2023 SUSTAINABILITY REPORT

CONTENT

CONTENT 2
DISCLAIMER 7
INTRODUCTION 8
1. ALPEK'S ESG OPERATIONAL FRAMEWORK 8
1.1 STRATEGY & RISK MANAGEMENT 8
2. REPORTING FRAMEWORKS 9
3. MATERIALITY 10
3.1 DOUBLE MATERIALITY METHODOLOGY 10
3.2 MATERIALITY PROCESS 11
3.3 NEW DOUBLE MATERIALITY MATRIX 2023 12
3.4 MAIN MATERIAL ISSUES 12
4. RISK ANALYSIS 14
4.1 RISK GOVERNANCE 14
4.2 RISK MANAGEMENT PROCESS 14
4.3 STRATEGIC RISKS 15
4.4 MITIGATION ACTIONS 16
4.5 EMERGING RISKS 17
4.5.1 RAW MATERIALS SUPPLY DUE TO UKRAINE-RUSSIA CONFLICT 17
4.5.2 GLOBAL SUPPLY CHAIN IMPACT: RED SEA INSTABILITY 17
4.6 CLIMATE-RELATED RISK 18
4.6.1 CLIMATE-RELATED RISKS IDENTIFICATION 18
4.6.2 CLIMATE-RELATED RISKS ANALYSIS 20
4.6.3 CLIMATE-RELATED OPPORTUNITIES 24
4.6.4 MITIGATION ACTIONS FOR CLIMATE-RELATED RISKS 25
5. SOCIAL 26
5.1 WORKFORCE 26
5.1.1 EMPLOYEE BREAKDOWN BY POSITION 26
5.1.2 EMPLOYEE BREAKDOWN BY COUNTRY 27
5.1.3 EMPLOYEE BREAKDOWN BY AGE 28
5.2 DIVERSITY, EQUITY & INCLUSION 29
5.2.1 WORKFORCE BREAKDOWN BY GENDER 29

5.2.2 GENDER PAY GAP 30
5.2.3 WORKFORCE BREAKDOWN BY RACE 31
5.2.4 WORKFORCE BREAKDOWN BY RACE AT MANAGEMENT LEVEL 31
5.2.5 WORKFORCE BREAKDOWN BY DISABILITY 31
5.3 HUMAN CAPITAL MANAGEMENT 32
5.3.1 TRAINING AND DEVELOPMENT 32
5.3.2 EMPLOYEE DEVELOPMENT PROGRAMS 32
5.3.3 HUMAN CAPITAL RETURN ON INVESTMENT 32
5.4 TALENT ATTRACTION & RETENTION 33
5.4.1 EMPLOYEE HIRING BREAKDOWN BY AGE 33
5.4.2 INTERNAL AND EXTERNAL EMPLOYEE HIRING 33
5.4.3 PERFORMANCE APPRAISAL 34
5.4.4 EMPLOYEE SUPPORT PROGRAMS 34
5.4.5 MATERNITY AND PATERNITY LEAVE CASES 34
5.4.6 TOTAL EMPLOYEE TURNOVER RATE 35
5.4.7 VOLUNTARY EMPLOYEE TURNOVER RATE 35
5.4.8 EMPLOYEE ENGAGEMENT RATE 36
5.4.9 FREEDOM OF ASSOCIATION 36
5.5 COMMUNITY ENGAGEMENT 37
5.5.1 CORPORATE CITIZENSHIP STRATEGY 37
5.6 PEOPLE'S SAFETY 39
5.6.1 OHS PROGRAMS 39
5.6.2 TOTAL WORKFORCE SAFETY 40
5.6.3 EMPLOYEES BREAKDOWN 40
5.6.4 CONTRACTORS BREAKDOWN 40
5.6.5 PROCESS SAFETY EVENTS TIER 1 41
5.7 HUMAN RIGHTS & CODE OF ETHICS 41
5.7.1 HUMAN RIGHTS 42
5.7.2 CODE OF ETHICS AND HUMAN RIGHTS BREACHES 43

5.8 CUSTOMER SATISFACTION MEASUREMENT 44
6. ENVIRONMENTAL 45
6.1 ENVIRONMENTAL INVESTMENTS 45
6.2 SIGNIFICANT ENVIRONMENTAL AND WATER-RELATED INCIDENTS 45
6.3 ENVIRONMENTAL COMMITMENTS 45
6.3.1 ANIMAL FREE TESTING 45
6.4 BIODIVERSITY 46
6.4.1 BIODIVERSITY RISK ASSESSMENT 46
6.4.2 BIODIVERSITY COMMITMENT 47
6.4.3 NO DEFORESTATION COMMITMENT 47
6.5 EMISSIONS 48
6.5.1 REPORTED EMISSIONS 48
6.5.2 TOTAL CO_2 EMISSIONS INTENSITY 49
6.5.3 INTERNAL CARBON PRICING 49
6.5.4 SCOPE 3 EMISSIONS BREAKDOWN 50
6.5.5 OTHER GHG EMISSIONS & POLLUTANTS 50
6.5.6 GHG EMISSIONS THIRD PARTY VERIFICATIONS 51
6.5.7 ROAD TO NET ZERO 51
6.5.8 2050 NET ZERO ROADMAP 52
6.6 WASTE MANAGEMENT 53
6.6.1 NON-HAZARDOUS WASTE GENERATION 53
6.6.2 NON-HAZARDOUS WASTE DISPOSAL DESTINATION 53
6.6.3 HAZARDOUS WASTE GENERATION 54
6.6.4 HAZARDOUS WASTE DISPOSAL DESTINATION 54
6.6.5 WASTE INTENSITY 54
6.7 ENERGY 55
6.7.1 ENERGY MANAGEMENT 55
6.7.2 ENERGY CONSUMPTION 55
6.7.3 ENERGY CONSUMPTION BY FUEL TYPE 56
6.7.4 ENERGY INTENSITY 56

6.8 WATER MANAGEMENT 57
6.8.1 WATER CONSUMPTION 57
6.8.2 WATER WITHDRAWAL BY SOURCE 58
6.8.3 WATER DISCHARGE BY DESTINATION 58
6.8.4 WATER TREATMENT 58
6.8.5 WATER INTENSITY 59
6.8.6 WATER RISK MANAGEMENT 59
6.9 MATERIALS 59
6.10 PRODUCTION 60
6.11 GREEN PRODUCTS 60
6.11.1 LIFE CYCLE ASSESSMENTS (LCAs) 61
6.11.2 EXPOSURE TO HAZARDOUS SUBSTANCES 61
6.11.3 PRODUCT DESIGN CRITERIA 62
7. GOVERNANCE 63
7.1 BOARD OF DIRECTORS 63
7.1.1 BOARD OF DIRECTORS COMPOSITION & INDEPENDENCE 63
7.1.2 BOARD OF DIRECTORS ATTENDANCE 63
7.1.3 BOARD OF DIRECTORS TENURE 64
7.1.4 NON-EXECUTIVE BOARD MEMBER REMUNERATION 64
7.1.5 BOARD OF DIRECTORS BREAKDOWN 65
7.2 BOARD CODE OF ETHICS 65
7.3 BOARD OVERSIGHT 66
7.3.1 BOARD MEMBERS WITH CLIMATE OVERSIGHT/RESPONSIBILITY 67
7.3.2 CLIMATE-RELATED MANAGEMENT INCENTIVES 68
7.4 POLICIES 69
7.5 INITIATIVES 70
7.5.1 SUPPLY CHAIN MANAGEMENT 71
7.6 CODE OF BUSINESS CONDUCT 73
7.6.1 INTEGRITY AND TRANSPARENCY HELPLINE (HUMAN RIGHTS & CODE OF CONDUCT) 73
7.6.2 DUE DILIGENCE PROCESS 74
7.7 CORPORATE GOVERNANCE 75

7.7.1 CEO COMPENSATION – SUCCESS METRICS 75
7.7.2 CEO LONG-TERM PERFORMANCE ALIGNMENT 75
7.7.3 MANAGEMENT OWNERSHIP 75
7.7.4 GOVERNMENT OWNERSHIP 76
7.7.5 FAMILY OWNERSHIP 76
7.8 BOARD STRUCTURE 76
7.9 BOARD DIVERSITY 77
7.10 BOARD EFFECTIVENESS 78
7.10.1 BOARD ELECTION PROCESS 78
7.11 FINANCIAL INFORMATION 78
7.11.1 NON-AUDIT FEES 79
7.11.2 TAXES 79
7.12 ORGANIZATION CONTRIBUTIONS 79
7.12.1 POLITICAL INVOLVEMENT 80
7.12.2 MOST RELEVANT CONTRIBUTIONS 80
8. EXTERNAL ESG SCORES & RATINGS 81
9. COVERAGE 82
9.1 COVERAGE OF SOCIAL INDICATORS 82
9.2 COVERAGE OF ENVIRONMENTAL INDICATORS 83
10. CERTIFICATIONS 84
11. GRI INDEX 85
12. GLOSSARY 98

DISCLAIMER

- This Report details Alpek's 2023 progress and performance, contributing to the UN Sustainable Development Goals (SDGs) and its alignment to TCFD, GRI, S&P CSA, CDP, and SASB.
- As part of Alpek's efforts to continuously improve the quality of its ESG disclosure, the CO_2 Emissions information is presented under the SBTi criteria basis.
- This Report provides more detailed data on Alpek's environmental, social, and governance performance during 2023, and serves as an additional support document to the information already presented in Alpek's 2023 Annual Report. Some of the data published from previous years may vary from that shown in this Report and/or the Annual Report 2023 due to updated standards associated with the data collection process, updated country-specific factors, or business unit revisions.
- You can always find all updated policies, financial reports, and ESG reports at: www.alpek.com

INTRODUCTION

CSA 0.1

The 2023 Sustainability Report aims to provide comprehensive information on Alpek's performance. This document includes metrics covering activities from January 1st to December 31st, 2023, along with historical data for the specified years, in line with Alpek's commitment to enhancing transparency in its sustainability efforts. The information encompasses:

- **Environmental metrics**: Emissions, energy, water, waste, investments, incidents, commitments, materials, and products.
- **Social metrics:** Employee data, diversity, equity & inclusion, community development, human capital development, health & safety, and human rights.
- **Governance metrics:** Board oversight, policies, performance and evaluation, initiatives, structure, and governance processes.

1. ALPEK'S ESG OPERATIONAL FRAMEWORK

1.1 STRATEGY & RISK MANAGEMENT

GRI 2-22 | TCFD: Strategy & risk management

Since 2020, Alpek has established its sustainability operational framework based on the four main elements of the Task Force on Climate-related Financial Disclosures (TCFD) reporting: Governance, Strategy, Risk & Opportunity (R&O) Management, and Targets & Metrics. In an adapted version that aligns with the company's culture and decision-making process (as depicted in the graphic), Alpek's effective adherence to these elements has significantly advanced its Environmental, Social, and Governance (ESG) Strategy. This strategic approach not only enhances Alpek's reporting process but also integrates ESG-related criteria into the company's long-term business growth strategy (refer to page 12 of Alpek's Annual Report 2023).

Furthermore, these four elements have been adopted by the Corporate Sustainability Reporting Directive (CSRD) standards and the International Sustainability Standards Board (ISSB) standards, via S1 and S2, the International Financial Reporting Standards' (IFRS) latest disclosure requirements. Alpek has thus laid a solid foundation to comply with these new requirements.

ESG Operative Framework:

2. REPORTING FRAMEWORKS

CSA 1.1.1

Since 2015, Alpek has consistently reported its Environmental, Social, and Governance (ESG) and sustainability information using the Global Reporting Initiative (GRI) methodology, now known as GRI Standards. However, in 2020, the company made a strategic shift in its reporting approach. Alpek adopted an adapted framework that combines elements from the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, aligns with the GRI Standards, and integrates the Sustainability Accounting Standards Board (SASB). This comprehensive approach ensures accurate and meaningful reporting.

In addition to the above, Alpek actively publishes data for other prominent sustainability indices, including S&P CSA, CDP, and the FTSE4Good Index, among others.

Reporting Frameworks	Where to find them	What they are
GRI Standards	https://www.globalreporting.org/standards/	The Global Reporting Initiative (known as GRI) is an international independent standards organization that helps businesses, governments, and other organizations understand and communicate their impacts on issues such as climate change, human rights, and corruption.
SASB Chemicals Sector Standards	https://www.sasb.org/wp-content/uploads/2018/11/SASB-Standards-Application-Guidance-2018-10.pdf	SASB Standards enable businesses around the world to identify, manage, and communicate financially material sustainability information to their investors.
TCFD Reporting Framework	https://www.tcfdhub.org/getting-started/	The TCFD has developed a framework to help public companies and other organizations more effectively disclose climate-related risks and opportunities through their existing reporting processes.
United Nations Sustainable Development Goals	https://sdgs.un.org/	The Sustainable Development Goals by 2030 are the blueprint to achieve a better and more sustainable future. They address the global challenges the company faces, including poverty, inequality, climate change, environmental degradation, peace and justice.
CDP Carbon Disclosure Project	https://www.cdp.net/en/	CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts.
S&P Global CSA	https://www.spglobal.com/esg/csa/	The CSA applies a best-in-class approach to assess the management of ESG issues in companies and industries around the world. Based on their performance, companies receive scores ranging from 0 to 100 and percentile rankings for approximately 20 financially relevant sustainability criteria across economic, environmental, and social dimensions.

3. MATERIALITY

GRI 3-1 to 3 | CSA 1.3 | TCFD: Governance, Strategy, Risk Management

In 2023, Alpek reaffirmed its commitment to aligning its sustainability management with leading international standards. The company achieved this by updating its materiality matrix and transitioning to a double materiality assessment. The assessment process was comprehensive, evaluating Alpek's sustainability performance and maturity levels across the organization. It considered the allocation of human and financial resources, as well as the effective implementation of programs and initiatives. The process also evaluated risk exposure (considering Alpek's financial materiality), and the operational impacts on society, the environment, and the company's financial performance.

3.1 DOUBLE MATERIALITY METHODOLOGY

GRI 3-1 I CSA 1.3.1

Assessment criteria

In this analysis, Alpek embraced the double materiality concept outlined in the European Single Reporting Standard (ESRS) by the CSRD. This concept recognizes the interconnectivity of two perspectives: the company's impact on stakeholders and the financial impacts they may have on the company's performance. Each parameter included clearly defined criteria to enhance the rigor and robustness of the process.

Definition of indicators

The key sustainability indicators used align with the following leading frameworks: GRI, ISSB/IFRS, SDGs targets, CDP, S&P CSA, and the ESRS standards. These were categorized into economic, governance, environmental, and social dimensions using the Global Industry Classification Standard (GICS) for Alpek's industry (Commodity Chemicals).

Sustainability maturity level assessment

Alpek's business model, initiatives, and commercial relationships were evaluated and compared with industry peers' performance, as well as internal performance. These evaluations were measured through indicators and practices, each assigned a maturity level (ranging from 1 to 6, with 6 representing the highest maturity level). The results were quantified and integrated with the company's financial parameters.

Exposure to sustainability and financial risks

Based on their relevance to external stakeholders and alignment with Alpek's overall strategy and financial objectives, the resulting material issues were prioritized under a risk perspective, considering the interplay between impact and probability. This comprehensive approach ensures a thorough understanding of the potential impact of these material issues.

Results

The prioritization of material issues is depicted in a matrix that considers two main criteria:

1. **Alpek's maturity level vs industry peers:** which shows the gaps between the company's performance and the best industry practices.
2. **Probability of Materialization:** The likelihood that identified material issues may occur. This result shows both the financial impact the issue may or will have on the company's performance, as well as the time horizon in which the issue may pose a significant risk or materialize as an actual incidence.

