yes	No	Yes
	<b>Nemak</b>	CLAUT (Automotive Cluster)	Yes	Yes	Yes
	<b>Sigma</b>	CONCAMIN (Confederation of Industrial Chambers)	Yes	No	Yes
	<b>Sigma</b>	Conmexico (Mexican Council for the Consumer Products Industry)	Yes	No	Yes
	<b>Sigma</b>	Council for Self-Regulation in Advertising	Yes	No	Yes
	<b>Sigma</b>	Mexican Council for Meat	Yes	No	Yes
	<b>Sigma</b>	National Agricultural Council	Yes	No	Yes
	<b>Nemak</b>	COPARMEC (Mexican Employers' Confederation)	Yes	No	Yes
<b>Poland</b>	<b>Nemak</b>	Silesian Union of Private Employers	No	No	Yes
<b>Slovakia</b>	<b>Nemak</b>	Association for the Automotive Industry	No	No	No
<b>Spain</b>	<b>Nemak</b>	ACICAE (Automotive Cluster of the Basque Country)	No	No	Yes
<b>United States</b>	<b>DAK Americas</b>	AFMA (American Fiber Manufacturers Association)	Yes	Yes	Yes
	<b>Nemak</b>	AFS (American Foundry Society)	No	No	Yes
	<b>DAK Americas</b>	National Associate for PET Container Resources	Yes	No	No

Identified material aspects and boundaries			
<b>G4-17</b>	<b>Entities included in the organization's financial statements and report whether any of those entities is covered by the report or not</b>	Investor Relations	Fully
	This report contains activities from all of the entities reported in ALFA's financial statements, except for: <ul style="list-style-type: none"> <li>• Sigma's activities outside of Mexico (Sigma Alimentos Exterior, S.L.).</li> <li>• Newpek (Newpek S.A. de C.V. and Alfasid del Norte, S.A. de C.V.).</li> </ul>		
<b>G4-18</b>	<b>Process for defining the report content</b>	Mandatory	Fully
	See pages 4 and 5.		
<b>G4-19</b>	<b>Material aspects identified by the organization</b>	Mandatory	Fully
	See pages 4 and 5.		
<b>G4-20</b>	<b>For each material aspect, report the aspect boundary within the organization</b>	Mandatory	Fully
	See pages 4 and 5.		
<b>G4-21</b>	<b>For each material aspect, report the aspect boundary outside the organization</b>	Mandatory	Fully
	The chosen option for this report is the Core option, in accordance with the G4 version of the Global Reporting Initiative Methodology. This means that we fully answer at least one of the indicators of each identified material aspect.		
<b>G4-22</b>	<b>Effect of any restatements of information provided in previous reports</b>	Mandatory	Fully
	There were no restatements of information from previous reports.		
<b>G4-23</b>	<b>Significant changes from previous reporting periods</b>	Mandatory	Fully
	This is the first time ALFA reports its sustainability activities using the Global Reporting Initiative's Sustainability Reporting Guidelines in their G4 version.		
Stakeholder engagement			
<b>G4-24</b>	<b>List of stakeholder groups engaged by the organization</b>	Relationships with NGOs and Regulators	Fully
	Shareholders, clients, employees, community and suppliers.		
<b>G4-25</b>	<b>Basis for identification and selection of stakeholders with whom to engage</b>	Relationships with NGOs and Regulators	Fully
	Selection criteria are based on the direct or indirect impacts the company has or may have on specific groups.		
<b>G4-26</b>	<b>Approach to stakeholder engagement</b>	Relationships with NGOs and Regulators	Fully
	Most of ALFA's companies maintain an open and constant dialogue with their stakeholders. ALFA's relationship with its stakeholders is based on the idea that all stakeholders are important and deserve to be heard in a timely manner. Our companies' relationships with them are always carried in a professional, ethical and transparent way. Frequency of contact depends on the audience and its particular situation. The company, however, keeps an open door policy for all its stakeholders.  In 2015, our relationship with our stakeholders was enriched through our Materiality Assessment Process. We consulted five stakeholder groups about their short, medium and long term concerns and priorities.		

<b>G4-27 Key topics and concerns that have been raised by stakeholders and how the organization has responded</b>					Relation- ships with NGOs and Regulators	Fully
<b>Stakeholder</b>	<b>Relevant channels</b>	<b>Frequency</b>	<b>Concerns</b>	<b>Responses</b>		
Shareholders	Shareholders meetings Annual reports Quarterly reports Email Phone Press releases	Quarterly Annual Bimonthly Periodic Continuous	Profitability and growth. Adherence to corporate governance best practices.	Monitoring performance indicator. Business development planning, compliance with applicable regulations. Communication Department.		
Clients and consumers	Plant visits E-mail Surveys 01 800 lines Fairs and special events Focus groups Social media Webpage Sperto Center (Alestra) Tech expos Product fairs Safety training Press releases	Continuous Periodic Workdays 1-2 times per year	Innovating products and services at a fair price. Information regarding products;. Safety and preventive measures in processes. Quality in products and services.	Development of products and services that serve their needs. Investment in research for product improvement. Effective response and guidance. Research and problem resolution. Coordination with other plants to replicate best practices. Improving times and procedures to guarantee quality.		

