
Sustainable Purchasing Policy

ARMANDO ALVAREZ GROUP





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1. PURPOSE

At AAG, we are committed to sustainability, and to ensure the fulfillment of this commitment, this Responsible Purchasing Policy (hereinafter referred to as the "Policy") is formulated to establish a general framework of action in the selection and contracting with suppliers and contractors.

This Policy conforms to internal regulations and aligns with the objectives that the company has set in economic, environmental, social, and governance aspects.

The main purposes of this Policy are summarized as follows:

- Establish and communicate to our suppliers the AAG's sustainability commitment.
- Promote business relationships with those suppliers that facilitate AAG's sustainability goals.
- Encourage suppliers to comply with minimum standards related to human and labour rights, staff health and safety, environmental respect, and ethical behaviour.
- Promote and encourage the application of the United Nations Global Compact Principles and Sustainable Development Goals" (SDGs) among our suppliers.

2. SCOPE OF APPLICATION

This Sustainable Purchasing Policy refers to the procurement process of all kinds of goods, products, and services. It has a corporate scope of application and, therefore, applies to all the companies that make up the AAG.

It is also applicable to all AAG employees, especially those in the various geographies within the Purchasing departments, to ensure that their actions are consistent with the principles and guidelines set out in this Policy and other internal regulations, such as the Sustainability Policy, the Code of Ethics and Conduct, and the Human Rights Policy.

Therefore, this Policy is considered a corporate reference document and serves as a guide for all AAG Purchasing departments.

Despite the above, this Policy will be developed and complemented by the different policies approved by AAG that are directly related to the principles of action defined in the following section.

Adjustments will be made as necessary, for various reasons, including compliance with national and community regulations, as well as recommendations or requirements issued by the relevant authorities.

AAG is responsible for establishing the bases, instruments, and mechanisms necessary for adequate and efficient coordination among the companies within the Group to ensure compliance with this Policy.

3. PRINCIPLES OF OPERATION

Purchasing processes at AAG will be conducted impartially and in strict compliance with the following Guiding Principles:

- 1. Legality:** All procurement processes of goods and services carried out at AAG will be conducted in accordance with the applicable current legislation in each geography where the company operates.
- 2. Quality:** Ensuring the quality of products and services supplied to AAG.
- 3. Efficiency:** Procurement of goods and services in accordance with the principles of necessity, suitability, and austerity.
- 4. Equal Opportunities:** Promote, whenever possible, the free competition of multiple suppliers for the same request to ensure that the process adheres to the principle of fair competition.
- 5. Sustainability:** To the extent possible, sustainability criteria will be included in the procurement of products, prioritizing those that are environmentally friendly and promote socio-economic development in local communities.
- 6. Ethical and Responsible behaviour:** Relationships with suppliers will be developed under criteria of transparency, loyalty, honesty, and respect for individuals. All AAG employees must adhere to the Code of Ethics and Conduct and the Human Rights Policy at all times.
- 7. Objectivity:** Decisions will be based on the assessment of selection criteria established in the rules applied at AAG, which have been clearly and accurately provided to all suppliers and contractors.
- 8. Transparency and Communication:** Direct, collaborative, fluid, and transparent communication with all suppliers.

4. RESPONSIBLE PURCHASING MODEL

To properly monitor and supervise compliance with the principles of operation mentioned above, AAG has implemented a Responsible Purchasing Model that generally includes the following Due Diligence phases:

1. Public Commitment

Review, update, and dissemination of this Policy to all AAG employees and other stakeholders, and accessibility through its publication on the company's website.

2. Supplier and Contractor Approval Process

Evaluation of suppliers and registration in the database for those who meet minimum financial and non-financial requirements. Among other documents, suppliers and contractors must acknowledge their understanding of the Supplier Code of Ethics established within the organization.

3. Critical Supplier Analysis

Implementation of a specific ESG analysis of suppliers that, due to their characteristics, uniqueness, and suitability, are strategic for the company.

4. Communication channels

AAG's Purchasing departments remain in constant contact with suppliers and contractors for any requests, questions, or issues related to the procurement processes. For the resolution of doubts about ESG information and documentation requests and to organize joint working sessions, the communication channel enabled for this purpose on AAG's intranet page is available for each company within the Group.

5. Accountability

The results of the application of this Policy, the evolution of stakeholder expectations, the company's strategy, and the current regulations on supply chain responsibility will be reflected annually in the Non-Financial Information Statement and in the Sustainability Report.

Finally, it should be noted that AAG, in line with this Policy, will avoid contracting with suppliers/contractors known to have incurred in any legal, tax, labour, environmental, safety and health, or human rights violations in the past two years and have not resolved or publicly communicated it, for the sake of transparency and information to all Stakeholder Groups involved in the value chain.

5. MONITORING AND CONTROL

AAG's Steering Committee is responsible for approving this Responsible Purchasing Policy and, therefore, ensuring compliance with the principles and commitments contained in this regulatory framework.

Therefore, the AAG Steering Committee will be responsible for periodically monitoring performance and tracking AAG's compliance with sustainability in the supply chain. The Policy will be encouraged within the organization and to stakeholders, ensuring that it is available and up to date and known by all stakeholder groups.

6. APPROVAL AND REVIEW

This Sustainable Purchasing Policy was approved the Board of Directors, and has an indefinite term. It will be published on the company's corporate website. Its content will be subject to periodic review, and changes or modifications will be made as deemed appropriate. AAG's management will oversee compliance with the general principles of action and the maintenance of the company's main relationships with Stakeholder Groups.



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