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ESG  
BOOKLET  
2023

# ALFA ESG BOOKLET 2023

This document serves as an annex to ALFA's 2023 Annual Report, providing insights into the company's environmental, social, and governance practices, along with those of its subsidiaries during the fiscal year. It also integrates information on ALFA's performance to report under SASB, GRI,TCFD and SDG criteria, and the company's progress on them.

1



This document must be read in conjunction with ALFA's Annual Report 2023.

## Transparency and reporting

**CSA 1.1, ISS A2.1.4.1**

**Sustainability reporting boundaries**

The ESG data presented in this report pertains to our worldwide operations, including majority-owned or operated manufacturing sites, pipelines, and large offices for the year 2023, unless specified otherwise. Any assets acquired or divested are integrated into our baseline greenhouse gas (GHG) emissions following the guidelines of the Greenhouse Gas Protocol. Subsidiaries refer to companies over which we exert control, either directly or indirectly, by holding a majority of the voting rights, the right to exercise control, or the right to obtain the majority of benefits and exposure to the majority of risks. The subsidiaries in both the Annual 2023 Report and this document are Sigma Alimentos S.A. de C.V., and Alpek S.A.B de C.V.

# Corporate Governance

## GRI 2-10

### Nomination and selection of governance bodies

The mechanism for selecting board members evaluates the professional and moral quality of the candidates. Once chosen, the board members are fully aware of their legal responsibilities,

including the use of confidential information discussed in board meetings. Those with potential conflicts of interest abstain from participating in deliberations and do not have access to information regarding the matter at hand.

## CSA 1.2.6 and GRI 2-18

### Board Effectiveness

The Board has a mechanism for evaluating the performance and compliance with the responsibilities and fiduciary duties of the directors.

## CSA 1.2.7

### Board Average Tenure

The average tenure of Board Members in 2023 was 14 years.

2

## CSA 1.2.9

### CEO Compensation – Success Metrics

As of December 31st, 2023, 2022, and 2021, the Company has compensation plans based on the market value of the shares of Alfa SAB, Alpek S.A.B. of C.V. ("Alpek SAB"), and as of December 31st, 2022 and 2021, included compensation plans based on the market value of Axtel shares, in favor of

certain executives of the Company and its subsidiaries. The conditions for granting it to eligible executives include the achievement of financial metrics, such as the level of profits achieved and remaining in the company for up to 5 years, among other requirements. The board of directors has

appointed a Technical Committee for the administration of the plan, which reviews the estimate of the cash settlement of this compensation at the end of the year. Payment of the plan is always subject to the discretion of Alfa's general management. Adjustments to such estimate are charged or credited to the state consolidated results.

For the years ending December 31st, 2023, 2022, and 2021, the remunerations and benefits received by the principals of the Company amounted to \$804, \$784, and \$794, respectively, an amount made up of base salary and legal benefits and complemented mainly by a variable compensation program that is governed based on the results of the Company and by the market value of its shares.



For more information, see **ALFA's Annual Mexican Stock Exchange Report**, available in Spanish only.

**CSA 1.2.13**

**Government Ownership**

To the best of ALFA's knowledge, no government agency or institution owns more than 5% of voting rights.

**ISS A.3.1.1.3.**

**Independent committees in charge of audit, remuneration, nomination, and sustainability**

The Audit Committee is responsible for evaluating and overseeing the external audit system and internal control, as well as managing evaluations of social, environmental, and governance issues. The Corporate Practices Committee is responsible for performance evaluation and compensation determination, including those of the Chairman of the Board of Directors and the CEO, as well as approving the appointments and remuneration of relevant executives. In 2023, the Audit Committee implemented a work plan to manage ESG topics before the Board:

- 1 Joint efforts with functional areas for the identification and prioritization of each Business Unit's risks.
- 2 Development and deployment of the main risk registry system in each Business Unit.

During the year, ESG topics were presented to the Board's Internal Audit Committee twice.