<p>Employees and their families</p>	<p>Surveys Transparency Mailbox Meetings Ethics Committee Training Human Resources Communication forums Intranet Letters to the director 01800 line Open door policy Orientation sessions Plant visits Focus groups</p>	<p>Periodic Continuous Annual As necessary</p>	<p>Safe working conditions. Competitive salaries and benefits. Development opportunities/career plan. Life-work balance. Contributing ideas for process innovation. Preventive tasks. Timely information about current projects. Information about sustainability. Project development.</p>	<p>Health and safety programs. Salary reviews/benefit programs. Training and development programs. Family development programs. Implementing benefits such as flexible time and scholarships for employees' children. Establishing performance indicators for clearer results. Safety policies with contractors.</p>
<p>Communities</p>	<p>Surveys Discussion panels Plant visits E-mail Website Social media Sports and recreation events Emergency drills Emergency response groups Notices Local mutual aid committees</p>	<p>Biannual Periodic Continuous 1-2 times per year</p>	<p>Less polluting emissions. Less noise and odors. Safety. Biodegradable and sustainable products. Emergency programs. Preserving nearby areas.</p>	<p>Emission and odor reduction programs. Investments on safer equipment and technologies. Alliances with other companies in favor of community development. Creation of collaboration programs with communities. Participation in environmental and safety improvements. Training of evacuations brigades. Emergency drills. New technologies to reduce noises and odors.</p>

Suppliers	Suppliers webpage Meetings Surveys Audits Supplier fairs Email Bulletins	Continuous Periodic	Support for their development. Creating sustainability initiatives. Feedback when suppliers are not awarded a contract. Safety measures.	Supplier development programs. Supplier certification. Training through talks and courses. Improvements in the supplier webpage. Participation in joint projects. Improved safety measures.
Schools and universities	Plant visits Talks Employment fairs Open house days	Periodic	Promoting job openings. Recruiting of potential candidates. Cooperation in projects.	Alliances with universities and schools in the communities to support the development of students. Creation of joint projects. Internship programs. Research agreements.

Report profile			
<b>G4-28</b>	<b>Reporting period</b>	Mandatory	Fully
	From January 1st to December 31st, 2015.		
<b>G4-29</b>	<b>Date of most recent previous report</b>	Mandatory	Fully
	Published on April 15, 2015. Its reporting period was January 1st to December 31st, 2014.		
<b>G4-30</b>	<b>Reporting cycle</b>	Mandatory	Fully
	Annual.		
<b>G4-31</b>	<b>Contact point for questions regarding the report</b>	Mandatory	Fully
	Enrique Flores R. – ALFA Vice President of Corporate Communications – eflores@alfa.com.mx - Tel. (52) 81 8748-1207.		
<b>G4-32</b>	<b>GRI Index</b>	Mandatory	Fully
	See pages 15 to 46.		
<b>G4-33</b>	<b>Policy and practice with regard to seeking external assurance for the report</b>	Mandatory	Fully
	This report has not been externally verified.		
Governance			
<b>G4-34</b>	<b>Governance structure of the organization</b>	Mandatory	Fully
	The Board of Directors comprises 11 proprietary members who do not have alternates. Each member was chosen based on their academic background, professionalism, business record and consistency with ALFA's values. All Board members are Mexican men ranging from 45 to 70 years of age. There are no other relevant diversity indicators in the Board.		
	In order to correctly perform its duties, three committees assist the Board of Directors: a) Audit, b) Corporate Practices, and c) Planning and Finance. Each committee is led by an independent board member and meets six times a year to discuss relevant matters. All board members participate in at least one of these committees. The Audit and the Corporate Practices committees are composed by independent members only. The three committees follow up on topics related to the company's social and environmental performance.		
	The Audit Committee examines and makes recommendations to the Board on matters such as the external auditor selection and their fees, coordination with the company's internal audit department and the analysis of accounting policies, among others. ALFA has internal control systems with general guidelines. These are submitted to the Audit Committee for its opinion. Moreover, the external auditor validates the effectiveness of the internal control system and issues the corresponding reports.		



<b>G4-34</b>	<p>The Corporate Practices Committee makes recommendations to the Board in matters such as employment terms and severance payments for senior executives, and compensation policies, among others.</p> <p>The Planning and Finance Committee evaluates all matters related to its particular area and issues recommendations to the Board on topics such as feasibility of investment, the company's strategic positioning, alignment of investment and financing policies, and review of investment projects.</p> <p>The Human Capital and Audit department, as well as the Audit and Corporate Practices committees of the Board of Directors, are responsible for monitoring the members of the Board's ethical performance. Salary compensation for directors is set by comparing the standards of companies similar in size and sector.</p>		
<b>G4-35</b>	<p><b>Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees</b></p> <p>See disclosure G4-34.</p>	Environmental Management	Fully
<b>G4-36</b>	<p><b>Executive-level position or positions with responsibility for economic, environmental and social topics</b></p> <p>The Auditing, Corporate Practices, and Planning and Finance committees evaluate, together with the Board of Directors as a whole, the company's strategy, management and results, which includes environmental and social topics.</p>	Environmental Management	Fully
<b>G4-37</b>	<p><b>Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics</b></p> <p>The channels we use to communicate with our stakeholders are summarized in the answer to disclosure G4-27. The results of these consultation processes, including those related to economic, environmental, and social topics, are transmitted to the Board of Directors in order to address any relevant concerns.</p>		Fully
<b>G4-38</b>	<p><b>Report whether the Chair of the highest governance body is also an executive officer</b></p> <p>To see the composition of the Board of Directors and the profile of each of its members, see the 2015 Annual Report, page 18.</p>		Fully
<b>G4-39</b>	<p><b>Report whether the Chair of the highest governance body is also an executive officer</b></p> <p>The President of the Board of Directors does not hold an executive position in the company. He is responsible of convening and presiding all meetings, and preparing the agenda. He is also responsible for the Board's correct operation and for organizing annual assessments.</p>		Fully
<b>G4-40</b>	<p><b>Nomination and selection processes for the highest governance body and its committees</b></p> <p>Members of the Board of Directors are elected taking into account their professionalism, business record, leadership, experience and compliance with ALFA's values. No distinctions are made based on diversity indicators such as gender, race, nationality, or personal beliefs.</p>		Fully