Monitor and yearly review

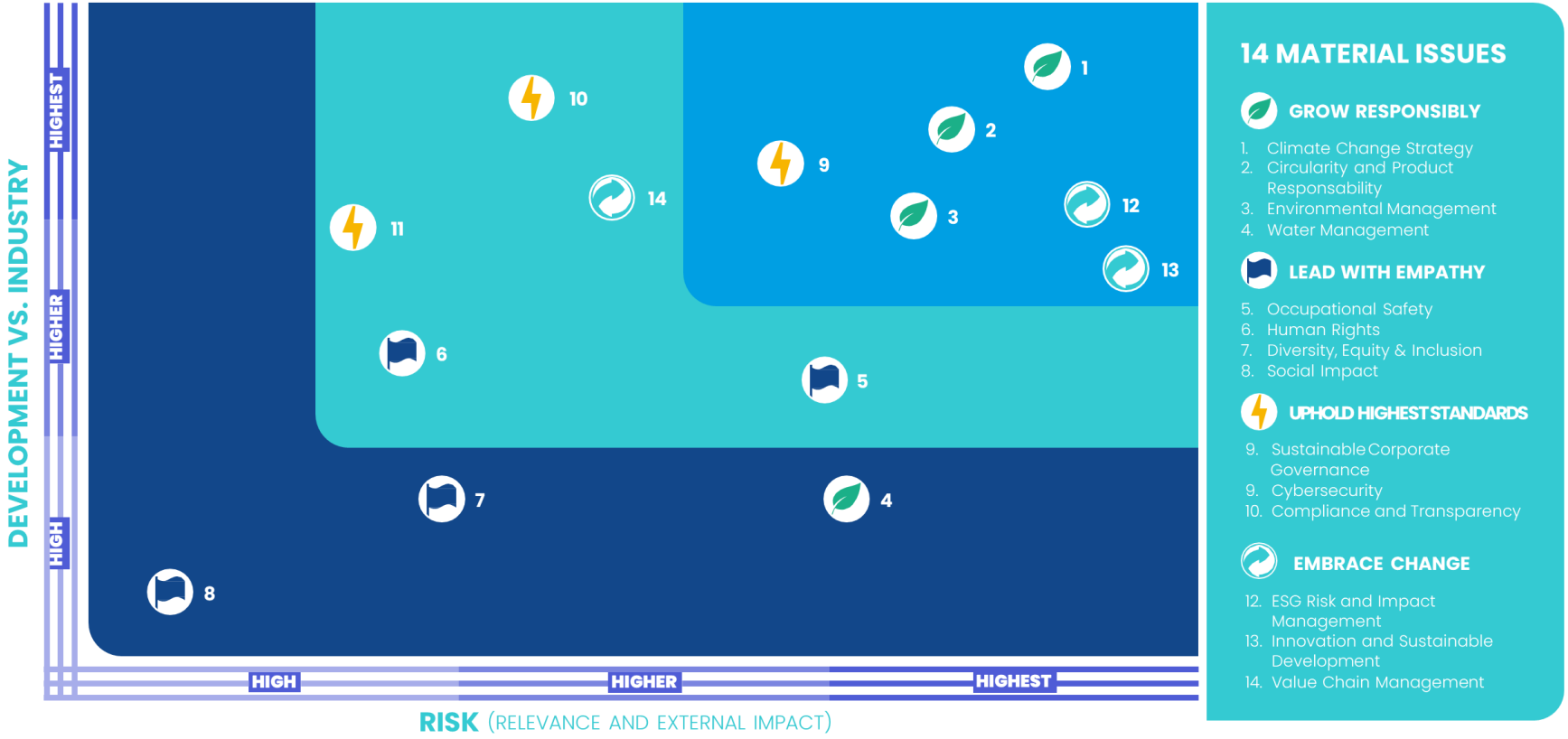
Alpek remains committed to engaging with all stakeholders to gather feedback continuously. This feedback will inform an ongoing materiality identification process.

3.2 MATERIALITY PROCESS

The materiality assessment was a collaborative effort between Alpek and a third-party sustainability consulting firm with over 20 years of experience. This assessment considered three main external stakeholders: clients, suppliers, and key industry players. The process involved analyzing public sustainability and financial information from the aforementioned stakeholders. Alpek's adoption of a dynamic materiality approach ensures ongoing identification and engagement with stakeholders regarding their sustainability performance and expectations, allowing the company to integrate this data more effectively and swiftly into the materiality analysis.

Internal stakeholders also participated by sharing current and future projects that address material issues, both directly and indirectly. This information was gathered through interviews and online surveys. Finally, Alpek integrated its existing financial risks with the insights gathered from internal and external stakeholders. The result was the identification of 14 material issues that analyze both impact and financial material risks. The Senior Executive Committee signed off on this assessment.

3.3 NEW DOUBLE MATERIALITY MATRIX 2023



3.4 MAIN MATERIAL ISSUES

CSA 1.3.2, 1.3.4, 1.3.5

Based on the double materiality assessment, the top three material issues identified were:

1. Climate Change Strategy
2. Circularity & Product Responsibility
3. ESG Risk & Impact Management

The following table is an overview of how the main material issues may affect Alpek's business continuity, its strategies to manage those impacts, and progress measures. Long-term value is inextricably linked to the company's management of these issues in both the short and the long term.

Material Risk	Climate Change Strategy	Circularity & Product Responsibility	Sustainability Risk & Impact Management
Business Case	Helps mitigate operational and financial risks, ensures regulatory compliance, reduces future costs, and meets investor and stakeholder expectations. By reducing carbon emissions and improving energy efficiency, companies can save 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.	It reduces costs, enhances resource efficiency, ensures regulatory compliance, meets consumer demand for sustainable products, and bolsters reputation. By integrating circular economy principles, Alpek will minimize waste, maximize resource use, and drive innovation in product design and business models. This approach reduces supply chain dependency, fortifies resilience, and differentiates brands in the market.	Properly integrated across the organization Sustainability Risk and Impact Management will ensure long-term business continuity by mitigating risks, enhancing operational resilience, increasing adaptation, building stakeholder trust, attracting investment, and fostering innovation.
Business Impact	• Save on operating and tax costs in the long term • First-mover advantage in carbon abatement will lead to cost reductions as well • Minimization of acute physical climate risks by enhancing operational and organizational preparedness	• Achieve cost reductions by maximizing resource use and minimizing waste expenditures • Differentiate offerings with circular products, enhancing business continuity and capturing growing market opportunities, which will translate into increased revenues	• The most significant impact is risk reduction through strategic foresight and operational preparedness, resulting in cost avoidance and potential revenue generation from new market opportunities
Business Strategies	• Identify more CO_2 reduction projects at business units • Optimize energy usage through best practices and smart technologies • Transition to greater electrification and adoption of renewable/less carbon-intensive energy sources • Identify CO_2 reduction projects at business units • Evaluate and adopt CO_2 offsetting technologies • Conduct large-scale training exercises to raise climate change awareness and its connection to operational continuity	• Assess technologies for chemical recycling & biodegradability • Expand capacities for recycling post-industrial (EPS/PP) and post-consumer (PET) waste • Advocate for circularity and promote Alpek's sustainable products • Identify and implement additional post-industrial waste and wastewater reduction projects at business units • Conduct Lifecycle Assessments for Alpek's main products	• Align compensation structures with ESG goals • Establish ESG Committees at the Board, C-Suite, and business unit levels with clear objectives • Provide training to familiarize the organization with new ESG frameworks • Standardize and enhance data collection, review processes, and communication efforts
Target or Metric	• 27.5% absolute emissions reduction for Scope 1 and Scope 2 • 13% absolute emissions reduction for Scope 3	• rPET capacity of 300,000 tons across Alpek's operations • rPET capacity of 268,000 tons, which represents 89% of progress towards the 2025 goal	• Target yet to be established due to the material issue's novelty
Target Year (if applicable)	• 2030	• 2025	• Not Applicable

4. RISK ANALYSIS

4.1 RISK GOVERNANCE

CSA 1.4.1, 1.4.4

Alpek's risk management structure is segmented into business unit levels to identify and conduct relevant current and potential risks across Alpek's operations.

ESG risk management is thoroughly reviewed at Alpek's Board meetings, which in 2022 was further improved by adding a board member with extensive experience in auditing and risk management processes. The company is also conscious that the main responsibility of organizational risk management relies on the Directors and operators of each business unit. Every six months, an Audit Committee reunion takes place, in which all Alpek's business unit Directors, together with the Business Audit Director, participate to identify emerging risks, monitor current ones, and ensure mitigation actions are effective. The output of this meeting is then addressed directly to Alpek's CEO.

Alpek carries out specific monitoring and auditing practices conducted by the Corporate Audit Director to validate the effectiveness of the company's risk management procedures performance. Each of Alpek's ESG material issues is reviewed internally quarterly by the different ESG committees, in the meetings that occur throughout the year. This is best exemplified in the diagram on the right.

4.2 RISK MANAGEMENT PROCESS

GRI 201-2 | CSA 1.4.2

Alpek classifies risks into three categories:

1. **Strategic risks:** These encompass internal or external events that could impact the achievement of business goals and strategy.
2. **Emerging risks:** These refer to unprecedented external events that have the potential for long-term impact on the company and have been recently identified.
3. **Climate-related risks:** These risks may negatively affect Alpek's operations, value chain, financial inputs, and outputs due to climate change effects.

The company counts with several measures, processes and platforms to overview and manage its risks and mitigating actions.

Risk Exposure Review	• **Annually**: The company conducts a strategic review of each business unit, analyzing market conditions, energy sourcing, new legislation, the global economic situation, and overall expectations. • **On-demand**: For each strategic decision, the company assesses potential risks to execution and profitability and identifies mitigation strategies.
Risk Culture	• For the development of products, the company evaluates the projects and investments based on determined guidelines and methodologies which encompass risk assessment. Based on this need, the company ensures that its management employees receive training to identify and quantify the risks related. • Everyone working at Alpek has the responsibility and authority to report potential risks through the company. They can do it by the superior or use our hotline and give their concern. The risk potential is then evaluated, and measures are taken. • In Alpek, we have different protocols to provide objective identification of situations and activities in our facilities that pose a risk to personnel health and safety. • Executive and line managers link some of their financial incentives to the most critical identified risks by monitoring these risks and developing mitigating actions.

4.3 STRATEGIC RISKS

GRI 2-22, 201-2 | CSA 1.4.4

Alpek uses Alfa's Risk Portal as a third-party platform, which eases the consolidation of the strategic risks identified for each business unit. This allows the company to ensure proper management and monitoring of all the risks and their respective mitigating actions. The information retrieved includes likelihood, impact, mitigation actions, and the responsible staff or position to address each risk. The table below discloses the more relevant risks in Alpek's business units based on the likelihood and impact established.

Alpek measures and regularly updates its complete strategic risk profile, which ranges from 25 to 40 constant operational risks. The following table and risk map, highlight Alpek's Top 10 identified strategic risks for 2023.

Risk ID	Area	Risk	Risk Description
R1	IT	Cyberattack	Business disruption due to cybercrimes such as loss of privacy, data theft, and fraud
R2	Commercial	New competition, less margin	More competition for specific business units
R3	Procurement	Dependence on Mexico's raw material supply	Mexico's production decrease impacts the availability of raw materials in some of Alpek's production processes
R4	Operations	Delays in permits for raw material imports	Delayed permits process with customs authorities for raw material importing
R5	Commercial	Plastic pollution regulation and social pressure	Plastic Treaty resolution and new policies to minimize specific plastic usage
R6	Procurement	Raw material supply chain issues	Lack of availability of raw materials, utilities, and other supplies
R7	Safety	Access to potable water	Droughts where some sites and offices are located
R8	Commercial	Business competitiveness vs. Asian market prices	Asian petrochemical products and raw materials with lower pricing
R9	Procurement	Specific supplier dependence	Lack of availability of healthy competition from suppliers
R10	Environmental	Non-compliance Environmental requirements	Rapid regulation changes and updated environmental regulations that require significant investments

The risk heat map aligned to the COSO Framework shows Alpek's prioritization of the risks reported by the business units.

IMPACT

LIKELIHOOD	Very Low	Low	Moderate	High	Very High
Improbable					
Rarely				R9, R10	
Occasionally				R6, R7	
Possible			R8	R3, R4	R1
Expected			R5	R2	

4.4 MITIGATION ACTIONS

GRI 3-3 I CSA 1.4.3

To minimize the potential impacts of the top identified risks, Alpek established and implemented a mitigation action plan for each risk among all potentially affected business units. Alpek's Audit Team, led by the Audit Director, monitors the status of each mitigating plan during the year. All mitigating actions must be validated by Alpek's Audit Team to ensure that the action plans are appropriate. The risks and mitigating actions are regularly discussed and approved by Alpek's Board and Top Executive team Committees.

R1 **Cyberattacks**	**R2** **New competition, less margin**	**R3** **Dependence on Mexico's raw material supply**	**R4** **Delays and permits of raw material imports**	**R5** **Plastic pollution regulation and social pressure**
• Infrastructure update • Security Policy • Employee Awareness Campaigns • Insurance contract	• Increase the sale contract percentage • Cost structure optimization	• Continous search of national and foreign supply contracts	• Follow-up to import permit paperwork with Custom Authorities	• Recycling strategy • Development of alternative products • Awareness campaigns on the benefits of "recyclable at scale" plastics • Analysis of recycling and CCUS technologies
R6 **Raw material supply chain issues**	**R7** **Access to potable water**	**R8** **Business competitiveness vs. Asian market prices**	**R9** **Specific supplier dependence**	**R10** **Non-compliance Environmental requirements**
• Monitoring of raw material markets • Preserve optimal inventory levels and critical materials • Continous searching for alternative raw materials	• Procurement and development of specialized personnel • Government relationship to monitor and support the situation	• Continuous monitoring of studies and indicators • Analyze potential measures against disloyal practices • Business competitiveness analysis • Footprint optimization	• Negotiation with new suppliers • Assure contracts with existing key suppliers	• Internal study on environmental impact • Close monitoring of new laws and regulation

4.5 EMERGING RISKS

CSA 1.4.3

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.

4.5.1 RAW MATERIALS SUPPLY DUE TO UKRAINE-RUSSIA CONFLICT

Due to the restrictions established by the European Union (EU) across Eastern Europe, there has been impacts in the purchase, import and transfer of russian natural gas, petroleum and its derivative products. As a consequence, the supply of these products and materials are now being fulfilled, mostly, by American suppliers.

If the ban of russian gasoline on the EU persists, or if any additional countries join to this ban, it may have a potential impact in the long term to Alpek's availability of raw material, and production of Alpek's product portfolio could be limited, since most of Alpek's supply comes mostly from American suppliers. Therefore, costs of petrochemical raw materials may increase in America and result on negative effects on its operating costs and overall competitiveness.

In order to manage this emerging risk, Alpek has started implementing actions as a response to possible future impacts of this event, such as, reducing the purchase of raw materials from North America and increasing the imports of Asian raw materials. However, long term, Alpek's strategy consist in establishing strategic alliances with key producers, increasing the storing capabilities, as well as, expanding transportation routes. In addition, Alpek conducts a weekly monitoring of indicators such as opportunity costs of raw materials, gasoline inventories, and market prices for Asian and American raw materials. This helps estimate trends, stay informed about current and upcoming developments, and adjust short-term strategies accordingly.

4.5.2 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.