The Audit Committee is responsible for evaluating and overseeing the external audit system and internal control, as well as managing evaluations of social, environmental, and governance issues. The Corporate Practices Committee is responsible for performance evaluation and compensation determination, including those of the Chairman of the Board of Directors and the CEO, as well as approving the appointments and remuneration of relevant executives. In 2023, the Audit Committee implemented a work plan to manage ESG topics before the Board:

The Planning and Finance Committee studies and issues general policies on financing, financial and operational risk management, investments in fixed assets, and other key financial decisions. The risk and compliance function is shared among several committees, including the Planning and Finance Committee, the Audit Committee, and the Legal Department, in addition to executive committees specialized in information security.

The intermediate bodies report their activities to the Board of Directors periodically: quarterly for audit and risk and compliance, and semi-annually for evaluation and compensation, finance and planning, and corporate practices. The chairman of each intermediate body invites officials whose responsibilities are related to the functions of the intermediate body to the sessions, and all independent directors participate in an intermediate body. Additionally, the body responsible for the audit function is chaired by an independent director with knowledge and experience in accounting and financial aspects.

# Materiality

ALFA and its Business Units conduct their materiality analyses aligned with the frameworks and standards of the GRI, SASB, and TCFD, among others, to identify the environmental, economic, social, and governance topics that should be considered in their business strategies. These topics are prioritized and ranked according to their level of risk and the opportunities they may offer for sustainable management. This process considers internal and external stakeholders' views, an industry-wide assessment, as well as key global sustainability trends and challenges. ALFA has organized its material topics based on:

1

immediate attention and high priority, and

2

level of governance and operability.

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

CSA 1.3.2, 1.3.3

Material issues and metrics for enterprise value creation



For more information



pages 60 to 65.



pages 34 to 37.



pages 44 to 48.

## a) Employee wellbeing, health and safety

### Business case and impact

As a holding company, ALFA strives to be a great place to work by attracting and developing the best talent, and motivating them to achieve their full potential while ensuring business continuity and productivity. By providing a work environment that promotes trust and cooperation, ALFA reduces costs associated with high employee turnover and absenteeism, increases productivity through engaged and satisfied employees, and manages risks by maintaining a stable and committed workforce.

### Targets and metrics

To achieve this, ALFA's Business Units implement several initiatives and targets and metrics to measure their progress:

Sigma has established a 22% reduction of its accident rate by 2025, 2018 baseline. By the end of 2023, Sigma has achieved and surpassed this goal, by reaching a decrease of 44% in its accident rate vs 2022.

Alpek's commitment is to be in the industry's top decile in Total Recordable Incident Rate (TRIR) for team members' and contractors' safety. By the end of 2023, Alpek had a 27% reduction in its TRIR vs 2022, and two business units and ~34% of the sites achieved zero recordable incidents.

The overall accident rate in ALFA remained stable from 2022 vs 2023 at a 1.2 rate for both years. 2023 figures exclude Axtel operations due to the spin-off of this business during the year.

## b) Climate Change Strategy: Energy Efficiency and Emissions

### Business case and impact

ALFA and its Business Units recognize that climate change-related events and disasters pose significant threats to operational continuity that might impact costs, revenues, and the well-being of employees and communities. Having a climate change-related strategy helps mitigate and minimize our operations' impacts on the environment while managing operational and financial risks, ensuring regulatory compliance, reducing future costs, and meeting investor and stakeholders' expectations. By reducing carbon emissions and improving energy efficiency, our BUs reduce costs and enhance their brand reputation. Investing in renewable energy attracts conscious consumers and investors, fosters innovation, and drives competitive advantage, ensuring long-term business resilience and sustainability.

### Targets and metrics

Both BUs have established emissions reduction targets, approved by the Science-Based Targets Initiative. They have also conducted a climate-related risk and scenario analysis in 2023 using the Climonomics platform (by CSA). This analysis considered four scenarios based on Shared Socioeconomic Pathways and Representative Concentration Pathways (SSPs and RCPs): High (SSP5-RCP8.5), Medium (SSP3-RCP7.0), Medium-High (SSP2-4.5), and Low (SSP1-2.6).

For Alpek to fulfill its decarbonization commitments, the company has embraced a dual-front strategy:

- *Transition to Low or Zero-Emission Energy Sources:* Alpek is exploring energy alternatives with minimal or zero-carbon emissions, including nuclear and solar energy.
- *Energy Utilization Efficiency Enhancement:* Alpek actively improves energy efficiency with measures like adopting efficient equipment, electrifying processes, and implementing procedures for optimal thermal energy use.