<b>G4-41</b>	<p><b>Processes for the highest governance body to ensure conflicts of interest are avoided and managed</b></p> <p>ALFA has a Conflict of Interests policy for members of the Board and the rest of its employees. This policy states that the responsibilities and duties of the members of the Board of Directors are governed by the Mexican Stock Market Law (LMV, acronym in Spanish), under the regulations applicable in Mexico to listed companies, and taking into account the Mexican Stock Exchange Code of Professional Ethics, the Code of Better Corporate Practices, the internal regulations of the Mexican Stock Exchange, and ALFA's Code of Ethics. In accordance with the LMV, members of the Board have a duty of due diligence and thus should always act in good faith and in society's best interest. They should also maintain confidentiality in the company's information and affairs and keep from participating or being present during deliberation and voting on issues that might pose a conflict of interest. Additionally, by ALFA's policy members of the Board of Directors who might have a conflict of interests in deciding over any matter are compelled to inform the Chairman and the rest of the Board.</p> <p>ALFA's policies state that employees must avoid any situation in which their interests might differ from those of the company. All employees who might have interests or relations with current or potential clients and suppliers must immediately inform their superior.</p>		Fully
<b>G4-44</b>	<p><b>Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics</b></p> <p>There are several processes for evaluating the members of the Board, including measuring assistance to meetings of the Board and the committees in which they participate, and the effectiveness of the strategic decisions taken by them.</p>		Fully
<b>G4-45</b>	<p><b>Highest governance body's role in the identification and management of economic, environmental and social impacts, risks and opportunities</b></p> <p>Identification and management of risks are based on ALFA's business strategy and investments policies, including elements such as: evaluating businesses related to current operations, reinforcement of ALFA's competitive position, assessment of attractive markets in terms of profitability and growth, creation of synergies, and securing the competitiveness of our supply chain.</p>		Fully
<b>G4-46</b>	<p><b>Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics</b></p> <p>The Board of Directors follows procedures consistent with those set by the corporate governance standards established in Mexico's Stock Exchange Law (LMV) and the Code for Better Corporate Practices. Moreover, the Board relies on the Audit, Corporate Practices, and Planning and Finance committees to review the company's strategy, management and results, which includes risk management processes for economic, environmental and social issues.</p>		Fully
<b>G4-47</b>	<p><b>Frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities</b></p> <p>These topics are debated and analyzed in the bimonthly meetings of the Board, occurring six times per year. The guidelines established in ALFA's Code of Ethics and the 10 Principles of the United Nations Global Compact are considered in every decision-making process and action taken by the members of the Board.</p>	Operational Risk Strategy	Fully
<b>G4-48</b>	<p><b>Highest committee or position that formally reviews and approves the organization's sustainability report</b></p> <p>The Director of Human Capital.</p>		Fully

## Ethics and integrity

<b>G4-56</b>	<b>The organization's values, principles, standards and norms of behavior</b>	Mandatory	Fully
	See page 3.		
<b>G4-57</b>	<b>Internal and external mechanisms for seeking advice on ethical and lawful behavior</b>		Fully
	ALFA's ethics policies and mechanisms are supervised by the company's President. External consultants advise ALFA on current and necessary measures to maintain the integrity of the company and its employees.		
<b>G4-58</b>	<b>Internal and external mechanisms for reporting concerns about unethical or unlawful behavior</b>		Fully
	ALFA and nearly all of its companies have put in place a Code of Ethics.  Any action or situation that does not comply with acceptable levels of transparency, trust, and/or security, or that potentially involves unethical or unlawful behavior, can be reported through the Transparency Mailbox, available by email or by phone in several languages.		

## ECONOMIC

### Economic performance

<b>EC1</b>	<b>Direct economic value generated and distributed</b>	Distribution of wealth	Fully		
	Amounts in millions of US dollars.				
				<b>2014</b>	<b>2015</b>
	<b>Revenue</b>			\$17,224	\$16,315
	<b>Total assets</b>			\$15,773	\$15,501
	<b>Capital investments</b>			\$1,426	\$1,606
	<b>Taxes paid (payments to governments)</b>			\$34	\$246
	<b>Dividends</b>			No dividends were paid in 2014, for they were paid in advance in December 2013.	\$156
	<b>Payments to suppliers</b>			\$116	\$34
	<b>Direct economic value generated</b>			\$17,251	\$16,351
	<b>Economic value retained</b>			\$328	\$505
	<b>Direct jobs</b>			70,453	72,529
	<b>Operating costs</b>			\$14,100	\$12,905
<b>Employee wages and benefits</b>	\$1,851	\$1,812			
<b>Payments to providers of capital</b>	\$2,010	\$1,756			

<b>EC2</b>	<b>Financial implications and other risks and opportunities for the organization's activities due to climate change</b>  See page 1.  ALFA pays close attention to climate change and the consequences it could have on the company, including disrupting the availability of certain resources and inputs, such as energy and water, and affecting the distribution of our products as a result of natural events like storms and flooding. ALFA has implemented strategies to operate more efficiently and sustainably, reducing its hydric and carbon footprint and therefore contributing to minimize any impacts that could accelerate climate change. An example of this is our energy cogeneration program, which includes one plant that started operating in late 2014, and a planned second plant that will be twice as large as the first. Programs such as this one, and the PET and aluminum recycling programs ALFA supports, will bring both environmental and economic benefits.	Operational Risk Strategy	Fully						
<b>EC3</b>	<b>Coverage of the organization's defined benefit plan obligations</b>  Retirement plans, education support and medical assistance are available to all permanent employees.  The retirement system consists of a fixed contribution plan, ranging from 4% to 17% of the employee's salary according to applicable laws, where the company and its employees contribute an equal amount.  All employee benefits are covered 100% by the company.	Labor Practices	Fully						
<b>EC4</b>	<b>Financial assistance received from government</b>  In 2015, ALFA did not receive significant financial assistance from any governments, except for tax incentives related to technology development projects.	Relationships with NGOs and Regulators	Fully						
<b>Market Presence</b>									
<b>EC5</b>	<b>Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation</b>  <table border="1" data-bbox="201 1226 1105 1377"> <thead> <tr> <th>Country</th> <th>Ratio of ALFA's minimum wage to legal minimum wage</th> </tr> </thead> <tbody> <tr> <td>Mexico</td> <td>3.5 to 1</td> </tr> <tr> <td>United States</td> <td>1.85 to 1</td> </tr> </tbody> </table> *Only information from Mexico and the United States is considered significant and reported, as 72% of ALFA's workforce is in these two countries.  There are no differences between the wages paid by ALFA to men and to women.	Country	Ratio of ALFA's minimum wage to legal minimum wage	Mexico	3.5 to 1	United States	1.85 to 1	Distribution of Wealth	Fully
Country	Ratio of ALFA's minimum wage to legal minimum wage								
Mexico	3.5 to 1								
United States	1.85 to 1								
<b>EC6</b>	<b>Proportion of senior management hired from the local community at significant locations of operation</b>  ALFA hires local staff for the companies it establishes and maintains the workforce of those it acquires.	Community Involvement	Fully						