4.6 CLIMATE-RELATED RISK

GRI 201-2 | CSA 2.5.4, 2.5.5, 2.5.7, 2.5.8, 2.5.9

4.6.1 CLIMATE-RELATED RISKS IDENTIFICATION

Alpek has strengthened its climate-related risk identification process by integrating insights from the Task Force on Climate-Related Financial Disclosures (TCFD). The TCFD aims to establish a robust methodology for disclosing financial risks stemming from climate change. Additionally, Alpek has collaborated with the SASB Climate Risk Framework, which provides industry-specific insights into relevant climate risks.

As a responsible company, Alpek recognizes the need to assess the specific impact of each identified risk and estimate when these risks might influence its value chain. These assessments are detailed in the table below. Alpek considers three time horizons:

- Short-term: 0 to 3 years (2023–2026)
- Medium-term: 5 years (2028)
- Long-term: 7 years (2031)

The potential financial impacts align with recommendations from the SASB and TCFD frameworks. Additionally, business impacts are evaluated based on the CDP framework and Alpek's internal analysis.

		Potential Business Outcomes								Potential Financial Outcomes					Time
		Lost sales or income	Equipment damage	Operating costs increase	Regulatory Fines	Reputation damage	Production interruption	Supply chain disturbances	Unable to operate business	Revenue	Expenses	Assets	Liabilities	Financing Costs	Time frame
Transitional Risks	**Political Risks**														
	Greenhouse Gas Emissions above limiting regulations			✓	✓	✓					✓				Short to Long Term
	Unsuccessful Greenhouse Gas Emissions Management: Long term and short-term			✓	✓	✓					✓				Short to Long Term
	Increased pricing of GHG emissions			✓							✓				Short to Long Term
	Enhanced emissions-reporting obligations					✓					✓			✓	Short to Long Term
	Mandates on and regulation of existing products and services	✓				✓				✓					Short to Long Term
	Exposure to litigation				✓	✓			✓		✓			✓	Short to Long Term
	Technological Risks														
	Unsuccessful investments in new technologies			✓			✓			✓	✓				Short to Medium Term

	Transition to lower emissions technology costs			✓			✓				✓				Short to Medium Term
	Substitution of existing products and services with lower emissions options	✓								✓					Short to Medium Term
	Energy Management on operations			✓			✓				✓				Short to Medium Term
	Product Design for Use-phase Efficiency	✓		✓		✓				✓	✓				Medium Term
	Market Risks														
	Changing customer behavior	✓				✓				✓					Medium Term
	Increased cost of raw materials	✓		✓							✓				Short Term
	Reputational Risks														
	Shifts in consumer preferences	✓				✓				✓					Medium Term
	Stigmatization of sector	✓		✓		✓				✓					Medium to Long Term
	Increased stakeholder concern or negative stakeholder feedback	✓				✓				✓				✓	Medium to Long Term
Physical Risks	**Acute Risks**														
	Severity of weather events		✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	Medium Term
	Chronic Risks														
	Changing weather and precipitation patterns		✓	✓			✓	✓	✓		✓	✓			Medium to Long Term
	Rising mean temperatures			✓							✓				Medium to Long Term
	Rising sea levels		✓	✓			✓	✓	✓		✓	✓			Medium to Long Term
	Water stress	✓		✓	✓	✓	✓	✓	✓	✓	✓				Short to Long Term

4.6.2 CLIMATE-RELATED RISKS ANALYSIS

GRI 201-2 | CSA 2.5.10

Alpek conducted its first quantitative assessment of climate-related risks using the platform, Climanomics by S&P Group. This tool supported the company in estimating and understanding the financial impact of climate events resulting from climate change across its different scenarios. The risk modeling methodology is based on a Hazard-Vulnerability-Risk framework:

1. Identify Hazard – Changes in environmental or economic conditions associated with climate change relative to a historical baseline.
2. Evaluate Vulnerability – Responses of an asset to changes in climate-related hazards.
3. Valuate Risk – Financial measures of impacts induced by the hazards via the vulnerabilities.

Climanomics quantifies the direct financial impacts caused by climate change based on a metric known as Modeled Average Loss (MAAL), which is in function of the hazard, vulnerability, and asset value. This metric results from the sum of climate-related expenses, decreased revenue, and/or business interruption due to the climate risks.

Analysis Description

The analysis conducted is asset-specific and it evaluated 28 production sites of the company. The timeframes considered align with the definitions of short, medium, and long-term, which were previously segmented.

To measure the magnitude of the financial impact risk that represents all these events, Alpek has outlined the following levels:

- High risk → Financial impact above 1% of Alpek's EBITDA
- Medium risk → Financial impact between 0.5% and 1% of Alpek's EBITDA
- Low risk → Financial impact below 0.5% of Alpek's EBITDA

Additionally, the platform allows the development of climate change scenario analysis, based on Social-Economic Pathways (SSPs), ranging from SSP1 2.6 up to SSP5 8.5. These scenarios provide comprehensive projections that consider different socio-economic developments and their potential impacts on climate change considering land use, energy use, population, emissions, and other factors. For this assessment, Alpek evaluated the following climate scenarios for both, transitional and physical climate risks:

SSP1 – 2.6	SSP5 – 8.5
• Aggressive mitigation scenario → Net Zero Emissions by 2050 • Global average temperature rising by 1.3 – 2.4°C by 2100 • Aligned with Paris Agreement	• Low mitigation scenario → GHG Emissions tripled by 2075 • Global average temperature rising by 3.3 – 5.7°C by 2100 • Aligned with Business-as-usual projections

Transition Climate Risks

Transition risks refer to businesses' financial and operational challenges as they move towards a lower-carbon future. These risks arise from changes in policies, regulations, market dynamics, technology, and societal expectations to address climate change. The assessment evaluated the following transitional climate risks under the two scenarios described previously:

- Carbon Pricing → Implement emerging policies and regulations that impose a carbon price mechanism for emissions.
- Litigation → Face increasing costs to defend against climate-related legal proceedings.
- Market → Adapt to the impacts of the transition to a lower-carbon economy, affecting supply and demand for products.
- Reputation → Manage the perception of an organization's environmental impact and practices.
- Technology → Address the financial implications of transitioning to a lower-carbon economy through technological advancements.

Below 2°C Scenario Analysis: SSP1 – 2.6

Data shown on the table represents the total # of sites with the specified risk.

# Sites	2020 Decade			2030 Decade			2040 Decade		
Financial Risk	**Low**	**Medium**	**High**	**Low**	**Medium**	**High**	**Low**	**Medium**	**High**
Carbon Pricing	28	0	0	25	1	2	15	5	8
Litigation	28	0	0	28	0	0	28	0	0
Market	28	0	0	28	0	0	28	0	0
Reputation	28	0	0	28	0	0	28	0	0
Technology	28	0	0	28	0	0	28	0	0
Absolute Modeled Average Annual Loss ($M USD)	20.3			51.2			243.4		

Above 2°C Scenario Analysis: SSP5 – 8.5

Data shown on the table represents the total # of sites with the specified risk.

# Sites	2020 Decade			2030 Decade			2040 Decade		
Financial Risk	**Low**	**Medium**	**High**	**Low**	**Medium**	**High**	**Low**	**Medium**	**High**
Carbon Pricing	28	0	0	28	0	0	25	2	1
Litigation	28	0	0	28	0	0	28	0	0
Market	28	0	0	28	0	0	28	0	0
Reputation	28	0	0	28	0	0	28	0	0
Technology	28	0	0	28	0	0	28	0	0
Absolute Modeled Average Annual Loss ($M USD)	19.8			22.3			50.9		

Arising Carbon Taxes in Mexico

Alpek has recognized the financial risk of emerging climate change regulations and their impacts. One example is the introduction of state-level environmental taxes in Mexico. Since 2021, various states have established taxes on gas emissions, stone material extraction, water pollution, waste management, and more. Currently, 14 out of 32 federal entities in Mexico have implemented such taxes.

In 2023, government enforcement of atmospheric emissions taxes intensified, with higher tax rates and the inclusion of natural gas emissions within the scope of taxable emissions. Although the government has offered incentives and exemptions to help companies adapt to these new carbon pricing systems, the financial and operational impact remains significant. Five of Alpek's sites in Mexico are now subject to these emission taxes, with the carbon tax expected to increase considerably between 2023 and 2024.

To mitigate these risks, Alpek has developed a carbon reduction target in line with the SBTi initiative and is working to reduce its CO_2e emissions. Additionally, Alpek has created a Net Zero Roadmap to identify potential decarbonization technologies and is currently evaluating the potential costs of these adaptations.

Physical Climate Risks

CSA 2.5.10

Physical risks associated with climate change are the tangible impacts that can directly affect people, assets, infrastructure, and ecosystems. The climate risk assessment evaluated the following physical climate events under the two scenarios described:

Below 2°C Scenario Analysis: SSP1 – 2.6

Data shown on the table represents the total # of sites with the specified risk.

# Sites		2020 Decade			2030 Decade			2040 Decade		
Financial Risk		Low	Medium	High	Low	Medium	High	Low	Medium	High
Chronic	Extreme Heat	20	3	5	18	5	5	17	6	5
	Drought	28	0	0	28	0	0	27	1	0
	Wildfire	28	0	0	28	0	0	28	0	0
	Water Stress	28	0	0	28	0	0	25	3	0
Acute	Coastal Flooding	28	0	0	28	0	0	28	0	0
	Fluvial Flooding	28	0	0	28	0	0	28	0	0
	Tropical Cyclone	28	0	0	28	0	0	28	0	0
	Pluvial Flooding	20	3	5	18	5	5	17	6	5
Absolute Modeled Average Annual Loss ($M USD)		138.8			177.9			209.5		

Above 2°C Scenario Analysis: SSP5 – 8.5

Data shown on the table represents the total # of sites with the specified risk.

# Sites		2020 Decade			2030 Decade			2040 Decade		
Financial Risk		Low	Medium	High	Low	Medium	High	Low	Medium	High
Chronic	Extreme Heat	19	4	5	17	6	5	15	8	3
	Drought	28	0	0	27	1	0	25	3	0
	Wildfire	28	0	0	28	0	0	28	0	0
	Water Stress	28	0	0	28	0	0	25	3	0
Acute	Coastal Flooding	28	0	0	28	0	0	28	0	0
	Fluvial Flooding	28	0	0	28	0	0	28	0	0
	Tropical Cyclone	28	0	0	28	0	0	28	0	0
	Pluvial Flooding	28	0	0	28	0	0	27	1	0
Absolute Modeled Average Annual Loss ($M USD)		144.9			193.7			266.7		

4.6.3 CLIMATE-RELATED OPPORTUNITIES

GRI 201-2 | CSA 2.5.9

Although the effects of climate change pose potential risks to Alpek's value chain and overall operations, they also present opportunities to explore new technologies and solutions, markets, products, and business models. The company has identified two potential opportunities that can be leveraged in the context of increasing emissions:

Use of lower-emission sources of energy

Transitioning to renewable or carbon-free energy sources can yield significant long-term cost savings for the company, as conventional energy costs are subject to the volatility of fossil fuel prices and potential supply chain disruptions. Additionally, adopting these energy sources enables the company to explore the electrification of thermal processes as a strategic component of its decarbonization efforts.

In 2023, Alpek undertook a comprehensive assessment of its electricity footprint to identify and evaluate the most effective pathway towards a zero-emission future. This initiative led to two major developments: the conversion of two significant electricity contracts in Mexico to carbon-free nuclear supply, and the exploration of Virtual Power Purchase Agreements (VPPA) and Power Purchase Agreements (PPA) in various markets, particularly in the United States. With nearly 40% of its electricity consumption occurring at its U.S. sites, current regulations, industry growth in renewables, and decreasing technology costs have presented compelling business cases for the company. However, the long-term nature of standard contracts and the substantial investments required do pose significant risks.

Overall, the company is enthusiastic about advancing its carbon-free journey and is confident that this diverse range of options will play a crucial role in its future sustainability efforts.

Development and expansion of low emission goods and services

In the last decade, Alpek has strategically invested in low-emission products, increasing its revenues.

In 2022, Alpek consolidated the acquisition of OCTAL, a major global producer of PET sheet. This acquisition added over one million tons of installed capacity across four sites and utilized OCTAL's proprietary DPET® technology, which eliminates several energy-intensive conversion steps and reduces CO_2 emissions by 25% compared to industry standards. This acquisition improves Alpek's carbon intensity, supports its CO_2 emissions reduction goals, and accelerates the transition to more sustainable packaging alternatives.

Regarding its commitment to fostering a circular economy, Alpek aims to increase its rPET capacity to help its customers reach their recycled content targets. Alpek focuses not only on recycling PET bales but also on converting PET flake into pellet form for bottle production. In recent years, Alpek has implemented several actions to achieve this goal. It acquired two PET flake-to-pellet conversion lines from PolyQuest, Inc. with a total capacity of 30,000 tons, added Single Pellet Technology™ (SPT) capabilities at various North American facilities to blend recycled and virgin PET, and acquired CarbonLite, the largest PET recycling plant in the U.S., capable of recycling over 100,000 tons per year.

4.6.4 MITIGATION ACTIONS FOR CLIMATE-RELATED RISKS

CSA 2.5.11

Alpek has implemented comprehensive mitigation measures at all sites located near coastal zones to anticipate and minimize the impacts of climate events, particularly those involving high water levels such as coastal, river, and urban flooding, cyclones, tsunamis, and more.

These mitigation measures consist of a tiered response plan based on rising water levels, ensuring a systematic and effective approach to managing risks. The process includes:

- **Reducing Operational Expenditures**: The initial step involves scaling back non-essential operations to minimize costs and focus resources on critical activities.
- **Minimizing Operational Workforce**: As conditions worsen, the company reduces the number of on-site personnel to ensure their safety while maintaining essential functions.
- **Scheduled Shutdown of Site**: If water levels continue to rise, a planned shutdown of the site is initiated, ensuring all processes are safely halted.
- **Removing Reactor Contents and Final Shutdown**: In extreme scenarios, the contents of reactors are removed to prevent potential hazards, followed by a complete site shutdown.

However, the company is further understanding the results of the physical climate risk assessment to determine a mitigation plan for the other potential risks evaluated in the analysis.

5. SOCIAL

5.1 WORKFORCE

Enclosed is an overview of Alpek's workforce composition across various diversity dimensions. In line with our ongoing commitment to developing a comprehensive Diversity, Equity, and Inclusion (DEI) strategy, the company has prioritized transparency in reporting all permissible data, as allowed by local laws in each region where we operate.

5.1.1 EMPLOYEE BREAKDOWN BY POSITION

GRI 2-7, 405-1 | CSA 3.1.2, 3.1.3

Employee Breakdown by Type (Number of employees)	**2021[4]**	**2022[4]**	**2023**
Total Employees	**6,396**	**7,259**	**5,930**
Management[1]	335	334	365
Administrative[2]	2,038	1,954	1,790
Operative[3]	4,023	4,971	3,775
Female	1,038	1,191	1,090
Management[1]	63	55	68
Administrative[2]	662	615	587
Operative[3]	313	521	435
Male	5,358	6,068	4,840
Management[1]	272	279	297
Administrative[2]	1,376	1,339	1,203
Operative[3]	3,710	4,450	3,340

1.- Management positions (from junior managers to executive management)
2.- Administrative positions (from assistants to supervisors and its equivalents)
3.- Operative (non-unionized and unionized operative employees)
4.-Alpek reclassified its employees from "Executive Management", "Management" and "Non-management" to: "Management", "Administrative" and "Operative" to facilitate a better understanding of the breakdown of the different levels in the organization. Therefore, prior published information might differ.

