

alfa

Materiality  
Analysis

# Material Topic Classification – Corporate Level



	ESG risk strategy and management	Corporate governance with a sustainable approach	Transparency, reliability, and investor relations
WHY IT MATTERS	Economic value generation is linked to the balanced management of financial, environmental, social, and corporate governance risks.	Corporate Governance drives and ensures the effective management of ESG topics to maximize the company's economic, social, and environmental value.	ALFA is a public company with relevant operations that influence communities' economic and social development. Its information's transparency and reliability is essential to establish a relationship of trust with all its stakeholders.
GOAL	Complete the transition to an ESG management model by business that includes risk identification, specific goals, and related strategies.	Strengthen Corporate Governance with best ESG management practices based on S&P's CSA and CDP.	That the public has truthful and timely information about ALFA's and its Business Units' environmental, social, and governance performance and capabilities.
WHAT WE FOCUS ON (DO)	<ul style="list-style-type: none"> <li>Establish mechanisms for the Board of Directors and ALFA's management team to evaluate and follow up on ALFA's material topics.</li> <li>Formulate a corporate (transition) strategy, linked to Business Unit strategies (with global goals for common topics).</li> <li>Promote collaboration among Business Units to drive best practices.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure the evaluation and follow-up of ESG topics at the highest Corporate Governance bodies (e.g. Board, Committees and Management).</li> <li>Establish ESG officers responsible for ESG topics within the Board.</li> <li>Provide ESG information and training to board members and management team.</li> <li>Establish ESG performance metrics for ALFA's management team.</li> <li>Increase information dissemination prior to Shareholders' Meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Attention to information and relationship needs by audience.</li> <li>Consolidation of ALFA and Business Unit information.</li> <li>Information synthesis and dissemination strategy.</li> </ul>

# Material Topic Classification – Corporate Level



## Human rights, diversity, equity, and inclusion

## Social impact

### WHY IT MATTERS

Respect for human rights, diversity, equity, and inclusion drive society's full potential. Respect for individual dignity is the foundation of ALFA's and its Business Units' work philosophy.

Society faces complex problems that require the joint attention of civil society organizations, government, academia and companies for their solution. ALFA and its Business Units operate with the principle of respecting communities and promoting their development.

### GOAL

- Ensure respect for human rights within the company and promote it in society.
- Strengthen the process of obtaining and addressing human rights and DEI disputes.
- Establish global DEI goals.

Working together with communities to achieve a measurable and positive social impact.

### WHAT WE FOCUS ON (DO)

- Ensure compliance with human rights based on the 30 guidelines established by the BUs and the Global Compact.
  - Strengthen ALFA's regulatory framework (HR POL).
- Establish the platform to promote diversity, equity and inclusion.

- Defining ALFA's and its Business Units' Social Impact.
- Definition and management of joint social impact indicators for ALFA and its Business Units.

# Material Topic Classification – Business Unit Level



## Climate change, energy ecoefficiency, and emissions strategy

## Employee well-being, safety, and development

## Circularity approach

### WHY IT MATTERS

Energy consumption from fossil fuels has had a global warming effect. We share the commitment to contribute to limiting the world's temperature increase through energy eco-efficiency and emissions reduction initiatives.

The well-being, care and development of ALFA's employees is essential to generate sustainable value and a positive social impact.

The planet's resources are finite and we have a responsibility to contribute to the development of a circular economy.

### GOAL

- That Business Units and ALFA establish SBTs certified goals for emissions reductions.
- Promote renewable energy use.
- Achieve carbon neutrality in BUs and ALFA by 2050.
- ALFA and Business Units' alignment to the Paris agreement to contribute to limit global warming to 2 or 1.5 degrees.

- For ALFA and its Business Units to operate within the first occupational safety performance quartile.
- Continuous investment in employee training and development (TBD Amount and % of people trained)

- That all our businesses have goals in their processes and products to contribute to the development of a circular economy.
- Alpek: Increase rPET production capacity to 300 thousand tons per year by 2025.
  - Sigma: Sustainable packaging
  - Axtel: TBD (look for in 2021 report)

### WHAT WE FOCUS ON (DO)

- Measure Business Units' and ALFA's Scope 1, 2 and 3 emissions.
- Follow-up on initiatives implemented by BUs and ALFA to reduce their emissions and energy consumption, as well as to increase renewable energy use.

- Establish joint occupational safety indicators for ALFA and Business Units.
- Expand the use and disclosure of indicators related to Human Capital development (Talent attraction; Development and retention; Value creation (performance).

Follow-up of initiatives implemented by the BUs and ALFA to contribute to the development of a circular economy.

# Material Topic Classification – Business Unit Level



## Water management

## Supply chain engagement

## Innovation

### WHY IT MATTERS

It is a vital resource that is subject to global shortages due to increased consumption and climate change.

Companies are jointly responsible for the social and environmental impact of their respective value chains (suppliers, customers, and consumers).

Innovation drives new ways of solving needs, strengthens competitiveness, and makes a positive contribution to society.

### GOAL

That ALFA and the Business Units incorporate best practices and establish goals for efficient water management (less extraction, greater return to extraction sources, greater reuse/recycling and/or less consumption).

That Business Units begin to work with suppliers on actions that reduce their operations' negative impact on the environment and promote respect for human rights.

That ALFA and Business Units have permanent innovation programs to improve processes, products, and services, considering environmental and social impacts.

### WHAT WE FOCUS ON (DO)

- Ensure that Business Units measure water withdrawal, return, reuse, and consumption.
- Follow-up on initiatives implemented by the BUs to improve their water management performance.

Follow-up of initiatives implemented by the BUs to improve their suppliers' impact on the environment and human rights.

Follow-up of the initiatives implemented by the BUs and the fulfillment of their innovation goals.