Indirect economic impacts			
EC7	<b>Significant indirect economic impacts, including the extent of impacts</b>	Distribution of Wealth	Fully
	<p>Every one of ALFA's companies and operational sites collaborates with its relevant communities in projects designed to target each community's needs. Some examples are: improving the infrastructure of local schools, maintaining streets, providing support during natural disasters, and sponsoring local events, among others.</p> <p>In 2015, investments of this kind amounted to U.S. \$ 575,423, compared to U.S. \$ 98,000 in 2014. Three examples of these investments are: Petrotemex sponsored the paving of the Temex-Cerro Blanco highway; Nemark's Austria plant installed new technologies to reduce noise pollution; and Nemark Slovakia sponsored community sporting and cultural events.</p>		
EC8	<b>Significant indirect economic impacts, including the extent of impacts</b>	Distribution of Wealth	Fully
	<p>Some of ALFA's actions that have a significant indirect economic impact are our support for dairy and goat farmers and for grocers.</p>		

Procurement practices										
EC9	<b>Proportion of spending on local suppliers at significant locations of operation</b>	Community Involvement	Fully							
	<table border="1"> <thead> <tr> <th colspan="2">Proportion of spending on local suppliers</th> </tr> </thead> <tbody> <tr> <td>Mexico</td> <td>59%</td> </tr> <tr> <td>United States</td> <td>80%</td> </tr> <tr> <td>Europe</td> <td>47%</td> </tr> <tr> <td>South America</td> <td>79%</td> </tr> </tbody> </table> <p>Asia is not considered a significant region for this disclosure. Sigma's operations are not included in this answer.</p>			Proportion of spending on local suppliers		Mexico	59%	United States	80%	Europe
Proportion of spending on local suppliers										
Mexico	59%									
United States	80%									
Europe	47%									
South America	79%									

**ENVIRONMENTAL**

**Materials**

EN1	<b>Materials used by weight or volume</b>		Fully															
	<p>ALFA's companies manufacture several different kinds of products and use a large variety of inputs. For this disclosure, we have listed only the most important materials in terms of quantity. Materials used by Sigma's operation are not included.</p> <p>Main materials used in production processes:</p> <table border="1"> <thead> <tr> <th>Material</th> <th>Renewable</th> <th>Weight (metric tons)</th> </tr> </thead> <tbody> <tr> <td>Paraxylene</td> <td>No</td> <td>1'399,074</td> </tr> <tr> <td>Aluminum</td> <td>No</td> <td>841,652</td> </tr> <tr> <td>Ethylene glycol</td> <td>No</td> <td>518,732</td> </tr> <tr> <td>Propylene</td> <td>No</td> <td>483,006</td> </tr> <tr> <td>Styrene</td> <td>No</td> <td>176,998</td> </tr> </tbody> </table>			Material	Renewable	Weight (metric tons)	Paraxylene	No	1'399,074	Aluminum	No	841,652	Ethylene glycol	No	518,732	Propylene	No	483,006
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	Main materials used in packaging:					
	<b>Material</b>	<b>Renewable</b>	<b>Quantity</b>	<b>Unit</b>		
	Jumbo bags	No	226,818	Pieces		
	Plastic	No	206,653	Metric tons		
	Pallets	Yes	2,608	Metric tons		
	Wood	Yes	1,688	Metric tons		
	Cardboard boxes	Yes	Over 26 million	Pieces		
	Glass bottles	No	Over 54 million	Pieces		
<b>EN2</b>	<b>Percentage of materials used that are recycled input materials</b>				Fully	
	Given the nature of ALFA's businesses' products, only Nematik, a company that produces aluminum automotive components, uses a significant amount of recycled input materials.					
	<b>Material</b>	<b>Percentage</b>				
	Aluminum	75%				
	Sand	79%				
<b>Energy</b>						
<b>EN3</b>	<b>Energy consumption within the organization</b>				Energy Ecoefficiency	Fully
	37.23 x 10 <sup>6</sup> GJ					
<b>EN4</b>	<b>Energy consumption outside of the organization</b>				Energy Ecoefficiency	Fully
	10.7 x 10 <sup>6</sup> GJ					
<b>EN5</b>	<b>Energy intensity</b>				Energy Ecoefficiency	Fully
	This information is unavailable as of 2015.					
<b>EN6</b>	<b>Reduction of energy consumption</b>				Energy Ecoefficiency	Fully
	14%					
<b>EN7</b>	<b>Reductions in energy requirements of products and services</b>				Energy Ecoefficiency	Fully
	This disclosure is not material for ALFA's operations.					
<b>Water</b>						
<b>EN8</b>	<b>Total water withdrawal by source</b>				Water Management	Fully
	<b>Source</b>	<b>Total (m<sup>3</sup>)</b>				
	Water utilities	8'228,976				
	Rivers, lakes and seas	89'476,542				
	Groundwater	5'573,672				
	Others	2'181,376				
	Total	105'460,566				
<b>EN9</b>	<b>Water sources significantly affected by withdrawal of water</b>				Water Management	Fully
	ALFA does not significantly affect any of its water sources.					