5.1.2 EMPLOYEE BREAKDOWN BY COUNTRY

GRI 405-1 | CSA 1.8.2, 3.2.3

Employee Breakdown by Country (Number of employees)	2021	2022[4]	2023
Total Employees	**6,396**	**7,259**	**5,930**
Management[1]	335	334	365
Administrative[2]	2,038	1,954	1,790
Operative[3]	4,023	4,971	3,775
Mexico	3,382	3,331	2,171
Management[1]	134	143	143
Administrative[2]	1,122	907	868
Operative[3]	2,126	2,281	1,160
Canada	70	69	71
Management[1]	8	2	9
Administrative[2]	18	23	18
Operative[3]	44	44	44
United States	1,517	1,712	1,566
Management[1]	133	99	124
Administrative[2]	447	501	438
Operative[3]	938	1,112	1,004
Argentina	400	413	419
Management[1]	17	20	18
Administrative[2]	119	108	119
Operative[3]	264	285	282
Chile	300	267	276
Management[1]	8	1	5
Administrative[2]	66	70	42
Operative[3]	226	196	229
Brazil	618	624	548
Management[1]	13	14	14
Administrative[2]	238	159	162
Operative[3]	367	451	372
United Kingdom	102	103	106
Management[1]	16	7	10
Administrative[2]	28	31	45
Operative[3]	58	65	51
Oman	0	620	627
Management[1]	0	32	18
Administrative[2]	0	112	58
Operative[3]	0	314	551

Employee Breakdown by Country (Number of employees)	2021	2022[4]	2023
Saudi Arabia	0	64	68
Management[1]	0	4	2
Administrative[2]	0	8	6
Operative[3]	0	52	60
Other Countries - Management[2]	6	56	78
United Arab Emirates	0	45	66
Ireland	0	1	1
Spain	0	1	1
Germany	0	1	1
Austria	0	1	1
Shanghai	2	6	6
Singapore	1	1	1
Peru	3	0	0
Denmark	0	0	1

1.- Management positions (From junior managers to Directors)

2.- Administrative positions (from assistants to supervisors and its equivalents)

3.- Operative (non-unionized and unionized operative employees)

4.-Alpek reclassified its employees from "Executive Management", "Management" and "Non-management" to: "Management", "Administrative" and "Operative" to facilitate a better understanding of the breakdown of the different levels in the organization. Therefore, prior published years might differ.

5.1.3 EMPLOYEE BREAKDOWN BY AGE

Employee Breakdown by Age (Number of employees)	2021	2022	2023
Total Employees	**6,396**	**7,259**	**5,930**
Over 50 years old	1,574	1,816	1,364
Male	1,332	1,625	1,194
Female	242	191	170
30-50 years old	3,514	4,121	3,547
Male	2,921	3,380	2,865
Female	593	741	682
Under 30 years old	1,308	1,322	1,019
Male	1,105	1,063	781
Female	203	259	238

5.2 DIVERSITY, EQUITY & INCLUSION

Alpek believes that diverse representation of gender, cultures, and perspectives at all organizational levels, coupled with an inclusive workplace, fosters innovation, creativity, and enhanced decision-making. Key initiatives to achieve a diversified workforce include implementing inclusive recruitment processes, minority-focused development programs, and DEI (Diversity, Equity, and Inclusion) training.

In 2023, Alpek reinforced its commitment to fostering a more inclusive workforce by endorsing two significant causes: the Women's Empowerment Principles by the United Nations Global Compact & UN Women, which are dedicated to gender equality, and Movimiento Congruencia, a non-profit association focused on the occupational inclusion of people with disabilities.

Additionally, throughout the year, Alpek has implemented several initiatives aligned to its strategy:

- Provided unconscious bias training for managerial positions
- Sustained implementation of women's networks and mentoring programs
- Continued facility adaptation for women and individuals with disabilities
- Finalized its first company-wide gender pay gap analysis

5.2.1 WORKFORCE BREAKDOWN BY GENDER

GRI 2-7 | CSA 3.1.2

Female Employee Breakdown by Position (Number of employees)	**2021**	**2022**	**2023**
Total Female Employees	**16%**	**16%**	**18%**
Management (Junior, Middle and Top Management)	19%	16%	19%
In Top Management	NA	5%	6%
In Middle Management	NA	10%	12%
In Junior Management	NA	21%	23%
Administrative	32%	31%	33%
Operative	8%	10%	12%
Share of women in management positions in revenue-generating functions (as % of all such managers)	15%	12%	27%[1]
Share of women in STEM-related positions (as % of total STEM positions)	12%	14%	15%[1]

Note: NA stands for information not previously disclosed.

1.- The classification of STEM-related positions and revenue-generating functions were adjusted in 2023.

5.2.2 GENDER PAY GAP

GRI 405-2 I CSA 3.1.4

Alpek is committed to achieving true gender parity in terms of salary and opportunities, continuously enhancing inclusivity across all business levels. Although this is the first time the company has publicly disclosed its gender pay data, it has been internally monitored for several years to prioritize this critical issue.

The following analysis presents data according to the United Kingdom government's methodology, using hourly pay rates for both men and women as of December 31, 2023. It is important to note that this information reflects the average salaries of men and women across the organization. However, the company recognizes that meaningful progress requires detailed analysis and action at the business level. Historically, The chemicals industry usually tends to hire more men than women at the operational, non-management level, which skews the average male salary lower. Consequently, women earn 30% more than men at the median level and 4% more than men on average across Alpek's global representation.

Alpek employs various layers of data analysis to understand structural salary differences and address root-level and individual impact issues. These layers include differences in salaries by Mercer level roles, bonuses, and other compensation differences, representation in top, middle, and lower management, gender segmentation by country, and salary percentage groups, among others.

In summary, while the company is committed to transparency on this material issue, Alpek understands that true gender parity extends beyond high-level numbers. The company is actively developing new strategies to ensure that all women and men within the organization feel represented, understood, and treated equitably.

Gender Pay Gap Analysis – Total Company (Difference between men and women)	**2021**[1]	**2022**[1]	**2023**
Mean gender pay gap	NA	NA	-4%[2]
Median gender pay gap	NA	NA	-30%[2]

1.- This information was not previously disclosed.

2.- A negative gender pay gap represents women earning higher than men. A positive gender pay gap represents men earning more than women.

5.2.3 WORKFORCE BREAKDOWN BY RACE

GRI 405-1 | CSA 3.1.3

Total Workforce Distribution (as % of total employees)	2021	2022	2023
Asian	1%	1%	13%[1]
White	28%	22%	35%
Hispanic or Latino	60%	57%	45%
Indigenous or Native American	0%	0%	1%
African American or Black	4%	4%	5%
Others, two or more races	4%	14%	1%[1]
Non-Identified	3%	1%	0%
Total Alpek Workforce (%)	100%	100%	100%

Note: Races classified according to CSA report.

1.- In 2022, Alpek acquired Octal. In 2023 Alpek carried out a more accurate race classification for this new headcount.

5.2.4 WORKFORCE BREAKDOWN BY RACE AT MANAGEMENT LEVEL

GRI 405-1 | CSA 3.1.3

Junior, Middle, and Senior Management Workforce Distribution (as % of Junior, Middle, and Senior Management employees)	2021	2022	2023
Asian	2%	1%	11%[1]
White	38%	30%	32%
Hispanic or Latino	57%	54%	45%
Indigenous or Native American	0%	0%	1%
African American or Black	2%	1%	1%
Others, two or more races	1%	15%	7%[1]
Non-Identified	-	-	-
Total % (Total Alpek's junior, middle, and senior management identified 2023: 365 employees)	100%	100%	100%

Note: Races classified according to CSA report.

1.- At 2022, Alpek acquired Octal. In 2023 Alpek carried out a more accurate race classification for this new headcount..

5.2.5 WORKFORCE BREAKDOWN BY DISABILITY

Alpek Employees with a Disability (Number of employees)	2021	2022	2023
With a disability	9	15	16

5.3 HUMAN CAPITAL MANAGEMENT

5.3.1 TRAINING AND DEVELOPMENT

GRI 404-1 I CSA 3.3.1

Training & Development (Average Training Hours per Employee)	**2021**	**2022**	**2023**
Average Training Hours | Employees	**25**	**22**	**34**
Female	41	37	32
Male	22	19	34
Operative	48	11	25
Administrative and Management	35	41	49
Average amount spent per FTE, USD	**360**	**425**	**388**

5.3.2 EMPLOYEE DEVELOPMENT PROGRAMS

CSA 404-2 I CSA 3.3.2

At Alpek, employee development is a cornerstone of our corporate culture. The company is dedicated to implementing and offering robust programs and initiatives that continuously enhance the skills of our workforce, fostering a dynamic environment of growth and innovation. Throughout the reporting year, Alpek conducted targeted training to improve employee capacity building.

Leadership and Project Management Capacity Building

The company organized multiple training programs across its business units to develop or enhance soft skills related to team communication, leadership, and project management. These initiatives directly benefited approximately 450 employees, fostering their professional development and enhancing organizational effectiveness.

Ongoing Professional Education

In 2023, Alpek provided employees with academic advancement opportunities through scholarships for various educational programs. These included professional certifications, diplomas, and master's degrees, enabling employees to enhance their skills, advance their careers, and contribute more effectively to the organization. Throughout the year, these initiatives benefited nearly 20 employees.

5.3.3 HUMAN CAPITAL RETURN ON INVESTMENT

CSA 3.3.3

Human Capital Return on Investment ($ million MXN)	**2020**	**2021**	**2022**	**2023**
Total Revenue	113,989	156,224	212,435	138,159
Total Operating Expenses	107,679	137,573	188,344	133,713
Total employee-related expenses (salaries + benefits)	6,319	7,348	7,538	6,976
Human Capital ROI[1]	**2.0**	**3.5**	**4.2**	**1.6**
Total Employees	**6,283**	**6,396**	**7,259**	**5,930**

1.- Human Capital ROI calculated based on: (Total Revenue – (Total Operating Expenses - Total employee-related expenses))/ Total employee-related expenses.

5.4 TALENT ATTRACTION & RETENTION

5.4.1 EMPLOYEE HIRING BREAKDOWN BY AGE

GRI 401-1 | CSA 3.3.4

Employee Hiring by Age (Number of employees)	2020		2021		2022		2023	
Total filled vacancy positions	**473**	**8%**	**780**	**12%**	**1,557**	**21%**	**1,087**	**18%**
Over 50 years old	47	3%	84	1%	170	2%	121	2%
Male	36	3%	69	1%	132	2%	97	2%
Female	11	7%	15	0%	38	1%	24	0%
30-50 years old	225	7%	393	6%	724	10%	461	8%
Male	181	7%	314	5%	580	8%	349	6%
Female	44	8%	79	1%	144	2%	112	2%
Under 30 years old	201	14%	303	5%	663	9%	505	9%
Male	148	13%	253	4%	497	7%	384	6%
Female	53	19%	50	1%	166	2%	121	2%

5.4.2 INTERNAL AND EXTERNAL EMPLOYEE HIRING

In 2023, approximately 28% of the positions filled were secured through internal hiring. Alpek is committed to enhancing organizational mobility by placing a strong emphasis on career development.

External and Internal Employee Hiring (Number of employees)	2020		2021		2022		2023	
Total filled vacancy positions	**473**	**8%**	**780**	**12%**	**1,557**	**21%**	**1,087**	**18%**
Internal Hiring	NA	NA	NA	NA	633	9%	307	5%
Male	NA	NA	NA	NA	511	7%	225	4%
Female	NA	NA	NA	NA	122	2%	82	1%
External Hiring	NA	NA	NA	NA	924	13%	780	13%
Male	NA	NA	NA	NA	698	10%	605	10%
Female	NA	NA	NA	NA	226	3%	175	3%

Note: NA stands for information not previously disclosed.

5.4.3 PERFORMANCE APPRAISAL

GRI 401-2 | CSA 3.3.5

At Alpek, performance appraisals are crucial for evaluating workforce effectiveness and ensuring proper employee development. The company employs various performance appraisal methods across its business units and employee levels, delivering accurate assessments that foster professional growth and align individual achievements with Alpek's strategic objectives.

	How does it work at Alpek?	Frequency	Employee Level
Management by Objectives	At Alpek, at the beginning of each fiscal year, executive management and employees collaborate to establish clear and measurable objectives based on specific indicators that align with both departmental and organizational strategic visions and targets.	At least annually	• Executive Management • Management
360° Feedback	The 360° feedback erformance appraisal at Alpek collects anonymous input from supervisors, peers, subordinates, and others. This method provides a comprehensive view of performance, identifying strengths and areas for improvement, and complements the management by objectives approach.	At least annually	• Executive Management • Management

5.4.4 EMPLOYEE SUPPORT PROGRAMS

GRI 401-2 I CSA 3.3.7

Alpek has different programs and active policies to support its employees' well-being and professional growth. Part of these programs provide the following benefits:

- Flexible working hours
- Working-from-home arrangements
- Part-time working options
- Breast-feeding/lactation facilities or benefits
- Paid parental leave – ALL employees are granted paid parental leave, even in countries where it is not legally mandated. However, depending on the country, female employees are entitled to 4 to 24 weeks of leave, while male employees' leave varies from 5 days to 5 weeks.
- Among others

5.4.5 MATERNITY AND PATERNITY LEAVE CASES

GRI 401-3

Maternity and Paternity Leave (Number of Cases)	2020	2021	2022	2023
Maternity leave	22	21	55	36
Paternity leave	81	129	102	67
Reincorporation after Maternity or Paternity leave	**61**	**113**	**87**	**86**
Reincorporation Rate	**59%**	**75%**	**55%**	**83%**

5.4.6 TOTAL EMPLOYEE TURNOVER RATE

GRI 401-1 I CSA 3.3.8

Total Employee Turnover Rate[1] (% of total employees)	**2020**	**2021**	**2022**	**2023[3]**
Total	**8.9%**	**20.5%**	**15.9%**	**36.6%**
Over 50 years old	NA[2]	NA[2]	2.9%	10.0%
Male	NA[2]	NA[2]	2.5%	9.4%
Female	NA[2]	NA[2]	0.4%	0.6%
Between 30 and 50 years old	NA[2]	NA[2]	7.1%	15.8%
Male	NA[2]	NA[2]	5.8%	13.1%
Female	NA[2]	NA[2]	1.3%	2.7%
Below 30 years old	NA[2]	NA[2]	5.9%	10.8%
Male	NA[2]	NA[2]	5.0%	9.2%
Female	NA[2]	NA[2]	0.9%	1.6%

1.- There was a change in the calculation methodology for this indicator in 2022. It is calculated based on the total of employees who leave the organization divided by the total of employees at the end of the year.
2.- This information was not previously disclosed.
3.- Increased turnover rate due to closure of manufacturing sites in 2023.

5.4.7 VOLUNTARY EMPLOYEE TURNOVER RATE

CSA 3.3.8

Voluntary Employee Turnover Rate[1] (% of total employees)	**2020**	**2021**	**2022**	**2023**
Total	**NA[2]**	**NA[2]**	**10.8%**	**11.9%**
Over 50 years old	NA[2]	NA[2]	1.9%	1.9%
Male	NA[2]	NA[2]	1.6%	1.7%
Female	NA[2]	NA[2]	0.3%	0.2%
Between 30 and 50 years old	NA[2]	NA[2]	4.6%	5.2%
Male	NA[2]	NA[2]	3.6%	4.3%
Female	NA[2]	NA[2]	1.0%	0.9%
Below 30 years old	NA[2]	NA[2]	4.4%	4.8%
Male	NA[2]	NA[2]	3.7%	4.1%
Female	NA[2]	NA[2]	0.8%	0.7%

1.- There was a change in the calculation methodology for this indicator in 2022. It is calculated based on the total of employees who leave the organization divided by the total of employees at the end of the year.
2.- This information was not previously disclosed.

