



/// In 2022, ALFA reinforced its commitment to sustainability by promoting world-class practices and procedures, as well as establishing responsible goals in its Business Units, aligned with international objectives and initiatives.

# SUSTAINABILITY



As part of its commitment to development and responsible administration, ALFA integrates sustainability into its corporate guidelines to promote effective management in each Business Unit.

Each subsidiary establishes strategies, goals, programs and projects that cover the environmental, social and governance impacts both in its operations and across its value chain, considering the perspective of the various industries in which it operates.

## 2022 ACHIEVEMENTS

### ALFA

Defined the comprehensive Diversity, Equity, and Inclusion strategic framework.



### ALPEK

The Science Based Targets initiative<sup>(1)</sup> approved Alpek's emissions reduction target for 2030.



### SIGMA

Established its Integrated Water Management Strategy and reduced its usage per ton produced by 14% compared to 2021.



### AXTEL

Updated its Materiality Analysis and created the Sustainability Steering and Operating Committees.



### ALFA FUNDACIÓN

First generation of 47 ALFA Fundación students graduated from university.

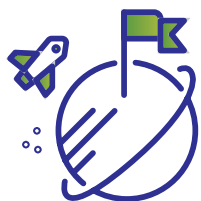


(1) Science Based Targets initiative: is a collaboration between CDP, the United Nations Global Compact, the World Resources Institute, and the World Wildlife Fund. Since 2015 more than 1,000 companies have joined the initiative to set a science-based climate target in line with the Paris Agreement.

# Philosophy and Strategy

GRI 2-23

ALFA's ethical work philosophy, focused on efficiency and excellence, is the base for establishing conditions for the employees' well-being and development, promoting responsible decision-making and meeting the needs of its key stakeholders.



## Mission

Become a source of pride for our workers and shareholders; exceed stakeholder expectations through leadership, innovation and long-term exceptional performance.

## Vision

ALFA's commitment to its stakeholders:

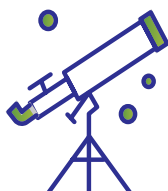
**Shareholders:** Achieve outstanding long-term value creation through profitable growth, optimization of the portfolio, and selective investment in new opportunities.

**Collaborators:** Be a great place to work. Attract and develop the best talent, motivating them to achieve their full potential.

**Customers:** Exceed expectations through superior experiences and innovative offerings.

**Suppliers:** Build long-lasting, mutually beneficial relationships.

**Community:** Encourage safe and sustainable operations. Contribute to the development of our communities.



## Values

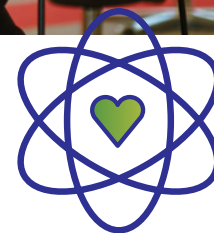
**Integrity:** Our actions are governed by our commitment to ethical conduct and social responsibility.

**Respect and Empathy:** We consider diversity as a strength. We seek to incorporate individuals with different backgrounds and experiences. We aspire to provide a work environment that promotes trust and cooperation.

**Results-oriented:** We are committed to value creation and the continuous improvement of our businesses. All our collaborators embody a personal commitment to improving the performance of the company.

**Innovation and Entrepreneurial Approach:** Encourage and reward innovation and development of new business opportunities.

**Customer Focus:** Committed to exceed our clients' needs.





# Sustainability Model

GRI 2-22

ALFA has established four pillars in a model that serves as the base for guidelines, initiatives, and progress in its sustainability strategy.



## ENVIRONMENT

To control and reduce emissions into the air, soil, and water to minimize its operations' environmental footprint.



## INTERNAL WELLNESS

To provide health, safety, and integral development opportunities for collaborators.



## OUR COMMUNITY

To be a responsible citizen to generate positive impact and promote the development of the communities in which it participates.



## ECONOMY

To obtain an adequate return on the business for shareholders, considering the investment and risk assumed.



# Materiality and Goals

GRI 3-1, 3-2

ALFA and its Business Units conduct their materiality analyses aligned with the frameworks and principles of GRI, SASB, and TCFD, among others<sup>(2)</sup>, to identify the environmental, economic, social, and governance topics that should be considered in their strategies. These issues are prioritized and ranked based on the level of risk and opportunities they may represent for sustainable management.