<b>EN10</b>	<b>Percentage and total volume of water recycled and reused</b>	Water Management	Partially
	2'714,318.6 m <sup>3</sup> of water were recycled or reused.  The information of Sigma's operations outside of Mexico is not included in this data.		
<b>Biodiversity</b>			
<b>EN11</b>	<b>Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas</b>		Fully
	Seven of ALFA's plants are near areas of high biodiversity value: <ul style="list-style-type: none"> <li>• Nemark Monterrey, Mexico</li> <li>• Nemark Dillingen, Germany</li> <li>• Petrotemex Cosoleacaque, Mexico</li> <li>• DAK Americas Charleston, United States</li> <li>• DAK Americas Columbia, United States</li> <li>• DAK Americas Zárate, Argentina</li> <li>• Styropek Guaratinguetá, Brazil</li> </ul> <p>These plants have put in place programs to protect the biodiversity in their relevant habitats. For example: Nemark Monterrey operates a conservation program in its 7,500 m<sup>2</sup> of yucca gardens, and the Columbia site, which is 15 miles away from Congaree National Park, holds the Wildlife Habitat at Work certification due to its efforts in favor of biodiversity.</p> <p>Additionally, ALFA's operations carry out actions in favor of nearby green areas, even when they are not protected biodiversity areas. For example, Nemark's Saltillo site, which is not near any protected area, safeguarded local flora in its 1.5 hectares of gardens.</p>		
<b>EN12</b>	<b>Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas</b>		Fully
	See disclosure EN11.  Some of ALFA's products may have a negative impact on the environment when handled or disposed inappropriately. Two examples are PET and expandable polystyrene. ALFA is working to reduce this risk through recycling processes inside the company and recycling campaigns outside of it.		
<b>EN13</b>	<b>Habitats protected or restored</b>		Fully
	ALFA's plants that are near areas of high biodiversity value have put in place programs to protect them (see disclosure EN11).		
<b>EN14</b>	<b>Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk</b>		Fully
	ALFA's operations do not affect species at risk of extinction.		
<b>Emissions</b>			
<b>EN15</b>	<b>Direct greenhouse gas (GHG) emissions (Scope 1)</b>	Climate Change and Emissions Strategy	Fully
	1'807,459 ton CO <sub>2</sub> e		

<b>EN16</b>	<b>Energy indirect greenhouse gas (GHG) emissions (Scope 2)</b>	Climate Change and Emissions Strategy	Fully																		
	1'911,170 ton CO <sub>2</sub> e																				
<b>EN17</b>	<b>Other indirect greenhouse gas (GHG) emissions (Scope 3)</b>	Climate Change and Emissions Strategy	Fully																		
	There are no other significant emissions.																				
<b>EN19</b>	<b>Reduction of greenhouse gas (GHG) emissions</b>	Climate Change and Emissions Strategy	Fully																		
	Emissions increased by 1%, but estimated production rose by 4%.																				
<b>EN21</b>	<b>NO<sub>x</sub>, SO<sub>x</sub>, and other significant air emissions</b>	Climate Change and Emissions Strategy	Fully																		
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<b>Effluents and waste</b>																					
<b>EN22</b>	<b>Total water discharge by quality and destination</b>	Waste and Spills	Fully																		
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All of ALFA's water discharges are treated to comply with applicable environmental regulations. The quality of each type of discharge is not reported due to the large differences in the types of treatment required by each site's applicable regulations.																					



<b>EN23</b>	<b>Total weight of waste by type and disposal method</b>	Waste and Spills	Fully																																	
	<p>Due to the diversity of ALFA's companies, its operations generate several different kinds of wastes. In this disclosure only the most significant types of wastes are included.</p> <table border="1"> <thead> <tr> <th>Waste</th> <th>Dangerous</th> <th>Weight (metric tons)</th> <th>Disposal</th> </tr> </thead> <tbody> <tr> <td>Oil</td> <td>Yes</td> <td>494,594</td> <td>Treatment and reuse</td> </tr> <tr> <td>General waste</td> <td>No</td> <td>391,821</td> <td>Landfill and composting</td> </tr> <tr> <td>Sand</td> <td>No</td> <td>69,917</td> <td>Recycling and landfill</td> </tr> <tr> <td>Aluminum</td> <td>No</td> <td>64,117</td> <td>Recycling</td> </tr> <tr> <td>Sludge</td> <td>No</td> <td>9,336</td> <td>Composting, landfill and incineration</td> </tr> <tr> <td>Dust</td> <td>No</td> <td>3,594</td> <td>Treatment and landfill</td> </tr> <tr> <td>Scrap</td> <td>No</td> <td>2,262</td> <td>Recycling</td> </tr> <tr> <td>Sulphuric acid</td> <td>Yes</td> <td>2,182</td> <td>Recycling</td> </tr> </tbody> </table> <p>This data does not include Sigma's operations.</p>			Waste	Dangerous	Weight (metric tons)	Disposal	Oil	Yes	494,594	Treatment and reuse	General waste	No	391,821	Landfill and composting	Sand	No	69,917	Recycling and landfill	Aluminum	No	64,117	Recycling	Sludge	No	9,336	Composting, landfill and incineration	Dust	No	3,594	Treatment and landfill	Scrap	No	2,262	Recycling	Sulphuric acid
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<b>EN24</b>	<b>Total number and volume of significant spills</b>	Waste and Spills	Fully																																	
	There were no significant spills in 2015.																																			
<b>EN25</b>	<b>Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally</b>	Waste and Spills	Fully																																	
	ALFA does not transport, import, export or treat this kind of waste.																																			
<b>EN26</b>	<b>Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff</b>	Waste and Spills	Fully																																	
	See disclosure EN22.																																			
	ALFA does not significantly affect biodiversity through its water discharges and runoff.																																			
<b>Products y services</b>																																				
<b>EN27</b>	<b>Extent of impact mitigation of environmental impacts of products and services</b>	Environmental Management	Fully																																	
	See pages 10-11.																																			
<b>Compliance</b>																																				
<b>EN29</b>	<b>Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations</b>	Relationships with NGOs and Regulators	Fully																																	
	There were no significant fines for non-compliance with this type of laws and regulations in 2015.																																			