5.4.8 EMPLOYEE ENGAGEMENT RATE

CSA 3.3.9

Alpek has launched its Employee Engagement Survey to gather and understand the perceptions and opinions of its over 5,000 employees across the nine countries where it operates. This assessment includes dimensions aligned with the four key aspects of overall well-being recommended by the World Health Organization (WHO): job satisfaction, purpose, happiness, and stress.

WHO Dimension	Dimensions Covered in Survey	Sample Questions
Job Satisfaction	• Employee Engagement	• I would recommend my company as a good place to work
Purpose	• Clear and Promising direction	• I understand how my job contributes to my company's strategic priorities and goals
Happiness	• Authority and Empowerment • Well-being • Development Opportunities	• My manager makes me feel valued and appreciated for my contributions • I have opportunities to achieve my career goals at my company
Stress	• Work, Structure & Process • Well-being	• The work is well organized in my work group • Our company supports me in achieving a reasonable balance between my work life and my personal life

The results are currently under evaluation and analysis to obtain valuable insights from employees, identify areas for improvement, and guide the company's future direction. These findings will be published in due course.

Employee Highly Engagement [1] (% Actively engaged employees)	2019	2020	2021	2022[2]	2023
Employee with top level of Engagement	70%	82%	74%	74%	71%
Data coverage of Alpek Employees	87%	78%	68%	68%	86%

1- Scores from 4 to 5 on a 5-point scale are considered highly engaged employees.

2.- In 2021, Alpek started to carry out its employee engagement assessments every two years to develop and implement action plans to improve employee engagement. Therefore, 2021 and 2022 have the same score.

3.- Results will be updated as collected.

5.4.9 FREEDOM OF ASSOCIATION

GRI 2-30 I CSA 3.1.5

Employee Freedom of Association (% of employees)	2021	2022	2023
Employees represented by an independent trade union or by collective bargaining	58%	52%	35%

5.5 COMMUNITY ENGAGEMENT

5.5.1 CORPORATE CITIZENSHIP STRATEGY

GRI 203-1, 203-2 I CSA 3.6.2

In 2023, Alpek updated its materiality assessment, recognizing community engagement as a critical priority. The process of double materiality concluded with the inclusion of this topic under two key issues: Social Impact and Human Rights. As both topics fall under the Lead with Empathy pillar, this integration will enable community engagement to become a central part of Alpek's broader strategy. Consistent with previous years, Alpek has made significant contributions to its communities in the following ways:

Building Educational Platforms for Youth: Alpek engages in environmental education through school talks and actively donates to ALFA Fundación's Extra Academic Talent Centers, providing exceptional education to young individuals from vulnerable communities.

Enhancing Community Safety: All Alpek facilities conduct various safety training sessions for surrounding communities to prepare for potential emergencies related to the company's operations.

Promoting Environmental Awareness: Alpek spreads awareness through talks in schools, forums, and collaborations with local authorities and associations.

As part of its efforts to collaborate with peers and regulators to promote sustainable development, Alpek participates in various business chambers and associations. This engagement allows the company to address key industry stakeholders' concerns and have them addressed by the authorities. Alpek also conducts several local stakeholder forums where possible and maintains open communication channels with surrounding communities.

GRI 2-28

Chambers and Associations Participation (Name of the institutions)	
Argentina	
Asociación Argentina de Poliestireno (AAPE)	Cámara de exportadores (CERA)
American Chamber of Commerce Arg (Amcham)	Comité industrial Medio Ambiente Campana-Zarate (CICACZ)
Asociación Nacional de Industrias de Materiales Aislantes (ANDIMA)	Cámara Industria PET Argentina (CIPETAR)
Asociación Civil Argentina Pro-Reciclado del PET (ARPET)	Cámara de Industria Química y Petroquímica (CIQyP)
Cámara Argentina de Industria Plástica (CAIP)	Cámara importadores (CIRA)
Cámara Argentina de la Industria de reciclados plásticos (CAIRPLAS)	Instituto Argentino del Envase
Cámara Argentina de la Industria Petroquímica	Instituto Petroquímico Argentino (IPA)
Cámara Comercio Argentina-Mexicana	Unión Industrial Zarate
Brazil	
Associação Brasileira da Indústria do PET (ABIPET)	Sindicato das Indústrias de Produtos Químicos para Fins Industriais,
Asociación Industrial Química Brasileña (ABIQUIM)	Resinas Sintéticas, Tintas e Vernizes do Estado de Pernambuco (Siquimpe)
Brazilian Association of Producers of Artificial and Synthetic Fibers (ABRAFAS)	
Canada	

Chambers and Associations Participation (Name of the institutions)	
Assoc for Dev.& Innovation in Chemistry - Quebec	Engineering Association - Quebec
Canada Chamber of Commerce - Quebec	Montreal East Industry Association
Canadian Payroll Association	Mutuelle (PetroChemical Companies Coalition) - Montreal
Chemist Association - Quebec	Technology Professionals Assoc - Quebec
Chile	
Cámara Chilena de la Construcción (CChC)	Corporación Chilena para el Desarrollo y Administración de Estándares
Cámara Chileno-Mexicana	Intelligent Information System of Latin America (IISLA)
Centro de Envases y Embalajes de Chile (CENEM)	
Mexico	
AISTAC – Asociación de Industriales del Sur de Tamaulipas	Cámara Nacional de la Industria de Transformación (CANACINTRA)
Asociación Nacional de Industrias del Plástico (ANIPAC)	Cámara Nacional de Comercio (CANACO)
Asociación Nacional de la Industria Química (ANIQ)	Comisión de la Industria del Plástico, Responsabilidad y Desarrollo Sustentable (CIPRES)
Alianza por la Eficiencia Energética (ALENER)	Confederación Patronal de la República Mexicana (COPARMEX)
Asociación Petroquímica y Química Latinoamericana (APLA)	Instituto Mexicano de Ingenieros Químicos (IMIQ)
Cámara de la Industria de Transformación de Nuevo León (CAINTRA)	Plan de Manejo para el Reciclaje de EPS (RENNUEVA)
Cámara Nacional de la Industria Textil (CANAINTEX)	Emerging Textiles
United Kingdom	
British Plastics Federation	Northeast England Process Industry Cluster
Chemical Industry Assoc	PET Container Recycling Europe
Committee of PET Manufacturers in Europe	RECOUP Plastics Recycling
Northeast England Chamber of Commerce	
United States	
Wayne County, IN Economic Development Corporation	Indiana Recycling Coalition
Berkely County, SC Chamber of Commerce	MS Economic Council
Carolinas Recycling Association	National Association for PET Container Resources
Central SC Alliance	National Council of Textile Organizations
EPS Industry Alliance (EPSIA)	Society for Human Resources Management
Fayetteville-Cumberland County Economic Development Corp.	The Recycling Partnership
Hancock County, MS Community Development Foundation	Wayne County IN Chamber of Commerce
Hancock County, MS Youth Leadership	Wayne County, IN Economic Development Corporation
Indiana Chamber of Commerce	

5.6 PEOPLE'S SAFETY

Alpek consistently invests in the health and safety of its employees. From running vaccination campaigns to organizing outdoor volunteer activities, the company strives to ensure a safe and healthy workplace. Each business unit has a comprehensive Health and Safety system in place, including mechanisms to respond to emergencies, provide occupational medical care, conduct periodic examinations, and monitor health programs.

5.6.1 OHS PROGRAMS

GRI 403-1, 403-2, 403-7, 403-8, 403-9 | CSA 3.4.2

Alpek's business units all have implemented OHS programs in order to comply with their safety requirements within operations. These activities include:

- Hazard identification and analysis
- Action plans to reduce, mitigate, and eliminate safety hazards
- Emergency internal and external action plans
- Measuring the TRR (Total Recordable Rate)

All employees are involved in the safety processes, either through direct participation or access to communication channels and consultation to the programs that structure the OHS system. Alpek aims at their participation, contribution, and consultation through the following OHS programs (among others):

- Internal Commission for Accident Prevention
- Participation in Campaigns and SMS Awareness Training
- Effective participation in the record of deviations
- Effective participation in behavioral audits
- Participation in the Daily Safety Dialogues
- Participation in the Disclosure of Hazard and Risk Assessments
- Disclosure and Consultation of the PCMSO Program (Occupational Health Medical Control Program)
- Dissemination and Consultation of the PPRA Program (Environmental Risk Prevention Program)
- Disclosure and Consultation of Preliminary Risk Analysis
- Preparation and Consultation of Task Safety Analysis
- Transparency Channel – (Reports, complaints, and doubts about lack of integrity, ethics, and transparency in the company).

Some of the activities covered by the OHS programs are:

- Industrial Activities (operational maneuvers, equipment inspection, maintenance, electricity services, process control, activity releases, sample collection)
- Activity in Mechanical Workshops (maintenance, cargo handling, lubrication, calibration, repair, cutting and welding)
- Transport (internal and external circulation of employees)
- Logistics (storage, material handling, packaging, production planning, supply and distribution)
- Laboratory (chemical, physical-chemical analysis, control materials, processes and products)
- Engineering (project design, construction monitoring, construction inspection, techniques to optimize processes)
- Patrimonial (preservation of patrimonial assets, people access control, internal security)
- Health Service (urgent and emergency care, occupational medical care, periodic examinations, issuing technical reports, monitoring of health programs)
- Emergency Assistance (claims handling, fire, explosions, leakage, spill, occupational accidents)
- Warehousing (Receipts of materials, storage of products, movement of materials, and distribution)

During 2023, there was a 27% reduction in Alpek's TRIR versus 2022. Additionally, two business units and ~34% of the sites achieved zero recordable incidents.

5.6.2 TOTAL WORKFORCE SAFETY

GRI 403-3, 403-9 & 403-10 | SASB RT-CH-320a.1 | CSA 3.4.3, 3.4.4, 3.4.5

Total Personal Safety Overview (Employees + Contractors)	2020[1,2]	2021[1,2]	2022	2023
Total Recordable Incidents (number of incidents)	66	64	66	47
Incapacitating Incidents (number of incidents)	39	42	42	30
Non incapacitating Incidents (number of incidents)	27	22	24	17
Fatalities (number of incidents)	0	0	1	0
Lost days (number of days)	0	1,102	1,228	982
TRIR – Total Recordable Incident Rate (200,000 hours worked)	0.73	0.61	0.57	0.42
LTIR – Total Time Injury Rate (200,000 hours worked)	0.43	0.40	0.36	0.27
Hours Worked by Alpek Employees (number of hours)	18,115,015	21,077,638	23,156,390	22,419,503

1.- This information was not previously disclosed.

2.- Personal safety Data of 2020 and 2021 Includes Employees + Contractors working in all sites; Plants, Offices and Warehouses

5.6.3 EMPLOYEES BREAKDOWN

Employee Safety Overview	2020[1,2]	2021[1,2]	2022	2023
Total Recordable Incidents (number of incidents)	48	50	48	35
Incapacitating Incidents (number of incidents)	29	33	33	23
Non incapacitating Incidents (number of incidents)	19	17	15	12
Fatalities (number of incidents)	0	0	0	0
TRIR – Total Recordable Incident Rate (200,000 hours worked)	0.76	0.71	0.65	0.48
LTIR – Total Time Injury Rate (200,000 hours worked)	0.45	0.47	0.45	0.31
Hours Worked by Employees (number of hours)	12,884,601	14,003,671	14,764,474	14,659,962

1.- This information was not previously disclosed.

2.- Personal safety Data of 2020 and 2021 Includes Employees + Contractors working in all sites; Plants, Offices and Warehouses

5.6.4 CONTRACTORS BREAKDOWN

Contractors Safety Overview	2020[1,2]	2021[1,2]	2022	2023
Total Recordable Incidents (number of incidents)	18	14	18	12
Incapacitating Incidents (number of incidents)	10	9	9	7
Non incapacitating Incidents (number of incidents)	8	5	9	5
Fatalities (number of incidents)	0	0	1	0
TRIR – Total Recordable Incident Rate (200,000 hours worked)	0.68	0.39	0.43	0.31
LTIR – Total Time Injury Rate (200,000 hours worked)	0.38	0.25	0.21	0.18
Hours Worked by Contractors (number of hours)	5,230,414	7,073,967	8,391,916	7,759,541

1.- This information was not previously disclosed. 2.- Personal safety Data of 2020 and 2021 Includes Employees + Contractors working in all sites; Plants, Offices and Warehouses

5.6.5 PROCESS SAFETY EVENTS TIER 1

CSA 3.4.6

Alpek has thoroughly identified the Process Safety Events that have occurred at its various sites during 2023, in accordance with the definition established by the Center for Chemical Process Safety (CCPS).

Process Safety Events Tier 1	2019	2020	2021	2022	2023
Number of tier 1 process safety events per 1,000,000 hours	NA	NA	1.89	0.73	0.04

Note: NA stands for information not previously disclosed.

5.7 HUMAN RIGHTS & CODE OF ETHICS

CSA 3.2.1, 3.2.2

In 2022, Alpek implemented its Code of Ethics and an enhanced Human Rights Policy to strengthen its commitment to the human rights of its employees and communities. In 2023, the company expanded its reach across all business units by providing continuous training on Alpek's values and business practices. From effectively executing anti-bribery and anti-corruption practices to maintaining a secure communication mechanism for reporting issues, Alpek ensures that ethics are deeply embedded in its corporate culture. Additionally, Alpek incorporates a detailed due diligence process for any perceived Human Rights violations, as outlined in the section 7.6.

Each business unit conducts its own Human Rights due diligence process, considering the following elements:

- Employment is freely chosen
- Freedom of association and the right to collective bargaining
- Safe and Hygienic working conditions
- Prohibition of child labor
- Living wages are paid
- Working hours are not excessive
- No discrimination is practiced
- No harsh treatment is allowed

Through Alpek's Audit process, it proactively conducts assessments to identify any potential human rights issues, as the internal team thoroughly covers and visits all sites every 2 to 3 years. Each visit follows an approved risk process which follows up with a specific gap and improvement plan for each site.

5.7.1 HUMAN RIGHTS

Alpek has implemented a Human Rights Policy as a public document to mitigate any potential human rights violations within its operations.

As part of this mitigation process, Alpek ensures full compliance with national and international labor regulations, commits to the UN Global Compact Principles, and adheres to the ILO Convention recommendations. This ensures that all Alpek sites have the necessary measures in place to respect the human rights of employees and nearby communities.

All cases of human rights violations can be reported through the Integrity and Transparency Helpline and are addressed promptly. In 2023, Alpek addressed two such cases related to equal remuneration, both of which were resolved through its Human Rights Policy and Due Diligence process.

Additionally, in 2023, Alpek published its Supplier Code of Conduct, which specifically references human rights in its "Principles" (5 vi.) as follows:

a. At Alpek, we support and respect the principles established in the United Nations Universal Declaration of Human Rights. We encourage Suppliers to have a diverse workforce and provide a workplace free from discrimination or any other form of abuse.
b. Harassment, including unwelcome verbal, visual, physical, or other conduct of any kind that creates an intimidating, offensive, or hostile work environment will not be tolerated. Employment decisions shall be based on qualifications, skills, performance, and experience.
c. Supplier employees shall receive compensation and benefits that comply with Applicable legal regulations, ensuring that they work in compliance with all Applicable legal regulations and industry standards regarding the number of hours and days worked. The supplier employees will have clear written employment information for all employees that define remuneration, deductions, and terms of employment.
d. This policy (Code) is supported by Alpek's Humans Right Policy (PO-ALPEK-CH-04).