Sigma has achieved a 17% reduction in CO<sub>2</sub>e emissions related to its plants and transportation fleet per ton of food produced compared to 2015, which gets the company closer to its goal of 20% reduction by 2025. The company has begun studying and understanding its carbon footprint in depth, identifying the different emission sources within each scope, and their relevance to the total footprint calculation.

To validate their calculations in 2023 Sigma conducted a limited verification process of its scope 1 and 2 emissions for 2019 with Carbon Trust. This analysis included a detailed assessment of processes and controls for data collection, as well as a gap analysis of the existing inventory. The exercise concluded with the achievement of ISO 14064-3: Organizational Carbon Footprint Certification.



For more information



pages 20 to 28.



pages 18 to 25.

## c) Circularity approach

### Business case and impact

Both Sigma and Alpek have identified that implementing a circular economy approach into their operations directly affects cost reductions and the opening of new markets while having positive environmental impacts.

Sigma applies this approach to its packaging strategy, through several actions:

- Drive open innovation through Tastetech by Sigma, seeking new circular economy initiatives.
- Develop lightweight packaging through material reduction and optimization.
- Find a balance between sustainability and costs, using environmentally friendly materials without compromising product quality and durability.
- Search for alternative chemical recycling and waste recovery technologies that meet their packaging needs, working jointly with suppliers.

When creating a new product, Alpek considers several key criteria that are meticulously

1. Incorporation of Low Environmental Footprint Raw Materials: Alpek prioritizes biodegradable and circular solutions as raw materials, aiming to minimize environmental impact.
2. Resource Efficiency Across the Lifecycle: From production to end use, Alpek ensures that its products are resource-efficient. This includes minimizing water and energy consumption as well as emissions.
3. Optimized Value Chain Impact: Alpek designs products with transportation, distribution, and storage efficiency in mind, reducing environmental impacts throughout the value chain.
4. Circular Economy Focus: Alpek emphasizes effective end-of-life management for its products, contributing to a circular economy.

This allows Alpek to achieve cost reductions by maximizing resource use and minimizing waste expenditures, as well as differentiate offerings with circular products, enhancing business continuity and capturing growing market opportunities, which will translate into increased revenues.



**Targets and metrics**

Both Business Units have established the following targets:

**Alpek:**

- Increase its PET bottle recycling capacity to 300 thousand annual metric tons by 2025 to meet its customers' recycled content needs.
- Leverage its partnerships to develop recycling solutions for Polypropylene and increase its share of Copolymers, employed in long-term usage applications.
- Grow its long-term usage and sustainable applications for EPS, work on biodegradable alternatives, and increase recycling content in select products to at least 30% by 2030.

By the end of 2023, Alpek has increased its PET bottles recycling capacity to 268,000 tons; its expandable styrenics business obtained two different circularity-related certifications: the Scientific Certification System (SCS) Recycled Content Certification and the International Sustainability and Carbon Certification (ISCC) Plus for its expandable polystyrene with recycled content and its bio-based product, respectively, and the polyester business received a 3rd Party Post-Consumer Recycled Content (PCR) Certification, recognized by the Association of Plastic Recyclers (APR), for their products manufactured with recycled content in Richmond and Reading sites.

**Sigma:**

Create packaging solutions that move the Company toward a circular economy. The company plans to fulfill this commitment through the implementation of its Sustainable Packaging Program, comprised of 5 pillars:

**Sustainable Packaging Pillars**

|  |   |   |  |  |
|--|---|---|--|--|
|  |   |   |  |  |
| <p><b>Reduce the use of plastic</b></p> <p>Solutions for thickness reduction and/or replacements to lighter materials.</p> | <p><b>Eliminate components or layers</b></p> <p>Structures optimization and number of layers reduction through the use of monolayers or mono polyolefins.</p> | <p><b>Increase the proportion of recycled plastic</b></p> <p>Increase the percentage of recycled plastic in our packaging, avoiding the disposal of materials in landfills.</p> | <p><b>Use biodegradable material</b></p> <p>Packaging with biodegradable components in a period of less than five years.</p> | <p><b>Use materials that are recoverable</b></p> <p>Less complex packaging with the right materials to make post-consumption recycling easier.</p> |

By the end of 2023, the company avoided the use of +1,638 tons of virgin plastic, reaching a cumulative of more than 10,047 tons avoided since 2019.