### Transport

<b>EN30</b>	<b>Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce</b>	Climate Change and Emissions Strategy	Fully
	ALFA generally outsources the transportation of its products. One exception is Sigma, which has applied measures to reduce the environmental impact of its distribution operations. An example is its National Fuel Plan, an initiative that includes more efficient fuel management and more ecological driving techniques, and whose results include a reduction of over 900 tons CO <sub>2</sub> e in emissions.  The environmental impact of transporting ALFA's workforce has not been quantified.		

### Overall

<b>EN31</b>	<b>Total environmental protection expenditures and investments by type</b>	Environmental Management	Fully																
	<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 50%;">Type</th> <th style="width: 50%;">Investment</th> </tr> </thead> <tbody> <tr> <td>Waste reduction and disposal</td> <td style="text-align: right;">\$10'175,799.02</td> </tr> <tr> <td>Emissions reduction</td> <td style="text-align: right;">\$26'039,942.54</td> </tr> <tr> <td>Remediation costs</td> <td style="text-align: right;">\$98,543.89</td> </tr> <tr> <td>Prevention costs</td> <td style="text-align: right;">\$1'973,790.43</td> </tr> <tr> <td>Environmental management costs</td> <td style="text-align: right;">\$8'097,761.99</td> </tr> <tr> <td>Other environmental actions</td> <td style="text-align: right;">\$2'275,668.68</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>\$48'661,506.54</b></td> </tr> </tbody> </table> <p>Amounts expressed in US dollars.</p>	Type	Investment	Waste reduction and disposal	\$10'175,799.02	Emissions reduction	\$26'039,942.54	Remediation costs	\$98,543.89	Prevention costs	\$1'973,790.43	Environmental management costs	\$8'097,761.99	Other environmental actions	\$2'275,668.68	<b>Total</b>	<b>\$48'661,506.54</b>		
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### Environmental grievance mechanisms

<b>EN34</b>	<b>Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms</b>	Operational Risk Strategy	Fully
	In 2015 there were no grievances of this kind.		

## SOCIAL: LABOR PRACTICES AND DECENT WORK

### Employment

<b>LA1</b>	<b>Total number and rates of new employee hires and employee turnover by age group, gender and region</b>	Labor Practices	Fully																						
	<p>Employee turnover rate:</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th></th> <th style="background-color: #d9d9f3;">Voluntary</th> <th style="background-color: #d9d9f3;">Involuntary</th> <th style="background-color: #d9d9f3;">Total</th> </tr> </thead> <tbody> <tr> <td style="background-color: #d9d9f3;"><b>Unionized</b></td> <td>1.01</td> <td>.79</td> <td>1.82</td> </tr> <tr> <td style="background-color: #d9d9f3;"><b>Employees</b></td> <td>1.03</td> <td>.83</td> <td>1.86</td> </tr> <tr> <td style="background-color: #d9d9f3;"><b>Total</b></td> <td>1.02</td> <td>.82</td> <td>1.84</td> </tr> </tbody> </table> <p>Number of employees that hired and left their jobs in 2015*:</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th style="background-color: #d9d9f3;">Country</th> <th style="background-color: #d9d9f3;">Quantity</th> </tr> </thead> <tbody> <tr> <td>Mexico</td> <td>8,434</td> </tr> <tr> <td>United States</td> <td>925</td> </tr> </tbody> </table> <p>*Only information from Mexico and the United States is considered significant and reported, as 72% of ALFA's workforce is in these two countries.</p>		Voluntary	Involuntary	Total	<b>Unionized</b>	1.01	.79	1.82	<b>Employees</b>	1.03	.83	1.86	<b>Total</b>	1.02	.82	1.84	Country	Quantity	Mexico	8,434	United States	925		
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<b>LA2</b>	<b>Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation</b>	Labor Practices	Fully																							
	Full-time employees are given a Christmas and vacation bonus, food vouchers, savings fund, years of service recognitions and a retirement plan. Temporary employees and part-time workers do not benefit from the retirement plan. Benefits for Sigma's employees vary according to region and position.																									
<b>LA3</b>	<b>Return to work and retention rates after parental leave, by gender</b>	Labor Practices	Fully																							
	This information is unavailable as of 2015.																									
<b>Labor/Management relations</b>																										
<b>LA4</b>	<b>Minimum notice periods regarding operational changes, including whether these are specified in collective agreements</b>	Labor Practices	Fully																							
	The general minimum notice period is two weeks in advance. This provision is specified in collective agreements.  The minimum notice period for consultations and negotiations related to collective agreements is 30 days.																									
<b>Occupational health and safety</b>																										
<b>LA5</b>	<b>Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs</b>	Health and Safety	Fully																							
	100% of employees are represented.																									
<b>LA6</b>	<b>Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender</b>	Health and Safety	Fully																							
	<table border="1"> <thead> <tr> <th>Type</th> <th>2014</th> <th>2015</th> </tr> </thead> <tbody> <tr> <td>Accident rate</td> <td>201.87</td> <td>188.13</td> </tr> <tr> <td>Frequency rate</td> <td>9.10</td> <td>7.16</td> </tr> <tr> <td>Accidents</td> <td>1,566</td> <td>1,305</td> </tr> <tr> <td>Lost days</td> <td>24,808</td> <td>22,347</td> </tr> <tr> <td>Loss of life</td> <td>2</td> <td>1</td> </tr> </tbody> </table> <p>The accident rate is equal to the number of lost days per million man hours of work. The frequency rate is equal to the number of disabling accidents per million man hours of work.</p> <table border="1"> <thead> <tr> <th>Concept</th> <th>Justified</th> <th>Unjustified</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Absenteeism</td> <td>1.26</td> <td>.65</td> <td>1.91</td> </tr> </tbody> </table>			Type	2014	2015	Accident rate	201.87	188.13	Frequency rate	9.10	7.16	Accidents	1,566	1,305	Lost days	24,808	22,347	Loss of life	2	1	Concept	Justified	Unjustified	Total	Absenteeism
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Accidents	1,566	1,305																								
Lost days	24,808	22,347																								
Loss of life	2	1																								
Concept	Justified	Unjustified	Total																							
Absenteeism	1.26	.65	1.91																							

