
alfa | Sigma
ESG
BOOKLET
2024

ALFA|SIGMA ESG BOOKLET 2024

This document serves as an annex to Alfa|SIGMA's 2024 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|SIGMA's performance to report under SASB, GRI,TCFD and SDG criteria, and the company's progress on them.

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 2024, 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 2024 Report and this document are Sigma Alimentos S.A. de C.V., and Alpek S.A.B de C.V., even though Alpek has been reported as discontinued operations since Q4 2024.

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 1.2.13

Government Ownership

To the best of Alfa|SIGMA knowledge, no government agency or institution owns more than 5% of voting rights.

CSA 1.2.6 and GRI 2-18

Board Accountability

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 **2024** was 14.38 years.

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

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.

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

CSA 1.3.2, 1.3.3

Material issues and metrics for enterprise value creation

a) Employee wellbeing, health and safety

Alfa|SIGMA 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|SIGMA 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|SIGMA 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.

For more information

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Business case and impact

As a holding company, Alfa|SIGMA 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|SIGMA 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|SIGMA 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 2024, Sigma reduced its accident rate by 45%, achieving 100% of the goal.

Alpek's commitment is to be in the industry's top decile in Total Recordable Incident Rate (TRIR) for team members' and contractors' safety. During 2024, 10 sites achieved zero recordable incidents. By the end of the year, a total of 54 initiatives were carried out to boost health and safety in operations. Additionally, Alpek conducted 1,042 safety-related training programs, totaling more than 29,000 hours of training.

The overall accident rate in Alfa|SIGMA remained stable from 2023 vs 2024 at a 1.2 rate for both years.

b) Climate Change Strategy: Energy Efficiency and Emissions

Business case and impact

Alfa|SIGMA 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 Climanomics 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 22% reduction in CO_2e emissions related to its plants and transportation fleet per ton of food produced baseline 2015, fulfilling its 2025 target.

For more information

pages 109 to 114.

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.

Alpek acquired a 50% stake, ultimately gaining full ownership of Clear Path Recycling LLC, a recycling facility located in Fayetteville, NC, further reinforcing its commitment to contributing to a circular economy. Throughout the year, Alpek focused on maximizing the efficiency of its existing recycling facilities through various projects aimed at improving recycling yield and enhancing the quality of the final recycled product. One notable initiative was the installation of a bottle batch wash reactor at Clear Path Recycling to improve the washing process and remove haze from the bottles. Another initiative was the upgrade of sorting equipment at various recycling sites. Additionally, the polyester division has been granted Third-Party Post-Consumer Recycled Content (PCR) Certification, recognized by the Association of Plastic Recyclers (APR), for products produced with recycled content at the Clear Path Recycling and Darlington facilities. As a result, all U.S. recycling sites hold valid certification for 2024.

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

Reduce the use of plastic

Solutions for thickness reduction and/or replacements to lighter materials.

Eliminate components or layers

Structures optimization and number of layers reduction through the use of monolayers or mono polyolefins.

Increase the proportion of recycled plastic

Increase the percentage of recycled plastic in our packaging, avoiding the disposal of materials in landfills.

Use biodegradable material

Packaging with biodegradable components in a period of less than five years.

Use materials that are recoverable

Less complex packaging with the right materials to make pots-consumption recycling easier.

In 2024, Sigma avoided the consumption of 10,842 tons of virgin plastic in its packaging, since 2019, more than doubling the goal.

CSA 1.3.4, 1.3.5

Material issues and metrics for external stakeholders

Alfa|SIGMA main impacts on external stakeholders come from its Business Units operations. As part of the materiality analysis, Alfa|SIGMA 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|SIGMA 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

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 transition risks. Beyond this, the company conducts comprehensive on-site analyses on a regular basis to understand all the variables these are

Material issue 2: Circularity approach

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 operational projects, please go to SIGMA's 2024 Sustainability Annual Report, pages 95 to 99.

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.

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.

Million GJ	2024	2023	2022	2021
Non-renewable Energy Consumption	33.19	33.42	39.60	41.10
Renewable Energy Consumption	1.93	2.02	0.85	0.66
TOTAL	35.12	35.44	40.45	41.76

The numbers for all years have been adjusted accordingly to Sigma and Alpek's 2024 reports.

Risk Management

CSA 1.4.1

Risk Governance

The Board ensures the establishment of mechanisms for the identification, analysis, administration, control and 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 20 years.

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|SIGMA 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|SIGMA's Annual Report 2024, pages 59 to 63.

For more information, see Alfa|SIGMA Annual Mexican Stock Exchange Report, available in Spanish only

In 2024, two key areas marked the evolution of the platform and risk management approach:

- **Stronger Engagement from Risk Owners and Internal Control Leads**
  Throughout the year, internal control representatives from each company, along with area owners, played a more active role in identifying, defining, and taking ownership of their risks. This collaborative involvement ensured greater accountability and alignment with each business's specific context.