The scope of this Supplier Code of Conduct applies to all suppliers, who must respect and adhere to the Code when conducting business with or on behalf of Alpek. Suppliers are also expected to apply this Code and their relevant policies throughout their supply chain, ensuring compliance by their parent company, affiliates, employees, agents, suppliers, contractors, sub-contractors, and related third parties. The Code sets out guidelines for these business partners to ensure that all interactions can be monitored and reviewed for improvement.

Alpek also ensures that employees who become new parents have access to leave time benefits with their newborn or adopted children.

5.7.2 CODE OF ETHICS AND HUMAN RIGHTS BREACHES

GRI 2-22, 2-23, 205-2 & 205-3 | CSA 1.5.3, 1.5.4, 1.5.5, 3.2.3, 3.2.4

The following are the results from Alpek's Integrity and Transparency Helpline[1]:

Breaches To Human Rights and Code of Ethics (Number of complaints and/or issues)	**2019**	**2020**	**2021**	**2022**	**2023**
Human Rights	**0**	**0**	**0**	**2**	**2**
Forced Labor	NA[2]	NA[2]	NA[2]	0	0
Human Trafficking	NA[2]	NA[2]	NA[2]	0	0
Child Labor	NA[2]	NA[2]	NA[2]	0	0
Freedom of association	NA[2]	NA[2]	NA[2]	0	0
Right to collective bargaining	NA[2]	NA[2]	NA[2]	0	0
Equal Remuneration	NA[2]	NA[2]	NA[2]	2	2
Code of Ethics	**3**	**4**	**15**	**9**	**10**
Corruption – Bribery against the Government	0	0	0	0	0
Corruption – Bribery against the Company	3	4	12	3	2
Discrimination - Harassment	0	0	3	4	4
Customer Privacy Data	NA[2]	NA[2]	NA[2]	0	1
Conflicts of Interest	NA[2]	NA[2]	NA[2]	2	2
Money Laundering or Insider trading	NA[2]	NA[2]	NA[2]	0	0
Total of Verified and Actionable Complaints[3]	**3**	**4**	**15**	**11**	**11**
Total Complaints received[3]	**NA[2]**	**NA[2]**	**NA[2]**	**14**	**20**
Resolution during the year in analysis of Total Complaints received	**NA[2]**	**75%**	**73%**	**89%**	**100%**

1.- Please refer to the "Code of Business Conduct" for further details on the Helpline process

2 - This information was not previously disclosed.

3.- Following the internal process, all complaints (verified or not) are analyzed in an equal manner by Alpek's auditing and human capital functions and are fully investigated in a step-by-step escalation procedure. Those complaints which are verified through the process, are then acted upon and escalated to action resolution are considered "verified". "Total Complaints received" references all information sent through the integrity and transparency helpline, both anonymous or identifiable, which then goes through the process and is categorized as "verified" or "non-verified". "Non-verified" refers to those complaints that are concluded without action after a case evaluation and resolution by the assigned responsible.

In response to the verified complaints process, and in accordance with Alpek's Human Rights and Code of Ethics Policy, the following summarized actions were issued and documented in response to the previously mentioned cases:

- **Equal remuneration.** Action: Detailed verbal feedback.
- **Corruption – Bribery against the Company**. Action: Detailed verbal feedback, collaborator dismissal.
- **Discrimination – Harassment**. Action: Detailed verbal feedback, collaborator dismissal, commitment letter, and personnel training.
- **Conflict of Interest**. Action: Detailed verbal feedback.

Additionally, as stated in the Due Diligence process (found in section 7.6), there is also a thorough mitigation plan set forth for every "verified" case before it concludes. Depending on the severity of the case, the assigned responsible for the case makes a recommendation, based on procedure, to have the local site handle mitigating actions, or escalate it to the top management, to instigate a potential business unit training, culture, and mitigation action (for example, in case of Harassment).

5.8 CUSTOMER SATISFACTION MEASUREMENT

CSA 3.5.1

In 2023, Alpek's business units conducted customer satisfaction assessments, achieving an average satisfaction rate of 86%. These surveys evaluate overall satisfaction, product quality, customer service, supply reliability, among other aspects. Additionally, Alpek received an award from a major customer, PepsiCo, for its unwavering commitment and innovative recycling solutions. Specifically, the company was recognized for its valuable contributions of solutions that increase recycled content in the customer's final products, thereby supporting the client in achieving its sustainability objectives.

6. ENVIRONMENTAL

6.1 ENVIRONMENTAL INVESTMENTS

CSA 2.1.4

Over the past five years, Alpek has allocated more than $203 million USD to environmental initiatives aimed at mitigating emissions, minimizing waste generation, conserving water, and optimizing energy consumption.

6.2 SIGNIFICANT ENVIRONMENTAL AND WATER-RELATED INCIDENTS

GRI 2-27 I SASB RT-CH-140a.2 I CSA 2.1.5, 2.5.6

Environmental and Water- Related Incidents or Situations (number of incidents)	2019	2020	2021	2022	2023
Non-compliance associated with environmental permits, standards, and regulations	0	0	0	0	0
Governed by national, state, and local statuary permits and regulations	0	0	0	0	0

6.3 ENVIRONMENTAL COMMITMENTS

GRI 2-24

Over the past two years, Alpek has revised its environmental policies to enhance the breadth of their coverage. Below, the company outlines some of the new environmental commitments included in the policy:

6.3.1 ANIMAL FREE TESTING

Alpek is committed to ensuring that animals do not suffer or perish during product testing. As part of this commitment, Alpek refrains from conducting any animal testing for its products or materials.

6.4 BIODIVERSITY

GRI 101-2, 101-4, 101-5, 101-6, 101-7 |

6.4.1 BIODIVERSITY RISK ASSESSMENT

CSA 2.6.1

In 2023, Alpek conducted its inaugural Biodiversity Risk Assessment (BRA). Following a comprehensive review of available methodologies and in alignment with the Taskforce for Nature-related Financial Disclosures (TNFD) recommendations, Alpek selected the World Wildlife Fund's (WWF) Biodiversity Risk Filter (BRF) tool for this assessment. The methodology steps are listed below. For a detailed description of the full methodology, please refer to the following link: WWF Biodiversity Risk Filter - Data & Methods.

Methodology Steps

0. Scoping the Assessment
    a. Identifying Industry Materiality
    b. Exploring biodiversity importance & integrity
1. Collecting Location-specific company data
2. Assessing biodiversity-related risks
3. Aggregating risks to the company level

Assessment Process

Companies heavily rely on ecosystem services to ensure uninterrupted business operations, a dependence that poses physical risks. Additionally, they encounter reputational risks when stakeholders and local communities perceive their practices as unsustainable or irresponsible in terms of biodiversity. Elevated vulnerability levels for both physical and reputational risks signal an increased likelihood of business disruptions due to biodiversity-related factors.

The World Wildlife Fund's Biodiversity Risk Framework (BRF) allows companies to assess biodiversity risks at their operational sites and formulate effective response plans. The framework assigns two final numeric scores to each site: 'Physical Scape Risk' and 'Reputational Scape Risk.' These scores are derived by aggregating vulnerability levels from BRF Indicators on a scale of 1 to 5, with 5 indicating very high vulnerability. Geographic location and industry-specific characteristics are taken into account.

In Alpek's initial BRA, the focus was primarily on the company's operations and adjacent areas. According to the BRF classification, Alpek falls within the "Chemicals and Other Materials Production" industry. The table below highlights the industry's vulnerabilities, particularly those with a risk level of 3 or higher.

"Chemicals and Other Materials Production" Industry				
Risk type	**Impact/Dependency**	**Ecosystem service type**	**BRF Indicators**	**Vulnerability level**
Physical	Dependency	Provisioning Services	1.1 Water Scarcity	4
Physical	Dependency	Regulating & Supporting Services – Enabling	2.2 Water condition	3
Physical	Dependency	Regulating Services – Mitigating	3.1 Landslides	4
Physical	Dependency	Regulating Services – Mitigating	3.2 Wildlife Hazard	3
Physical	Dependency	Regulating Services – Mitigating	3.5 Extreme Heat	3
Physical	Dependency	Regulating Services – Mitigating	3.6 Tropical Cyclones	4
Reputational	Impact	Pressures on Biodiversity	5.4 Pollution	5
Reputational	Impact	Environmental Factors	6.1 Protected/Conserved Areas	3
Reputational	Impact	Socioeconomic Factors	7.1 Indigenous Peoples (Ips); Local Communities (LCs); Lands & Territories	3
Reputational	Impact	Additional Reputational Factors	8.1 Media Scrutiny	5

Assessment Results

Upon inputting the locations of all Alpek's operational sites, the BRF generated 'Physical Scape Risk' and 'Reputational Scape Risk' scores for each site. This assessment has allowed Alpek to identify sites with elevated or very high biodiversity risks (scores ranging from 3.4 to 5). Armed with this insight, Alpek will proceed to develop and implement biodiversity risk management strategies tailored to the identified sites.

Description	Number of sites	Material biodiversity risks
Total number of Alpek's sites with a high or very high Physical Scape Risk score	2	Water Scarcity, Water Condition, Air Condition, Landslides, Fire Hazards, Extreme Heat, Tropical Cyclones and Pollution
Total number of Alpek's sites with a high or very high Reputational Scape Risk score	0	Media Scrutiny

6.4.2 BIODIVERSITY COMMITMENT

GRI 101-1 I CSA 2.6.2

Alpek acknowledges the critical role that biodiversity plays in delivering essential ecosystem services, including meeting raw material requirements and minimizing waste. Through its inaugural BRA, Alpek seeks to identify its most significant biodiversity dependencies and impacts, paving the way for a robust biodiversity commitment in the near term. Simultaneously, Alpek actively engages in reforestation initiatives and formulates water management strategies and targets to safeguard biodiversity.

6.4.3 NO DEFORESTATION COMMITMENT

CSA 2.6.3

Alpek recognizes the importance of preserving natural habitats and is committed to conducting its operations responsibly, taking into account the ecological impacts on forests at all its sites and throughout its value chain. Additionally, Alpek demonstrates environmental stewardship by leading reforestation programs and actively engaging stakeholders in efforts to restore local ecosystems.

6.5 EMISSIONS

GRI 302-1 to 4, 305 1 to 4 | TCFD: All elements | SASB: RT-CH-110a-1 | CSA 2.5.1 to 4

6.5.1 REPORTED EMISSIONS

CO_2 Emissions Reported Under GHG Protocol:

CSA 2.5.12

The following section includes the emissions reported in previous years; however, the emissions from newly acquired sites emissions are reported following their acquisition and aligns with the financial consolidation of the company.

CO_2 Emissions by Scope (SBTi based) (Millions of tons)	**2019**	**2020**	**2021**	**2022**	**2023**
Scope 1	1.20	0.94	1.08	0.91	0.79
Scope 2	1.29	1.29	1.27	1.36	1.20
Total Scope 1 & 2	**2.49**	**2.24**	**2.35**	**2.27**	**1.99**

CO_2 Emissions Reported Under SBTi Criteria:

Science Based Target Initiative (SBTi) validated and approved the company's GHG emissions reduction target, which can be found at www.alpek.com/esg/targets and is summarized below. Alpek's commitment aligns with the Paris Agreement, aiming to limit global temperature rise to no more than 2°C.

Alpek's SBTi GHG emissions reduction target:

Reduction of 27.5% of our Scope 1 and 2 emissions, and 13.5% Scope 3 emissions by 2030 (2019 base)

The data in the following table may vary due to the integration of emissions from all acquired plants, regardless of the year, in order to meet the SBTi criteria:

CO_2 Emissions by Scope (SBTi based) (Millions of tons)	**2019**	**2020**	**2021**	**2022**	**2023**
Scope 1	1.34	1.10	1.16	0.95	0.79
Scope 2	1.43	1.43	1.47	1.40	1.20
Total Scope 1 & 2	**2.77**	**2.54**	**2.63**	**2.35**	**1.99**
Scope 3[1]	**20.95**	**21.31**	**24.65**	**25.11**	**22.22**

1.- Scope 3 emissions methodology was modified for 2023, previous years' data will be adjusted accordingly.

By the end of 2023, we achieved a reduction of Scope 1 and 2 emissions of:

~15% vs. 2022

And ~28% compared to our SBTi target[1]

1.- This base includes the history of the newly acquired sites since 2019.

6.5.2 TOTAL CO_2 EMISSIONS INTENSITY

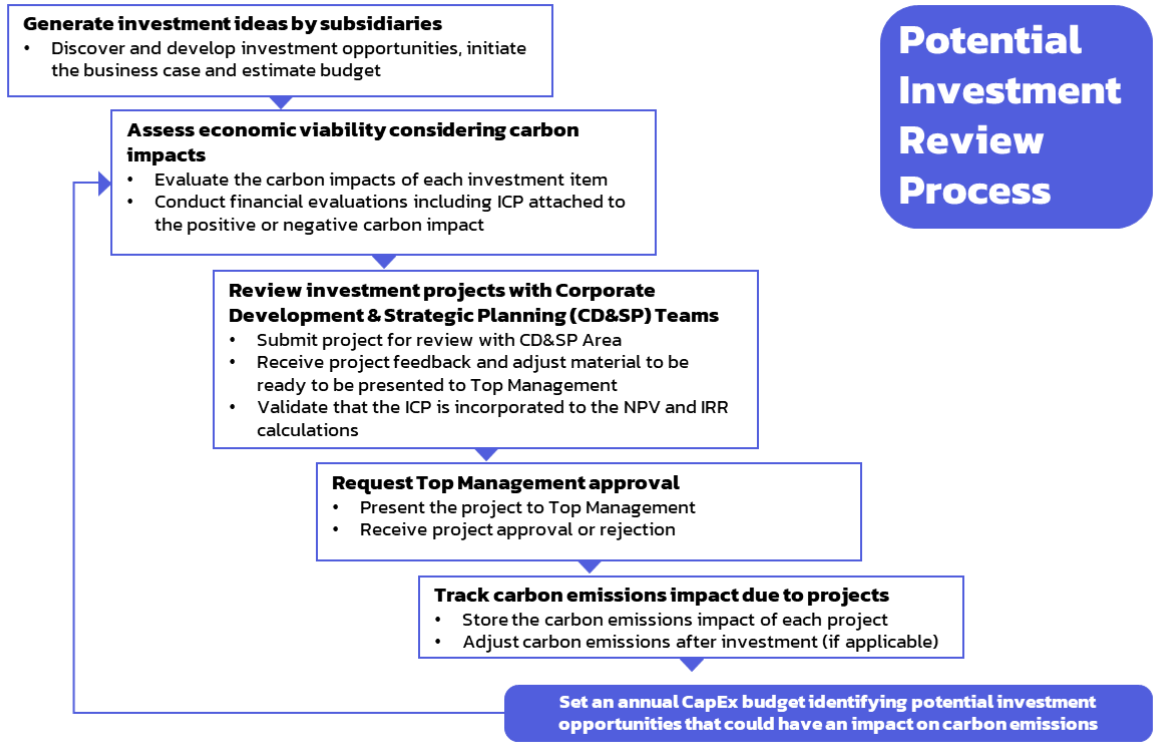
Scope 1 and 2 Emissions intensity	2019	2020	2021	2022	2023
Intensity (Tons CO2 Emissions / Tons Produced)	0.56	0.35	0.37	0.36	0.36
Intensity (ktons CO2 Emissions / MUSD Revenues)	0.40	0.42	0.31	0.22	0.26

6.5.3 INTERNAL CARBON PRICING

CSA 2.5.14

Around the world, more companies are implementing Internal Carbon Pricing ("ICP") to meet carbon emissions regulations, encourage investments in environmentally friendly projects, and support the shift to a low-carbon economy. In 2023, Alpek paid an average of ~$15 USD per ton of CO_2 in regions where carbon taxes or Emissions Trading Systems ("ETS") were applied.

