

Alpek's Water Management Policy

1. PURPOSE

This policy reflects Alpek's commitment to responsible business growth and its comprehensive understanding of the impacts of water scarcity, water stress, and water risks arising from climate change on its businesses and communities. Alpek has taken a roadmap target to minimize its water footprint, increase water efficiency across its products and facilities, and the use of recycled wastewater whenever possible.

Alpek believes in the sustainable management of water resources across its facilities. It is focused on increasing the understanding of water-related risks, setting meaningful goals, improving water use efficiency, and advancing innovative solutions to water challenges.

2. SCOPE

All employees, contractors, Board of Directors members, and any stakeholders who may have or exert influence on the company's and its subsidiary's decision-making process are subject to this policy. They are expected to comply with it as an essential part of Alpek's regulatory framework.

3. ALPEK'S COMMITMENT

Alpek proactively addresses water sustainability issues by implementing this Water Policy, which will serve as a directive for establishing water management strategies, systems, processes, and practices with respect to:

- Complying with legal and regulatory requirements
- Aligning with public policy initiatives like the Sustainable Development Goals of the United Nations
- Acknowledging human rights in water and sanitation
- Minimizing water footprint
- Maintaining desired water quality during procurement, processing, consumption, and discharges
- Report water performance to stakeholders
- Implement solutions to reduce water footprint
- Use of recycled water as much as permitted by its own processes
- Monitor all discharges of water to assure that they meet any applicable laws and regulations

Specific objectives and targets are set for the water management systems. The objectives of our water management process are to increase efficiency, responsible sourcing, and reduce water intensity.

4. POLICY IMPLEMENTATION

The above policy shall be implemented by the following means:

4.1 STAKEHOLDER ENGAGEMENT

Alpek identifies internal and external stakeholders (such as employees, suppliers, communities, and authorities), lists their water-related expectations, prioritizes, and identifies the areas that require action, and then establishes phase-wise goals and targets.

Communicate key water-related information to all stakeholders to promote awareness of water sustainability issues and enforce timely and informed decisions.

4.2 WATER MANAGEMENT SYSTEM

The primary water usage is for the employees and operations, including drinking water, cafeterias, washrooms, landscaping, infrastructure, and equipment. Alpek ensures appropriate access to safe water, sanitation, and hygiene by implementing the sanitation and hygiene policies and regulations established by each country where Alpek operates. We focus on water stewardship by optimizing water usage and reducing freshwater withdrawal by recycling wastewater through our own or external water treatment plants.

5. GUIDELINES

- Enable water quality checks at every point of use.
- Periodically review the quality and availability of water – from traditional and non-traditional resources – to ensure that Alpek’s water supply requirements are met in the short, medium, and long term.
- Measure and track water consumption vis-à-vis industry standards for optimization.
- Monitor, track, and assess monthly/annual water consumption and make strategies to Recover, Reduce, Recycle, and Reuse the wastewater.
- Adopting the latest and most efficient technologies to reduce water footprints achieves the desired results.
- Performing periodic awareness training for employees to conserve water.
- Ensure the compliance and assurance with water regulations.

Alpek ensures that all business premises have and comply with applicable water-related regulations. Discharges, if any, shall be consistent as per stipulated norms, and efforts to be made to achieve quality beyond norms. The Policy is in place to identify water-related risks and their mitigation strategies.

6. RESPONSIBILITIES

The overall responsibility of overseeing the compliance of this policy relies on the operational and environmental departments of each of Alpek’s subsidiaries as well as Alpek’s ESG department.

Key responsibilities:

- Strategy formulation, review, and follow-up of all water management activities.
- Design, prepare, and support in formulating the required budget to conserve water.
- Engage with external stakeholders and organizations to improve water-related performance.
- Provide inputs on water-related schemes, projects, and planning.
- Collaborate to adopt next-gen technologies like IoT, AI, Analytics, etc., to reduce the impact of water risks.

7. EXCEPTIONS AND/OR MODIFICATIONS

The ESG Department shall analyze any situation not covered by this policy. If it constitutes an exception or modification to this policy, the Authorizers must approve them.

8. TRANSPARENCY AND REPORT

Alpek is committed to transparent and integrity-driven communication regarding the integration and compliance of its water management.

General Premise: All Business Groups and Companies shall align themselves with the regulatory framework established in the Alpek Policies. Company policies may have different conditions, but never less restrictive than the framework established by the Alpek Policy.

APPROVALS

Name	Position	Date of Approval
Jorge Pedro Young Cerecedo	Chief Executive Officer	June 6 th 2023
José Carlos Pons de la Garza	Chief Financial Officer	June 6 th 2023
Antón Fernández Zambrano	IRO, Corporate Finance and ESG Director	June 6 th 2023