<b>LA7</b>	<b>Workers with high incidence or high risk of diseases related to their occupation</b>	Health and Safety	Fully									
	<p>Owing to the industrial nature of ALFA's operations, there are roles fulfilled by some of our employees that involve a relatively high risk. ALFA and its companies constantly work together to mitigate these risks through the use of the most recent safety technologies, constant feedback from employees of all levels, and a reliable incident analysis process.</p> <p>Approximately 460 of Nematik's employees and 244 of Alpek's employees perform high-risk activities.</p>											
<b>LA8</b>	<b>Health and safety topics covered in formal agreements with trade unions</b>	Health and Safety	Fully									
	<p>Most of ALFA's employees, including those that participate in unions, contribute in several different ways to our health and safety committees. These committees work permanently to reduce workplace accidents and illnesses. Additionally, all of ALFA's employees are given the appropriate safety equipment, training and programs to perform their duties in the safest possible way.</p>											
<b>Training and education</b>												
<b>LA9</b>	<b>Average hours of training per year per employee by gender, and by employee category</b>	Talent Management and Human Capital	Fully									
	Average hours of training			27								
	Average hours of training per male employee			25								
	Average hours of training per female employee			19								
	Average hours of training per unionized employee			27								
	Average hours of training per non-unionized employee			25								
<b>LA10</b>	<b>Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings</b>	Talent Management and Human Capital	Fully									
	<p>In addition to benefits like savings and retirement funds, most of ALFA's sites have put in place programs that specifically support continued employability and assist in managing career endings. Some examples are:</p> <ul style="list-style-type: none"> <li>-Talks with external advisers about topics like savings accounts, retirement funds, loans, social security, affordable housing, and more.</li> <li>-Talks about job transitioning and career endings.</li> <li>-Support for writing wills and saving plans.</li> <li>-Counselling for money management, further employment, and other related topics.</li> </ul>											
<b>LA11</b>	<b>Percentage of employees receiving regular performance and career development reviews, by gender and by employee category</b>	Talent Management and Human Capital	Fully									
	<table border="1"> <thead> <tr> <th>Category</th> <th>Percentage of men</th> <th>Percentage of women</th> </tr> </thead> <tbody> <tr> <td>Executive level</td> <td>91%</td> <td>92%</td> </tr> <tr> <td>Operative level</td> <td>90%</td> <td>89%</td> </tr> </tbody> </table>			Category	Percentage of men	Percentage of women	Executive level	91%	92%	Operative level	90%	89%
	Category			Percentage of men	Percentage of women							
Executive level	91%	92%										
Operative level	90%	89%										

<b>Diversity and equal opportunity</b>			
<b>LA12</b>	<b>Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity</b>		Fully
	To see the composition of the Board of Directors and the profile of each of its members, see the 2015 Annual Report, pages 18 and 19.		
	See disclosure G4-10 for the composition of ALFA's workforce.		
	Due to the large number of countries where ALFA operates, our only material indicator of diversity is gender.		
<b>Equal remuneration for women and men</b>			
<b>LA13</b>	<b>Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation</b>	Distribution of Wealth	Fully
	There are no differences in the basic salaries paid to men and women for the same kind of position, since compensation is determined based on knowledge, capacity, and experience.		
<b>Supplier assessment for labor practices</b>			
<b>LA15</b>	<b>Significant actual and potential negative impacts for labor practices in the supply chain and actions taken</b>	Relationships with Clients and Suppliers	Fully
	In 2015, no negative impacts for labor practices were identified in our supply chain.		
<b>Labor practices grievance mechanisms</b>			
<b>LA16</b>	<b>Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms</b>	Labor Practices	Fully
	In 2015 there were no grievances of this kind.		
<b>HUMAN RIGHTS</b>			
<b>Investment</b>			
<b>HR1</b>	<b>Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening</b>	Investor Relations	Fully
	100% of ALFA's and its companies' investment contracts include human rights clauses.		
<b>HR2</b>	<b>Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained</b>		Fully
	In 2015 there were no trainings specifically focused on Human Rights. However, every employee that enters the company goes through a process that includes human rights training, and are informed of ALFA's commitment to the United Nations Global Compact.		
<b>Non-discrimination</b>			
<b>HR3</b>	<b>Total number of incidents of discrimination and corrective actions taken</b>		Fully
	In 2015 there were no incidents of discrimination.		

Freedom of association and collective bargaining			
<b>HR4</b>	<b>Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights</b>	Relationships with Clients and Suppliers	Fully
	<p>ALFA's guarantee of the freedom of association of its employees is one of the central labor practices applied by each company's Human Resources committees. ALFA has no sites where this right cannot be exercised.</p> <p>ALFA avoids business relationships with any suppliers that violate or are at risk of violating freedom of association. We comply with internationally recognized procurement standards through our sustainability practices in our supply chain. For more information, see pages 12 and 13.</p>		
Child labor			
<b>HR5</b>	<b>Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor</b>		Fully
	ALFA complies with the local laws of every country where it operates and is committed to the UN Global Compact. There are no risks of incidents of child labor in ALFA's operations.		
Forced or compulsory labor			
<b>HR6</b>	<b>Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor</b>		Fully
	ALFA complies with the local laws of every country where it operates and is committed to the UN Global Compact. There are no risks of incidents of forced or compulsory labor in ALFA's operations.		
Security practices			
<b>HR7</b>	<b>Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations</b>		Fully
	100% of our security personnel has been trained on human rights policies.		
Indigenous rights			
<b>HR8</b>	<b>Total number of incidents of violations involving rights of indigenous peoples and actions taken</b>		Fully
	As part of ALFA's commitment to complying with the laws and regulations of every country where it operates, and with other social responsibility documents that go beyond what is strictly necessary, such as the UN Global Compact, we are dedicated to respecting the rights of indigenous peoples. In 2015, there were no registered incidents of violations of the rights of indigenous peoples.		
Human rights grievance mechanisms			
<b>HR12</b>	<b>Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms</b>		Fully
	There were no grievances of this kind in 2015.		