CSA 1.3.4, 1.3.5

Material issues and metrics for external stakeholders

ALFA's main impacts on external stakeholders come from its Business Units operations. As part of the materiality

analysis, ALFA has organized its material topics based on:

- 1 immediate attention and high priority, and
- 2 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 Business Units, in turn, develop operating strategies to identify their risks and mitigate their operations' environmental, social, and governance impacts.

Both BUs have identified the material issues by which external stakeholders might be affected.

Material issue 1: Climate Change Strategy

In light of the unprecedented climate challenges witnessed in 2023, including record-breaking levels of greenhouse gases, extreme weather events, and significant changes in various climate indicators, ALFA reaffirms its commitment to combating climate change. The company recognizes the urgent need for action and pledge to intensify its efforts towards sustainability, reduce its carbon footprint, and support initiatives aimed at fostering a resilient and sustainable future for all.

Both BUs have identified, through several analysis and scenarios, what climate change-related events can have on their own operations, but also how these can impact and influence on the increase of global temperatures should they fail to implement mitigating actions.

Alpek has made significant progress toward its SBTi 2030 goal; however, its long-term commitment remains focused on achieving carbon neutrality by 2050. In 2023, Alpek developed a roadmap to a net-zero future. This roadmap facilitated the identification and valuation of current and future technological opportunities to

decarbonize its sites. As part of this effort, Alpek analyzed the sites responsible for over 90% of its Scope 1 and 2 emissions, pinpointing key strategies and stages for its Net Zero Journey. Based on the feasibility of the strategies and the characteristics of the sites, three approaches have shown the greatest potential for emissions reduction:

- Electrification
- Renewable Energy
- Carbon Capture, Utilization, and Storage (CCUS) . In addition to these primary strategies, Alpek is exploring innovative technologies such as green hydrogen energy, thermal solar power, and Small Modular Reactors (mini-nuclear). These technologies represent promising avenues for further enhancing Alpek's decarbonization efforts as they continue to mature across its global footprint.

Sigma has been working on reducing its carbon footprint also in its own operations, but also its water footprint. The company uses digital tools that allows it to monitor physical and



**Material issue 2: Circularity approach**

transition risks. Beyond this, the company conducts comprehensive on-site analyses on a regular basis to understand all the variables these are exposed to. In response to the identified risks, Sigma implements mitigation measures such as their Climate Action Program and Global Water Management Program.

Sigma also works on the responsible performance of its suppliers, since over 95% of their total emissions inventory relate to scope 3 emissions. Therefore, for Sigma, it is important to collaborate with the value chain on carbon footprint reduction projects, which are essential to achieving their decarbonization ambitions. Led by their central Sustainable Value Chain and Circular Economy area, the following lines of action have been defined:

1. Evaluate suppliers on Environmental, Social, and Governance (ESG) topics
2. Calculate scope 3 emissions inventory
3. Identify projects with the greatest emission reduction potential



For more information on the projects of ALFA's BUs, please go to ALFA's 2023 Annual Report, page 38



Alpek, as a leading plastics manufacturing company, Alpek is acutely aware of the challenges related to pollution and the depletion of finite raw materials. Among various plastic materials, PET stands out for its high recyclability. However, the existing global infrastructure for its effective collection and recycling is inadequate, resulting in significant environmental and ecosystems pollution. In response to this challenge, Alpek is taking a significant role in fostering a circular economy through investments aimed at expanding its capacity and enhancing the production of recycled products, effectively diverting plastic waste from landfills.

Sigma, aware of the environmental impact but also the importance of plastic for food safety, its packaging not only protects and preserves food, but also ensures its quality and guarantees the customer's experience. With its Sustainable Packaging Program, Sigma is committed to minimizing its environmental impact by incorporating circular economy principles in design, opting for recycled, biodegradable, or recoverable materials,

and so progressively reducing the use of plastic. This program is the result of the work of Packaging Solutions teams, suppliers, academics, and entrepreneurs. Covering areas from research and development, to innovation, quality, technology, and marketing.