- **Platform Enhancements Driven by Business Needs**
  As a result of this increased engagement, platform improvements were tailored to the unique requirements of each company. New functionalities—such as approval workflows, risk update campaigns, and profile-based permissions—were implemented based on direct feedback from users, making the platform more flexible, relevant, and effective.

TOTAL RISKS BY CATEGORY

132 TOTAL	23 FINANCE	20 STRATEGIC	74 OPERATIONAL	15 COMPLIANCE

RISK COUNT

alfa	alpek	Sigma
39	32	61

MAIN RISKS (RESIDUAL ASSESSMENT)

PROBABILITY \ IMPACT	1. Very low	2. Low	3. Moderate	4. High	5. Very high
1. Unlikely	5	4	2	1	5
2. Rarely	16	15	17	14	5
3. Occasionally	8	8	8	4	4
4. Possible	4	1	5	2	
5. Expected	1	1	2		

32 Risks out of 132 have ESG impact.

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

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Environment

CSA 1.4.3

Emerging risks

Alfa|SIGMA 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.

Any deterioration in labor relations with employees or an increase in labor costs could adversely affect the Company's operations, business, financial condition, operating results, and outlook.

Alfa|SIGMA operations depend heavily on its workforce. As of December 31, 2024, Alfa|SIGMA employed 54,887 people. Any significant increase in labor costs, deterioration in employee relations, or workforce reductions or suspensions at any of the Company's facilities—whether due to union actions, failure to reach agreements on wages or other employment conditions, or other similar issues, including social unrest affecting the workforce—could have a material adverse effect on the business, financial condition, operating results, and outlook.

Any strike, labor slowdown, or labor unrest could impair the Company's ability to deliver products to customers, which may result in a decrease in net sales. As of December 31, 2024, approximately 26.6% of Alfa|SIGMA employees were unionized. In general, the Company negotiates collective bargaining agreements with unions for two-year terms, with annual salary increases.

Recent legislative changes have been enacted to the Federal Labor Law, Social Security Law, INFONAVIT, and tax regulations. Alfa|SIGMA is taking the necessary measures to make adjustments within its specialized services and labor supply chains to avoid labor, social security, and tax-related risks.

Alfa|SIGMA business, financial condition, and operating results could be materially and adversely affected by any increase in labor costs or changes to working conditions resulting from interpretations of these reforms by Mexican courts or labor authorities. Specifically, as a result of recent amendments, the Company could be considered the employer of the service provider's workers and, as such, may be required to pay additional employment benefits, including profit-sharing, which could adversely affect its financial position and results.

CSA 2.3.3, GRI 306-4, 306-5

Hazardous waste and Waste disposal

Alfa|SIGMA 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.

Social

3.2.2

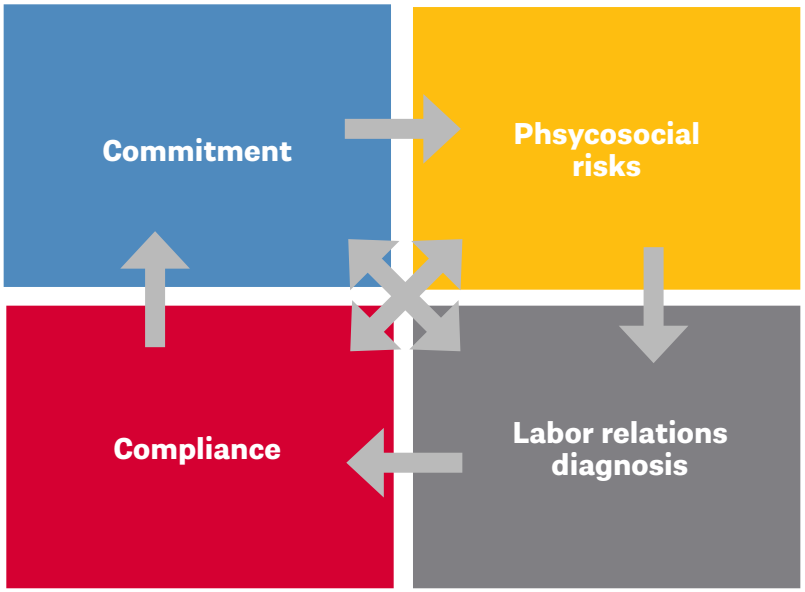
Human Rights Due Diligence Process

Alfa|SIGMA 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|SIGMA 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

Alfa|SIGMA employee turnover rate for 2024 was 19.3%, calculated as the average of Sigma's and Alpek's rates, based on accumulated headcount.