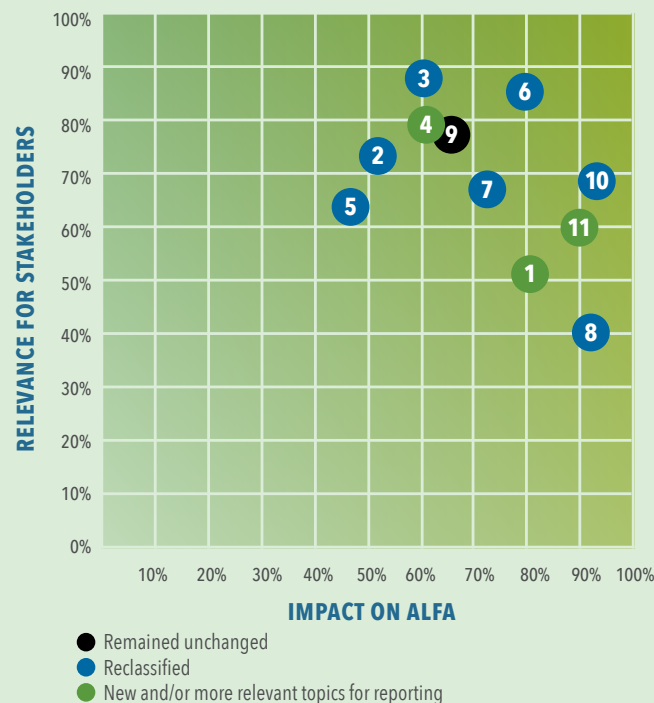
The process considers internal and external stakeholders' views, an industry-wide assessment, as well as key global sustainability trends and challenges.

In 2022 ALFA updated its consolidated materiality analysis, considering its Business Units' materiality analyses in the current context. As a result, the new matrix shows 11 relevant topics.

ALFA organized its material topics based on i) immediate attention and high priority, and ii) level of governance and operability.

Even though all topics are highly relevant, their management approach is different. ALFA establishes guidelines as a reference to ensure sustainable business behavior. The subsidiaries, in turn, develop operating strategies to identify their risks and mitigate their operations' environmental, social and governance impacts.

## ALFA's materiality matrix



SUSTAINABILITY

## CORPORATE

### IMMEDIATE ATTENTION

- 1 ESG strategy and risk management
- 2 Corporate governance with a sustainable approach

### HIGH PRIORITY

- 3 Transparency, reliability, and investor relations
- 4 Human rights, Diversity, Equity and Inclusion (DEI)
- 5 Social impact

## BUSINESS UNITS

### IMMEDIATE ATTENTION

- 6 Climate change strategy: energy efficiency and emissions
- 7 Employee well-being, safety, and development
- 8 Circularity approach

### HIGH PRIORITY

- 9 Water management
- 10 Value chain involvement
- 11 Innovation

<sup>(2)</sup> GRI: The Global Reporting Initiative is an international, non-governmental organization that develops standards for measuring and communicating the social, economic and environmental impacts of companies and institutions.

SASB: The Sustainability Accounting Standards Board is an independent organization that sets standards to guide the disclosure of economically relevant sustainability information by companies to their investors.

TCFD: The Task Force for Climate-related Financial Disclosures is a group formed at the request of the G20, which seeks to get companies to report their financial impacts related to climate change, as well as related risk mitigation actions.

ALFA and its Business Units' materialities are interconnected as shown in the following chart:

ALFA	ALPEK	SIGMA	AXTEL
<b>ENVIRONMENTAL</b>			
• Climate change strategy: energy efficiency and emissions	• Carbon emissions and energy ecoefficiency	• Climate action • Clean and efficient energy	• Energy and emissions
• Circularity approach	• Pollution • Circularity	• Circular economy and sustainable packaging • Zero food waste	• Circular economy and e-waste
• Water management	• Water management	• Water management	
<b>SOCIAL</b>			
• Value chain involvement	• Customer and supplier relations	• Sustainable sourcing and value chain management	• Customer privacy • Operational resilience • Integrating ESG aspect in supplier evaluations
• Employee well-being, safety, and development	• Occupational health and safety	• Health, safety, well-being and work-life balance • Employee training and development • Organizational culture and work environment	• Employee health & safety • Talent attraction & retention • Employee training & education
• Human rights, Diversity, Equity, and Inclusion (DEI)	• Diversity, Equity, and Inclusion (DEI)	• Diversity, equal access to opportunities, and inclusion	• Diversity and inclusion • Respect for and promotion of Human Rights
• Social impact	• Community engagement	• Healthy and nutritious products • Food safety and quality • Food donation	• Commitment to the community • Digital inclusion • Cybersecurity • Network quality and reliability
<b>GOVERNANCE</b>			
• ESG strategy and risk management	• Active ESG risk management • Cybersecurity	• Economic performance	• Risk management • Information security • Having environmental policies
• Corporate governance with a sustainable approach • Transparency, reliability, and investor relations.	• Corporate governance with a sustainable approach	• Ethics and Integrity	• Ethics, anti-corruption and values
• Innovation	• Innovation	• Innovation, research, development, and scientific collaboration	• Product and services innovation