Also, in 2023, reinforcing its commitment to being more transparent with the consumer, in 2023 Sigma began conducting the first analysis to measure the environmental impact of its products. This is done through Life Cycle Assessments (LCA) that consider the resources and processes required for raw material extraction, material processing, and product manufacturing. With a "cradle-to-gate" scope, it gets a better perspective on their supply chain decisions to focus resources on projects with greater environmental benefit. In this first phase, 3 of the 17 environmental impact categories will be evaluated: climate change, water consumption, and land use.

The methodology for these studies is aligned with the ISO 14044 standard and consists of:

- Product selection and scope definition
- Process traceability
- Life cycle inventory (LCI)
- Life cycle impact assessment
- LCA reporting

These analyses will provide Sigma with a clear vision to make decisions at the product level that will lead it towards a more responsible management of the natural resources on which the company depends.

# Risk Management

## CSA 1.4.1

### Risk Governance

adequate disclosure of strategic risks, and promotes the existence of business continuity plans and information recovery in cases of disaster.

The Planning and Finance Committee studies and issues general policies on financing, assumption of exchange risks, provision of guarantees, payment of dividends, contracting of insurance, cash management, management of financial and operational risks, investments in fixed assets, and other key financial decisions.

The risk and compliance functions are shared among several committees, including the Planning and Finance Committee (financial and operational risks), the Audit Committee, and the Legal Department (responsible for regulatory compliance and litigation), in addition to the executive committees. The average of risk experience of the Board Members is 23 years.

The Board ensures the establishment of mechanisms for the identification, analysis, administration, control and adequate

The Audit Committee periodically requests the presentation of risks and their progress in mitigation and, since 2016, an in-house tool has been used to allow ALFA and BUs to manage, consolidate, and monitor risks through a web platform. This tool:

1. Allows customization of risk management according to the business operation.
2. Facilitates risk assessment through the visualization of the risk list, as well as the matrix for inherent and residual risks.
3. Keeps all business members informed through alerts and the configuration of approval workflows.



For further disclosure regarding non-executive directors, refer to ALFA's 2023 Annual Report, page 50



For more information, see ALFA's Annual Mexican Stock Exchange Report, available in Spanish only

During 2023, the platform underwent through a series of improvements which included:

➤ **Risk Management by Company:** A module was created to manage and assign permissions on the platform, allowing access to risks according to the company and the established permissions.

➤ **Approval Workflows:** A module was enabled to configure approval workflows by company, allowing those involved to be informed of risk updates.

➤ **Historical Valuations:** The generation of logs and the storage of valuations were implemented to monitor the behavior of risks over the years.

➤ **Risk Association:** The option to associate new or existing risks for business groups was implemented, allowing the associated risks to be viewed in the detail of each one and to filter them in the Dashboard.

➤ **Risk Update:** A new section was created to configure customized campaigns to encourage risk updates by the responsible parties through notifications.

➤ **Profile Configuration Improvements:** The option to authorize or restrict the ability to change the name and other informational fields associated with the risk, depending on the user's profile, was enabled.

RISKS BY CATEGORY

|              |               |                 |                    |             |
|--------------|---------------|-----------------|--------------------|-------------|
| 276<br>TOTAL | 35<br>FINANCE | 81<br>STRATEGIC | 143<br>OPERATIONAL | 17<br>LEGAL |
|--------------|---------------|-----------------|--------------------|-------------|

RISK COUNT

|           |          |          |
|-----------|----------|----------|
| alfa 0    | axtel 58 | Newpek 0 |
| alpek 127 | Nemak 0  | Sigma 91 |

IMPACT

|                 | 1. Very low | 2. Low | 3. Moderate | 4. High | 5. Very high |
|-----------------|-------------|--------|-------------|---------|--------------|
| 1. Unlikely     | 50          | 1      | 23          | 0       | 34           |
| 2. Rarely       | 0           | 0      | 0           | 0       | 0            |
| 3. Occasionally | 18          | 0      | 41          | 0       | 19           |
| 4. Possible     | 0           | 0      | 0           | 0       | 0            |
| 5. Expected     | 9           | 2      | 41          | 0       | 38           |

CSA 1.4.2

Risk Management Processes

Below are brief descriptions of the roles involved in the Risk Management process, which may vary depending on each BU.