## SOCIETY

### Local Communities

<b>S01</b>	<p><b>Percentage of operations with implemented local community engagement, impact assessments, and development programs</b></p> <p>See pages 8 and 9.</p> <p>Most of ALFA's operations carry out community involvement activities and programs, including linking with third sector, international and governmental organizations (such as the Red Cross, Mexican Civil Protection, and other health institutions), and internal programs contributing to the development of communities. Some examples are: ALFA Foundation, Community Advisory Panels (DAK Americas, United States) School-Company Plan CAINTRA (Alestra), neighboring companies program (Alestra), talks in schools (Nemak México), employment fairs and volunteering programs (Sigma y ALFA), Gansos Community (Sigma), and Healthy School (Sigma).</p>	Community Involvement	Fully
<b>S02</b>	<p><b>Operations with significant actual and potential negative impacts on local communities</b></p> <p>ALFA's sites constantly make an effort to enrich their interactions with local communities. None of our sites has a negative impact on its communities.</p> <p>When a potential impact on local communities is detected, ALFA's companies work to mitigate or eliminate it. For example, in 2015 Nemak's Linz site in Austria found that its noise levels were affecting the community, so it made changes in its processes that significantly reduced the noise pollution in nearby areas.</p>	Community Involvement	Fully
<b>Anti-corruption</b>			
<b>S03</b>	<p><b>Total number and percentage of operations assessed for risks related to corruption and the significant risks identified</b></p> <p>100% of our operations have been evaluated.</p>		Fully
<b>S04</b>	<p><b>Communication and training on anti-corruption policies and procedures</b></p> <p>Depending on the gravity of each case, ALFA and its companies may take corrective action ranging from a direct warning to the termination of any implicated employees, and including taking the appropriate legal action.</p>		Fully
<b>S05</b>	<p><b>Confirmed incidents of corruption and actions taken</b></p> <p>In 2015, there were 351 incidents related to non-compliance of ALFA's policies and values. 100% of them were investigated. As a result, 77 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 renew their contracts because of non-compliance of ALFA's policies and values. There was also no legal action against ALFA for any incidents related to corruption.</p>		Fully
<b>Public policy</b>			
<b>S06</b>	<p><b>Total value of political contributions by country and recipient/beneficiary</b></p> <p>ALFA does not make political contributions.</p>	Relationships with NGOs and Regulators	Fully

<b>Anti-competitive behavior</b>			
<b>S07</b>	<b>Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes</b>	Relationships with NGOs and Regulators	Fully
	There were no legal actions of this kind in 2015.		
<b>Compliance</b>			
<b>S08</b>	<b>Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations</b>	Relationships with NGOs and Regulators	Fully
	There were no fines or sanctions of this kind in 2015.		
<b>Supplier assessment for impacts on society</b>			
<b>S010</b>	<b>Significant actual and potential negative impacts on society in the supply chain and actions taken</b>	Relationships with Clients and Suppliers	Fully
	No significant actual or potential negative impacts on society were detected in our supply chain in 2015.		
<b>Grievance mechanisms for impacts on society</b>			
<b>S011</b>	<b>Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms</b>	Community Involvement	Fully
	There were no grievances of this kind in 2015.		
<b>PRODUCT RESPONSIBILITY</b>			
<b>Customer health and safety</b>			
<b>PR1</b>	<b>Percentage of significant product and service categories for which health and safety impacts are assessed for improvement</b>	Relationships with Clients and Suppliers	Partially
	Offering products and services that do not negatively impact the health and safety of our clients and consumers is a priority in every step of our product development. ALFA's companies constantly work to mitigate any impacts through the search for and implementation of new technologies and safer and more sustainable raw materials.		
<b>PR2</b>	<b>Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes</b>		Fully
	There were no incidents of this kind in 2015.		



Product and Service Labeling							
PR3	<b>Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements</b>	Responsible Marketing	Fully	The following table shows ALFA's companies to whom product labelling is applicable.			
				<b>DAK Americas</b>	<b>Polioles</b>	<b>Sigma</b>	<b>Terza</b>
	<b>Sourcing of components of the product</b>			Yes	No	No	Yes
	<b>Content (with regard to substances that might produce an environmental or social impact)</b>			Yes	No	No	Yes
	<b>Safe use of the product</b>			Yes	Yes	Yes	No
<b>Disposal of the product and environmental/social impacts</b>	Yes	Yes	Yes	No			
PR4	<b>Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes</b>	Responsible Marketing	Fully	There were no incidents of non-compliance with this kind of regulations in 2015.			
PR5	<b>Results of surveys measuring customer satisfaction</b>	Responsible Marketing	Fully	All of ALFA's companies measure customer satisfaction through channels like telephone numbers for complaints and suggestions, email and phone surveys, web pages, meetings, client visits, and others. The average satisfaction score obtained in sites that performed a quantifiable evaluation in 2015 was 92.87%.			
Marketing Communications							
PR6	<b>Sale of banned or disputed products</b>	Responsible Marketing	Fully	Two of our sites manufacture products that include flame retardants (HBCD) and nonylphenols, compounds that are prohibited in the European Union and restricted in other markets. In both cases, ALFA's companies are already searching for alternatives that comply with the strictest standards for the environment and human health.			
PR7	<b>Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes</b>	Responsible Marketing	Fully	There were no incidents of non-compliance with this kind of regulations in 2015.			
Customer Privacy							
PR8	<b>Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data</b>	Operational Risk Strategy	Fully	There were no incidents of this kind in 2015.			
Compliance							
PR9	<b>Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services</b>	Relationships with NGOs and Regulators	Fully	There were no significant fines for non-compliance with this kind of regulations in 2015.			