Following this trend, Alpek considered to introduce an ICP system to align investment decisions and business operations to reduce greenhouse gas emissions. Therefore, Alpek conducted an ICP analysis based on external resources such as anticipated future ETS and carbon tax prices. This ICP analysis is tailored to specific regions, and Alpek is currently working on establishing a global ICP, with the final aim of implementing it in the Investment Review Process. These efforts will help integrate Alpek's sustainability strategy with its corporate one.



6.5.4 SCOPE 3 EMISSIONS BREAKDOWN

GRI 305-3 I CSA 2.5.3

Scope 3 Emissions (Millions of tons CO_2e)	2019	2020	2021	2022	2023[1]
Purchased Goods and Services	7.27	7.37	7.80	7.69	6.92
Capital Goods	0.29	0.12	0.14	0.19	0.04
Fuel-and-energy-related- activities (not included in Scope 1 or 2)	0.19	0.19	0.21	0.20	0.44
Upstream transportation and distribution	0.97	0.91	0.76	0.66	0.96
Waste generated in operations	0.02	0.02	0.02	0.04	0.03
Business travel	0.0003	0.0001	0.0001	0.0007	0.0001
Employee commuting	0.01	0.01	0.01	0.01	0.0003
Upstream leased assets	-	-	-	-	-
Downstream transportation and distribution	0.08	0.08	0.08	0.08	0.06
Processing of sold products	7.78	7.64	7.76	7.56	6.15
Use of sold products	2.23	2.88	5.81	6.76	5.97
End-of-life treatment of sold products	1.96	1.95	1.92	1.82	1.64
Downstream leased assets	-	-	-	-	-
Franchises	-	-	-	-	-
Investments	0.16	0.14	0.14	0.11	0.02
Other upstream	-	-	-	-	-
Other downstream	-	-	-	-	-
Total Scope 3	**20.95**	**21.31**	**24.65**	**25.11**	**22.22**

1.- Scope 3 emissions from 2023 may differ from results of 2022, since the calculation methodology was reviewed by a third party consultant.

6.5.5 OTHER GHG EMISSIONS & POLLUTANTS

GRI 305-1 & 305-2 | CSA 2.3.4, 2.3.5, 2.3.6, 2.3.7 | SASB RT-CH-110a.1 & RT-CH-120a.1

GHG Emissions by Gas (tons)	2019	2020	2021	2022	2023
NOx	779	455	498	405	308
SOx	95	263	30	94	84
Volatile Organic Compounds (VOCs)	816	674	711	984	807
Chemical Oxygen Demand	295	292	296	5,247	4,182

6.5.6 GHG EMISSIONS THIRD PARTY VERIFICATIONS

CSA 2.1.3

KPI	Location	Third Party	2019	2020	2021	2022	2023
GHG emissions CO_2 Scope 1 & 2, CH_4, N_2O, HFCs, PCFs, NF, SF	Cosoleacaque, Ver., México	The Climate Registry	Verified	Verified	Verified	Verified	Under current verification
	Montreal, Quebec, Canada	The Climate Registry	-	Verified	Verified	Verified	Under current verification
	Fayetteville, NC, USA	The Climate Registry	Verified	Verified	Verified	Verified	Under current verification
	Columbia, SC, USA	The Climate Registry	Verified	Verified	Verified	Verified	Under current verification
	Bay St. Louis, MS, USA	The Climate Registry	Verified	Verified	Verified	Verified	Under current verification
	Charleston, SC, USA	The Climate Registry	Verified	Verified	Verified	Verified	Under current verification
	Richmond, IN, USA	The Climate Registry	-	-	Verified	Verified	Under current verification
	Reading, PA, USA	The Climate Registry	-	-	Verified	Verified	Under current verification
	Altamira, TS, México	The Climate Registry	-	-	-	Verified	Under current verification
	Ipojuca, PE, Brazil	The Climate Registry	-	-	-	Verified	Under current verification
	Zárate, Argentina	The Climate Registry	-	-	-	-	Under current verification
	Pacheco, Argentina	The Climate Registry	-	-	-	-	Under current verification

Note: Every year, new sites are included in the verification list. 2023 verification will have a desktop verification and on-site audits during the 2nd half of 2023.

6.5.7 ROAD TO NET ZERO

CSA 2.5.15

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 Roadmap.

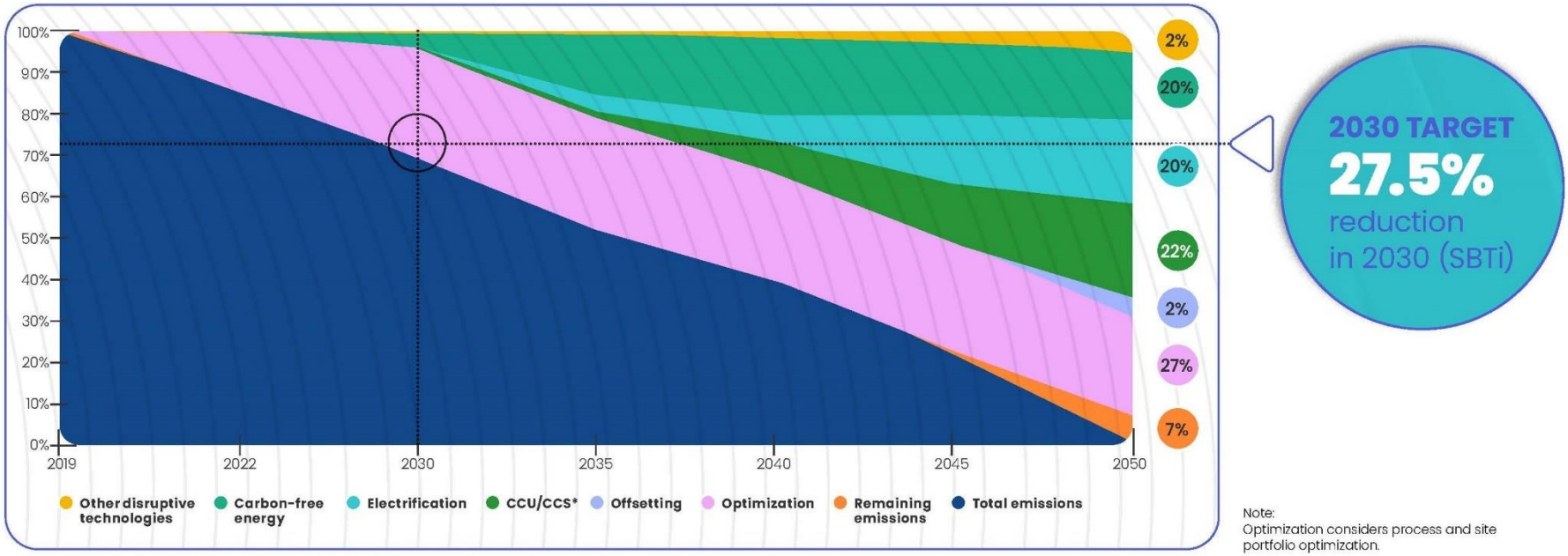
Based on the feasibility of the strategies and the characteristics of the sites, three approaches have shown the greatest potential for emissions reduction:

- 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.

Looking ahead to 2024, Alpek will conduct a comprehensive analysis of each site to develop a more detailed implementation roadmap for decarbonization, including specific cost estimates for the most promising technologies. This collaborative effort will involve various departments, such as innovation, strategic planning, sustainability, and finance. Below is Alpek's decarbonization timeline for Scope 1 and Scope 2 emissions. While timeframes and reduction targets may vary, Alpek remains steadfast in its commitment to achieving carbon neutrality by 2050.

6.5.8 2050 NET ZERO ROADMAP



As for most companies in the industry, Scope 3 emissions constitute the majority of Alpek's total emissions, with the majority concentrated in Categories 1, 10, and 11. To address this, Alpek is committed to providing clear guidance and encouraging its commercial & procurement teams to proactively engage with suppliers and clients to initiate and implement effective emission reduction strategies.

6.6 WASTE MANAGEMENT

GRI 306-1, 306-2 I CSA 2.3.1

Pollution is one of Alpek's most relevant material issues, therefore, it constantly looks to reduce its waste disposal, avoiding this getting to landfills. Notably, the majority of Alpek's waste is categorized as Non-Hazardous.

At present, only 2% of Alpek's waste is hazardous and requires proper containment. Approximately 28% of the company's waste is actively recycled, reused, or commercially utilized. Additionally, 30% of Alpek's generated waste originates directly from its recycling operations. To enhance waste management, Alpek has improved sorting capabilities in select recycling facilities, resulting in higher-quality flakes and increased process utilization rates. This strategic approach mitigates the impact of discarding valuable PET bottles, while ongoing efforts focus on increasing the reuse of packaging materials to further reduce landfill waste.

Throughout the year, Alpek has prioritized efficiency enhancements in its existing recycling facilities through innovative processes. Specifically, the polyester business segment has undertaken various projects to optimize yield and enhance the quality of the final recycled products.

Some of the initiatives Alpek is working to reduce its waste production is on increasing the reuse of packaging material and optimize its processes to reduce the off-spec product losses. Furthermore, Alpek actively conducts waste management and handling training programs, with a particular emphasis on hazardous materials. These initiatives ensure that Alpek employees understand the critical importance of proper waste disposal and treatment. In 2023, over 1,200 participants attended these training sessions at various Alpek facilities.

6.6.1 NON-HAZARDOUS WASTE GENERATION

GRI 306-4 to 6 | CSA 2.3.2 I SASB RT-CH-150a.1

Non-Hazardous Waste Disposal (ktons)	2020	2021	2022	2023
Total Generated	78	83	104	108
Total Recycled / Reused	45	48	31	30
Total Disposed	**33**	**36**	**73**	**78**

6.6.2 NON-HAZARDOUS WASTE DISPOSAL DESTINATION

GRI 306-4 to 6 | SASB RT-CH-150a.1

Waste Disposal Destination (ktons)	2019	2020	2021	2022	2023
Landfill	NA	NA	NA	60	66
Incineration with energy recovery	NA	NA	NA	3.8	0.0
Composted	NA	NA	NA	8.7	–[1]
Confined	NA	NA	NA	0.2	3.8
Other	NA	NA	NA	0.1	8.2
Total Disposed	**NA**	**NA**	**NA**	**73**	**78**

Note: NA stands for information not previously disclosed.

1.- According to CSA definition, Composted waste is considered recycled waste.

6.6.3 HAZARDOUS WASTE GENERATION

GRI 306-2 & 306-4 | CSA 2.3.3 | SASB RT-CH-150a.1

Hazardous Waste Disposal (thousand tons)	2020	2021[1]	2022	2023
Total Generated	1.8	2.3	1.8	1.8
Total Recycled / Reused	0.5	0.7	0.5	0.5
Total Disposed	**1.3**	**1.5**	**1.3**	**1.2**

1.- The addition of 2 new plants at the end of 2020 (M&A NOVA EPS business) resulted in an increase in the total waste generation.

6.6.4 HAZARDOUS WASTE DISPOSAL DESTINATION

GRI 306-4 | SASB RT-CH-150a.1

Waste Disposal Destination (ktons)	2019	2020	2021	2022	2023
Landfill	NA	NA	NA	0.3	0.1
Incineration with energy recovery	NA	NA	NA	0.07	0.7
Composted	NA	NA	NA	0.05	–[1]
Confined	NA	NA	NA	0.2	0.2
Other	NA	NA	NA	0.7	0.3
Total Disposed	**NA**	**NA**	**NA**	**1.3**	**1.2**

Note: NA stands for information not previously disclosed.

1.- According to CSA definition, Composted waste is considered recycled waste.

6.6.5 WASTE INTENSITY

Hazardous & Non-Hazardous Waste Intensity (tons total waste / ktons produced)	2019	2020	2021[1]	2022	2023
Waste Generated	16.3	12.4	13.4	16.9	20.0
Used/recycled/sold	7.6	7.1	7.7	5.0	5.6
Disposed	**8.7**	**5.3**	**5.9**	**11.9**	**14.5**

1.- The addition of 2 new plants at the end of 2020 (M&A NOVA EPS business) resulted in an increase in the total waste generation for 2021 vs. 2020.

6.7 ENERGY

6.7.1 ENERGY MANAGEMENT

GRI 302-1 to 302-5 | CSA 2.2.1

In 2023, Alpek transitioned some of its electricity contracts in Argentina to green sources, including solar and hydroelectric power. Additionally, nuclear-sourced electricity was introduced at two Mexican sites. These measures allowed Alpek to double its percentage of carbon-free electricity from 13% in 2021 to 27% in 2023. Furthermore, Alpek purchased International Renewable Energy Certificates (IRECs) for selected facilities in Chile, Argentina, Mexico, and Brazil.

On a quarterly basis, Alpek compiles energy consumption data to monitor performance, identify deviations, and track initiatives aimed at reducing energy usage. These results are presented to both the heads of the ESG divisions and the CEO's of its business units.

As part of its training program, Alpek has provided courses to employees, emphasizing energy efficiency in equipment such as boilers and engines, low-pressure vapor recovery, proper utilization of energy-related equipment, and financing structures for renewable energy projects. In 2023, Alpek successfully trained over 250 employees on various energy-related topics, reinforcing its commitment to promoting energy optimization awareness among its personnel.

Alpek's R&D department consistently identifies and evaluates processes to enhance operational conditions and reduce energy consumption. The company has invested in energy optimization initiatives, such as the redesigning of condensate return systems to recover thermal value, optimizing boilers and electrical equipment (such as pumps) with new configurations at one site, and improving solvent recovery processes to decrease steam consumption at another site.

Looking ahead, Alpek is actively exploring methods to decarbonize and further optimize its existing energy resources. The company is mapping out potential technologies that can support and advance these sustainability initiatives.

6.7.2 ENERGY CONSUMPTION

GRI 302-1 to 302-5 | CSA 2.2.2

Energy Consumption by Segment (million GJ)	**2019[1]**	**2020[1,2]**	**2021[1,2]**	**2022**	**2023**
Polyester	28.1	29.1	29.2	29.7	25.5
Plastics & Chemicals	5.4	3.8	5.5	3.7	3.1
Total	**33.5**	**33.0**	**34.7**	**33.4**	**28.7**

1.- Due to M&A at the end of 2020 and some changes in the current methodology, this information has been revised and adjusted.

2.- The addition of 2 new plants at the end of 2020 (M&A NOVA EPS business) and the higher production of CPL, resulted in an increase in the total energy consumption for 2021 vs. 2020.

6.7.3 ENERGY CONSUMPTION BY FUEL TYPE

CSA 2.2.2

Energy Consumption by Fuel (million GJ)	2019[1]	2020[1,2]	2021[1,2]	2022	2023
Natural gas	14.7	13.3	15.2	13.8	12.0
Coal	0.3	-	-	-	-
Diesel	0.4	0.4	0.4	0.1	0.1
Fuel oil	0.0	0.0	0.0	0.3	0.2
Gasoline	0.0	0.0	0.0	0.0	0.0
Ethanol	0.1	0.1	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Total Direct Consumption	**15.5**	**13.8**	**15.7**	**14.3**	**12.3**
Electricity	7.1	7.1	7.6	7.5	6.6
% Carbon-free Electricity[3]	*NA[5]*	*NA[5]*	*13%*	*19.7%*	*27.1%*
% of Renewable Electricity[4]	*NA[5]*	*NA[5]*	*NA[5]*	*NA[5]*	*17.1%*
Steam	10.9	12.0	11.5	11.6	9.8
Indirect Energy Consumption	**18.0**	**19.1**	**19.1**	**19.1**	**16.4**
Total Energy Consumption	**33.5**	**33.0**	**34.7**	**33.4**	**28.7**

1.- Due to M&A at the end of 2020 and some changes in the current methodology, this information has been revised and adjusted.