**Department Risk Leader (Director)**

- Risk Identification
- Risk Assessment, Analysis, and Update
- Mitigation Plan Definition (Controls)
- Assignment of Responsibility

**Business Risk Leader (Internal Control)**

- Coordinates the update of risks and mitigation plans
- Follow-up with responsible parties for progress updates on mitigation plans

**Risk Manager**

- Implementation of Mitigation Plans
- Shares Documentation and Evidence of Mitigation Plans

**Audit**

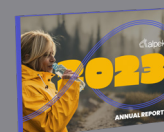
- Audit progress on mitigation plans



For more information



page 50.



pages 14 to 25.



pages 96 to 98.

CSA 1.4.3

Emerging risks

ALFA and its Business Units have identified emerging risks that might pose significant impacts to their businesses in the future, as well as the mitigating actions they must implement to mitigate them.

Alpek recognizes the critical importance of identifying and assessing emerging risks that could potentially impact its operations and supply chain in the medium and long term. With this awareness, the company has proactively developed and implemented mitigating actions across its business units. These measures aim to enhance Alpek’s understanding of these risks and minimize their potential effects.

**Raw materials supply due to Ukraine-Russia conflict**

The European Union (EU) has imposed restrictions in Eastern Europe, affecting the purchase, import, and transfer of Russian natural gas, petroleum, and related products. As a result, American suppliers now play a crucial role in fulfilling the supply of these materials. However, the ongoing ban on Russian gasoline within the EU, or the potential inclusion of additional countries in this ban, poses long-term challenges for Alpek. The company heavily relies on American suppliers, and any disruption could limit its production of petrochemical products. Consequently, operating costs may rise, impacting overall competitiveness in the American market. To mitigate this risk, Alpek is implementing several strategic measures. First, it aims to reduce dependence on North American raw materials and increase imports from Asia. Additionally, the company seeks partnerships with key producers to secure stable supplies. Furthermore, Alpek is expanding storage capacity and transportation routes. Finally, weekly monitoring of indicators such as raw material opportunity costs, gasoline inventories, and market prices informs Alpek’s short-term strategy.

**Global supply chain impact:  
Red Sea instability**

Alpek operates within a multifaceted global supply chain. The organization's exposure to international markets, particularly Europe, necessitates a robust risk management approach. Additionally, Alpek's growing reliance on raw material imports from Asia further amplifies its vulnerability. In the fourth quarter of 2023, geopolitical tensions in the Middle East disrupted maritime trade routes. Specifically, the conflict involving Israel and Hamas led to disruptions in the Red Sea. These events affected cargo ships transiting the Suez Canal, a critical East and West passage. Challenges arising from this situation include logistics disruptions, potential operational risks (such as stock shortages and unexpected shutdowns), and the risk of shipments passing near conflict zones. Extended transit times due to rerouted shipping routes may delay Alpek's product delivery to some customers, while increased logistics costs could affect the company's overall competitiveness. To mitigate these

risks, Alpek has proactively engaged in communication with shipping companies, optimized logistics practices by readjusting reorder points, and vigilantly monitored container logistics pricing from Asia to the Americas. By managing these challenges, Alpek aims to maintain supply chain resilience and uphold its competitive edge in a dynamic global landscape.

For Sigma, the identified emerging risks in 2023 in the IT, Sustainability and the Operational impact due to climate change. To mitigate these, effective coordination with the Security Operation Center (SOC) team is crucial for responding to IT cyberattacks, as well as for providing training and implementing security tools. In terms of sustainability, Sigma monitors and prepares for potential regulatory changes related to Environmental, Social, and Governance (ESG) criteria across all the geographies in which they operate. Its operations strategy also involves assessing and mitigating the operational impact of climate change by identifying risks and updating action protocols accordingly.



# Environment

## Materials, Waste and Pollutants

CSA 2.3.3,  
GRI 306-4, 306-5

### Hazardous waste and Waste disposal

ALFA and its Business Units remain steadfast in their commitment to responsible environmental management. They are aware that decisions made in the present have a profound impact on the future. Under this premise, they work constantly to minimize their ecological footprint and maximize their contributions to a more sustainable and resilient planet.

