

1. Purpose & Scope

Nemak's corporate purpose is grounded in its commitment to support the automotive industry's shift towards a more sustainable human mobility. The company's innovative processes focus on improving fuel efficiency, helping to create value for its communities and employees and, ultimately, enhancing overall environmental and social well-being.

This includes our commitment to abide by the United Nation Global Compact and internationally recognized human and labor rights, and comply with relevant laws and regulations, social standards and environmental best practices.

Nemak's Sustainable Purchasing Policy aligns with our Values, Code of Conduct, and business policies covering diversity, environment, health, safety and employee relations.

The policy also reflects sustainability guidelines, principles and standards for supplier's business decisions and supplier management.

The Sustainable Purchasing Policy applies to all Nemak suppliers, contractors, employees, and joint venture employees over which Nemak has management control.

2. General Guidelines

Nemak commits towards sustainability across every function including Purchasing in a way that:

- Respects and upholds legal regulations for doing business with our suppliers.
- Through supplier onboarding process, purchasing establishes mandatory sustainability requisites for suppliers including but not limited to: acceptance and adherence to Nemak's Business Code for Suppliers, Human Rights Global Policy, Anti-corruption Global Policy and other policies applicable to suppliers.
- Considers sustainable aspects such as economic, social, ethic and environmental practices as part of the criteria for supplier selection.
- Annually sets objectives to improve both Nemak's and supplier's sustainability practices.
- Annually assess Nemak's supplier base on sustainability topics based on criticality analysis and priorities according to supplier management process.
- Identifies, tracks and takes action on any potential risk based on supplier risk management process.
- When feasible, we support locally based and communitarian suppliers where we operate.

Being congruent to our commitment, Nemak expects its suppliers:

- To adhere, respect and follow legal regulations, applicable law and Nemak's policies.
- Act observing international sustainability standards.
- Actively work in favor of more sustainable business practices regarding but not limited to:

Environment:

- Execute, track and report environmental practices directly linked to waste management, CO2 foot print reduction and conservation of natural resources.
- Establish clear procedures to promote the use of clean source of resources.

Well Being:

- Provide a safe, legal and inclusive work environment.
- Comply with applicable law and United Nations universal declarations of human rights.
- Establish and strictly comply with the prohibition of forced labor and child labor on their companies and its suppliers.

Community:

- Strengthen social responsibility and undertake activities to promote well-being in the communities in which they operate.

Responsible economic growth

- Establish ethical internal business practices.
- Establish and promote a channel for confidential ethics violations reports.
- Demonstrate continuous effort to combat corruption and bribery.

For detailed guidelines on supplier sustainability, please refer to our Business Code for Suppliers.

3. Responsibility

Employees and stakeholders who violate this policy are subject to consequences ranging from a warning to termination of employment or business relation. The severity of the consequences will depend on the seriousness of the breach and on whether the breach came from an error, willful misconduct, or negligent action. Additionally, Nematik will cooperate with the relevant authorities in case the breach is subject to civil and criminal penalties.

4. Contact Information

We expect employees and suppliers to report all known or suspected violations of this policy. All our stakeholders can raise concerns or report violations without fear of reprisal through any of the following channels:

- The direct manager or next-level manager
- The Human Resources manager or director
- Nematik Governance and Compliance department (governance@nematik.com)
- ALFA's transparency helpline (<http://www.alfa.com.mx/CONT/transparency.htm>)

Nematik commits to observe international whistleblower protection standards or laws. Retaliation against a person for reporting an issue in good faith is a violation of our Global Code of Conduct.

5. Revisions

0, May - 2019

6. Approved by

VP Global Product Development, Manufacturing and Purchasing – May – 2019