#### Tons of waste

|                              |                |
|------------------------------|----------------|
| Organic                      | 27,156         |
| Inorganic                    | 6,903          |
| Commercial and non-hazardous | 189,367        |
| Hazardous waste              | 119,534        |
| <b>Total</b>                 | <b>342,960</b> |

# Social

## 3.2.2

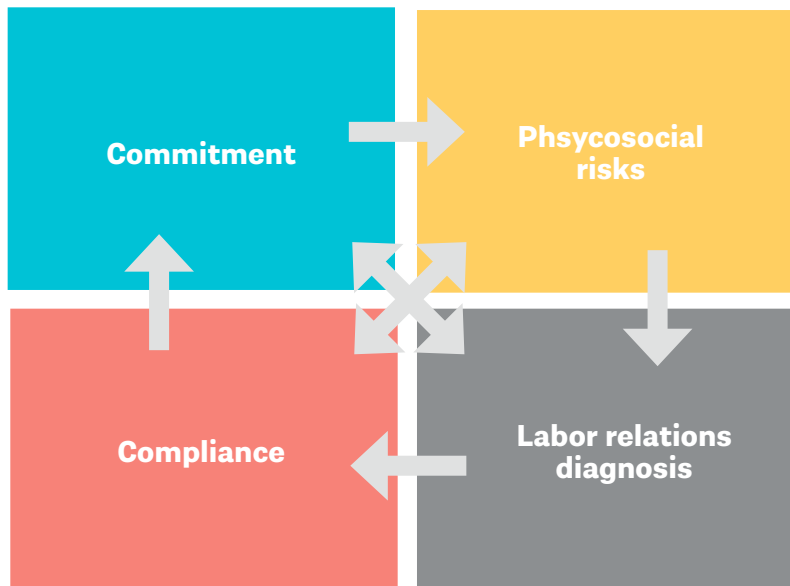
### Human Rights Due Diligence Process

ALFA has a diagnostic system for labor practices called Cross Analysis that integrates four lines of evaluation:

Level of commitment from employees through external stimuli:

- Boss
- Work-life balance
- Compensations
- Integral Development
- Values
- Development
- Empowerment
- Collaboration
- Customers

USMCA  
Labor reform  
ILO  
NOM-035



Assess and Identify psychosocial risks factors:

- Work environment
- Workloads
- Training needs
- Employees' integration
- Leadership
- Communication

➤ Define actions and strategies for the improvement of individual and collective labor relations:

- To understand the current business' law-labor situation with a focus on internal processes
- Ensure the compliance with ALFA's policies
- To boost labor strategies and work conditions continual Improvement projects

# Social

## Cross Analysis



### 1. Employee commitment

Degree of commitment of the collaborators with the Company through external stimuli.

- It is done through a virtual tool that includes questions with open and closed answers.
- Presents results graphically to identify areas of opportunity in each stimulus.

### 2. Psychosocial risks (NOM035)

Psychosocial risk factors are those characteristics of working conditions that affect people's health through psychological and physiological mechanisms called stress.

- Objective is to establish the elements to identify, analyze and prevent psychosocial risk factors, as well as to promote a favorable organizational environment in the workplace.
- Field of application: The entire national territory and applies to all work centers.

### 3. Diagnosis of labor relations

Defines actions and improvement strategies for individual, collective and environmental labor relations.

- Objective: Carry out labor legal compliance reviews of group companies and tertiary providers of key services for the operation of the Business.
- Identify:
  - Bad practices, areas of opportunity and strengths in the practices and structures of the companies.
  - Risks for joint and several liability in labor breaches that could have impacts from sentences as co-defendants in individual, collective, PTU lawsuits, tax deductibility, fines, product embargo, loss of preferential Export tariff and, above all, the Company's reputation.
- Methodology:
  - Face-to-face or virtual sessions for interviews

with those responsible for the corresponding areas.

- Request for documents as evidence for analysis.
- Elaboration of results.
- Monitoring of action plans.

### 4. Law enforcement (Compliance) Methodology:

- Face-to-face or virtual sessions for interviews with those responsible for the corresponding areas.
- Request for documents as evidence for analysis.
- Elaboration of results.
- Monitoring of action plans.

## CSA 3.3.8

### Employee Turnover Rate

18

ALFA's employee turnover rate for 2023 is 2.23. This calculation was made based on the accumulated headcount.