2.- The addition of 2 new plants at the end of 2020 (M&A NOVA EPS business) and the higher production of CPL, resulted in an increase in the total energy consumption for 2021 vs. 2020.

3.- Carbon-free electricity is estimated based on the mix of renewable energy from the electricity grids of some countries. Carbon-free electricity includes nuclear energy.

4.- According to CSA definition, renewable energy is generated through inexhaustible sources, excluding nuclear energy. iRECs are considered.

5.- This information was not previously disclosed.

6.7.4 ENERGY INTENSITY

Energy Consumption intensity (GJ / Ton Produced)	2019	2020	2021	2022	2023
Intensity	7.6	5.2	5.5	5.3	5.2

6.8 WATER MANAGEMENT

GRI 303-1, 303-2 I CSA 2.4.1

Water management and conservation are critical issues in the international agenda, aligned with the Sustainable Development Goals. Alpek actively contributes to global efforts by ensuring proper water management. Approximately 70% of Alpek's withdrawals are dedicated to cooling processes, and this water is subsequently returned to its sources in compliance with applicable discharge quality standards. The company has reassessed its strategies to prioritize water consumption reduction.

Alpek remains committed to its strategy of optimizing water usage across all sites while adhering to state and federal regulations. Recognizing the vital importance of water as a resource essential to all life, Alpek proactively addresses any environmental challenges related to it. The Company constantly carries out overall water risk analysis using Aqueduct, which identifies potential threats based on water quality, depletion and stress indicators. This enables the Company to actively identify methods to enhance efficiency and reduce water usage in locations characterized by drought and freshwater scarcity.

To address current and future water challenges, Alpek has implemented practices aimed at reducing water consumption and maximizing resource utilization. For instance, in Mexico, Alpek's polyester business installed a recirculation system that it is estimated to recover 25,000 m^3 of discharged water per year. Additionally, Alpek's expandable styrenics business, committed to mitigating water stress in high-risk zones, has introduced a water reuse system at one of its Chilean facilities. Meanwhile, Alpek's specialty chemicals business is focused on standardizing and optimizing processes to reduce water consumption. Furthermore, the company continues to improve the water quality of its effluents across its facilities.

Besides its efforts towards maximizing the efficiency of water consumption, Alpek at most of its productive sites count on water treatment plants to ensure that discharged water has optimal quality. Alpek's sites measure quality parameters from a daily to monthly basis such as temperature, pH, Chemical Oxygen Demand (COD), Biochemical Oxygen Demand (BOD), Suspended Solids, among other pollutants. Currently, the company is implementing initiatives to enhance even more the removal of pollutants prior to the water discharge.

6.8.1 WATER CONSUMPTION

GRI 303-5 | CSA 2.4.2 | SASB RT-CH-140a.1

Water Consumption (Million m^3)	**2019**[1]	**2020**[1,2]	**2021**[1,2]	**2022**	**2023**[3]
Total Withdrawals	113	116	153	149	133
Total Discharges	92	89	100	94	114
Total Consumption	**21**	**28**	**53**	**55**	**19**

1.- Due to M&A at the end of 2020 and some changes in the current methodology this information has been revised and adjusted.

2.- The addition of 2 new plants at the end of 2020 (M&A NOVA EPS business) and the higher production of CPL, resulted in an increase in the total water use for 2021 vs. 2020.

3.- The variation in consumption between 2023 and 2022 is attributed to inconsistencies in the discharge measurement systems at certain plants, which are being addressed in 2024.

6.8.2 WATER WITHDRAWAL BY SOURCE

GRI 303-3 | CSA 2.4.2 I SASB RT-CH-140a.1

Water Withdrawal by Source (Million m^3)	2019[1]	2020[1,2]	2021[1,2]	2022	2023
Fresh surface water, including rainwater, rivers, and lakes	106.2	109.9	145.5	141.6	126.4
Municipal Water	1.1	1.5	2.8	1.5	1.5
Brackish surface water	-	-	-	-	-
Groundwater – renewable	2.6	1.5	2.1	0.9	0.7
Groundwater - non-renewable	-	-	-	-	-
Produced/Entrained water	0.9	0.9	1.0	1.0	0.9
Third-party sources	2.2	2.5	1.3	3.6	3.3
Total	**113**	**116**	**153**	**149**	**133**

1.- Due to M&A at the end of 2020 and some changes in the current methodology, this information has been revised and adjusted.

2.- The addition of 2 new plants at the end of 2020 (M&A NOVA EPS business) and the higher production of CPL, resulted in an increase in the total water use for 2021 vs. 2020.

6.8.3 WATER DISCHARGE BY DESTINATION

GRI 303-4 | CSA 2.4.2 I SASB RT-CH-140a.1

Water Discharge by Destination (Million m^3)	2019[1]	2020[1,2]	2021[1,2]	2022	2023
Fresh surface water	87.0	83.3	92.2	86.1	101.4
Brackish surface water	3.9	3.9	4.3	5.0	7.4
Groundwater	-	-	-	-	0.0
Third-party destinations	1.0	1.6	3.0	2.7	5.0
Total	**92**	**89**	**100**	**94**	**114**

1.- Due to M&A at the end of 2020 and some changes in the current methodology, this information has been revised and adjusted.

2.- The addition of 2 new plants at the end of 2020 (M&A NOVA EPS business) and the higher production of CPL, resulted in an increase in the total water use for 2021 vs. 2020.

6.8.4 WATER TREATMENT

Water Management (million cubic meters)	2019[1]	2020[1,2]	2021[1,2]	2022	2023
Treated	10.7	19.7	92.7	93.3	90.8
Recycled	2.5	2.5	0.3	0.2	0.2
Total Treated water	**13.2**	**22.2**	**93.0**	**93.5**	**91.0**

1.- Due to M&A at the end of 2020 and some changes in the current methodology, this information has been revised and adjusted.

2.- The addition of 2 new plants at the end of 2020 (M&A NOVA EPS business) and the higher production of CPL, resulted in an increase in the total water use for 2021 vs. 2020.

6.8.5 WATER INTENSITY

Water Intensity (m^3/ Tons Produced)	2019[1]	2020[1]	2021[1]	2022	2023
Total Withdrawals	25.8	18.2	24.1	23.9	24.2
Total Consumption	4.8	4.4	8.3	8.8	3.5

1.- Due to M&A at the end of 2020 and some changes in the current methodology this information has been revised and adjusted.

6.8.6 WATER RISK MANAGEMENT

GRI 303-1 I CSA 2.4.5, 2.4.6 I SASB RT-CH-140a.1

Alpek diligently monitors the water risk across its sites using the WRI Aqueduct platform. Based on the analysis results, Alpek formulates strategies to reduce water consumption and withdrawals at these locations.

Water Risk Management (Million m^3)	2019	2020	2021	2022	2023
Operating Sites in Extremely High-Water Stress Areas (Number)	2	2	1	5	5
Water Withdrawals in Extremely High-Water Stress Operating Sites					
million cubic meters	1.5	1.3	0.5	1.0	0.6
% of total withdrawals	1.3%	1.1%	0.3%	0.7%	0.4%
Water Consumptions in Extremely High-Water Stress Operating Sites					
million cubic meters	1.0	0.9	0.5	0.4	0.2
% of total consumption	4.8%	3.2%	0.1%	0.7%	1.0%

6.9 MATERIALS

GRI 301-1 | CSA 2.7.4

Main Raw Materials Used by Weight (Thousands of tons)	2019	2020	2021	2022	2023[3]
PTA	NA	2,596	2,181	2,929[1]	1,303
Paraxylene	NA	2,241	1,749	1,690	1,391
MEG	NA	773	848	1,009[1]	993
Propylene	NA	446	458	454	397
Styrene	NA	246	396[2]	405	329
Acetic Acid	NA	129	107	82	83
Main Raw Materials	NA	**6,431**	**5,554**	**6,569**	**4,496**

Note: NA stands for information not previously disclosed.

1.- MEG and PTA increased due to Octal's acquisition.

2.- There was an increase in styrene due to the integration of NOVA sites in EPS business.

3- In 2023, 0.03% of the raw materials came from 100% renewable resources.

6.10 PRODUCTION

To accurately measure Alpek's intensities (energy, emissions & water), production is calculated in metric tons.

Production by Segment (million tons)	2019	2020	2021	2022	2023
Polyester	3.49	5.34	5.25	5.28	4.69
Plastics & Chemicals	0.90	1.05	1.11	0.97	0.80
Total	**4.38**	**6.39**	**6.36**	**6.25**	**5.49**

6.11 GREEN PRODUCTS

Alpek has set the following targets related to circularity and product recycling for some of its main product segments:

OUR TARGETS

PET:

"Alpek plans to increase its PET bottle recycling capacity to 300 thousand annual metric tons by 2025 to meet its customers' recycled content needs."

PP:

"Alpek will leverage its partnerships to develop recycling solutions for Polypropylene and increase its share of Copolymers, employed in long-term usage applications."

EPS:

"By 2030, Styropek commits to offer up to 30% of recycled and/or bio-based content in packing products, and expand its portfolio of highly energy-efficient products for thermal insulation applications in the construction sector up to 100%."

Outlined in the table below is a summary of key details pertaining to Alpek's green products:

GRI 301-2 I CSA 2.7.3

rPET (k tons)	2019	2020	2021	2022	2023
Input (bottles)	99.1	99.1	108.3	121.7	145.3
Capacity- Bottle to Flake	115	132	268	268	268
Capacity- Flake to Pellet	-	45	95	137	169
Capacity- Pellet to Single Pellet	-	30	30	70	93
Capacity- rPET sheet	-	-	-	33	33

Alpek classifies the following products as low-carbon options: rPET, PET, and PET Sheet. These products exhibit minimal embedded emissions and contribute to the transition toward a low-carbon economy. Additionally, Alpek designates EPS for construction as an emissions-avoidance product. By leveraging its insulation properties, this product enables clients to reduce their environmental impact by minimizing greenhouse gas emissions associated with heating and cooling energy consumption in buildings and houses.

CSA 2.5.13

Low carbon & avoided emissions products (%)	**2019[1]**	**2020[1]**	**2021[1]**	**2022[1]**	**2023[2]**
% of total revenue	45%	57%	51%	52%	61%

1.- Includes only rPET, PET and EPS for construction

2.- Includes rPET, PET, PET Sheet and EPS for construction

6.11.1 LIFE CYCLE ASSESSMENTS (LCAs)

GRI 416-1 and 2 I CSA 2.7.2

Life Cycle Assessment Approach (% of Total Main Family Products[1])	**2019**	**2020**	**2021**	**2022**	**2023**
Full LCAs	NA	NA	NA	9%	12%
Simplified LCAs	NA	NA	NA	6%	3%
Other externally recognized tools (e.g. material flow accounting, ecological footprint, MIPS)	NA	NA	NA	0%	0%

Note: NA stands for information not previously disclosed.

1.- Alpek has 33 main families' products across its business units.

6.11.2 EXPOSURE TO HAZARDOUS SUBSTANCES

CSA 2.7.5 & 2.7.6

In line with its dedication to safety and sustainability throughout its operations, Alpek conducted a comprehensive company-wide assessment of hazardous substances that covered products that represent approximately 83% of Alpek's total revenue. The assessment revealed that only one product contains hazardous substances with potential impact on human health and the environment. This substance belongs to the candidate list of substances of very high concern (SVHC) for authorization above 0.1% by weight, which revenues represent less than 0.01% of Alpek's total revenue.

To address this issue, Alpek is actively pursuing two innovative solutions aimed at eliminating hazardous substances from its product:

- Biosolvents
- Biosurfactants

While both solutions show significant promise, they are still in the initial stages of development. Further research and development are required to advance these solutions toward full implementation. By focusing on these proactive measures, Alpek aims to enhance the safety and environmental sustainability of its product portfolio, aligning with its broader commitment to responsible business practices and environmental stewardship.

6.11.3 PRODUCT DESIGN CRITERIA

GRI 2-25 | CSA 2.7.1

Alpek's R&D teams are dedicated not only to improving existing products but also to innovating new ones that align with sustainable practices. The company's unwavering dedication to sustainability drives all R&D efforts, positioning Alpek at the forefront of environmentally responsible innovation.

When creating a new product, several key criteria are meticulously considered:

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.

A clear example of the application of this Product Design Criteria is the development of a Bio-fertilizer.

Design Criteria	Bio-fertilizer development
Sustainable Raw Materials	Incorporates an active ingredient that captures CO_2 during its growth process and remains GHG-neutral after application, unlike synthetic fertilizers.
Resource-efficient Product	Achieves low GHG emissions, utilizes fewer equipment and human resources than a synthetic process and recirculates water.
Transportation, Distribution and Storage	Supplies nitrogen using 14% less material than Urea, reducing storage demands for customers. Comparing it to synthetic fertilizers, it requires lower capital expenditure to construct new production plants, enabling installation in high-demand areas closer to crops. This proximity eases distribution and minimizes emissions.
Fostering Circular Economy	Delivers a product that is 100% biodegradable.

7. GOVERNANCE

7.1 BOARD OF DIRECTORS

Alpek's Board Members and Top Executive Team lead a top-down approach across all sustainability efforts throughout the company. To ensure effective implementation of these initiatives, the Top Executive Team has appointed ESG Champions at the business unit level. These champions, in collaboration with the Corporate Sustainability Team led by the Sustainability Officer, have further developed Alpek's ESG Strategy and aligned it with the company's business objectives.

7.1.1 BOARD OF DIRECTORS COMPOSITION & INDEPENDENCE

GRI 2-9, 405-1 | CSA 1.2.1, 1.2.5

Board of Directors Composition (Number of Board Members)	**2020**	**2021**	**2022**	**2023**
Female	1	1	2	3
Male	10	10	9	11
Total	**11**	**11**	**11**	**14**

Board of Directors Independence Composition (Number of Board Members)	**2020**	**2021**	**2022**	**2023**
Independent	5	5	5	8
Independent Proprietary	2	2	2	1
Related Proprietary	2	2	2	2
Patrimonial	2	2	2	3
Total	**11**	**11**	**11**	**14**
Audit and Corporate Practices Committee	3	3	3	3

7.1.2 BOARD OF DIRECTORS ATTENDANCE

CSA 1.2.5

Board of Directors Attendance (% of attendance)	**2020**	**2021**	**2022**	**2023**
Board Meetings	100%	98%	98%	98%
Audit and Corporate Practices Committee	100%	100%	92%	92%

7.1.3 BOARD OF DIRECTORS TENURE

CSA 1.2.7

Board of Directors Tenure (Board members distribution)	**2019**	**2020**	**2021**	**2022**	**2023**
10+	0	0	0	8	8
8–10	8	8	8	0	0
6–7	0	0	0	0	0
3–5	0	1	1	2	2
0–2	3	2	2	1	4

7.1.4 NON-EXECUTIVE BOARD MEMBER REMUNERATION

Non-Executive Board Member Remuneration Total ($ thousand USD)	**2020**	**2021**	**2022**	**2023**
Non-Executive Board Members	347	409	424	410

Non-Executive Remuneration / Committee Meeting ($ thousand MXN)	**2020**	**2021**	**2022**	**2023**
Board Meetings	60	70	70	
Mexican Residence or Nationality				115
Foreign Residence or Nationality ($ thousand USD)				15
Audit and Corporate Practices Committee	40	50	50	70

7.1.5 BOARD OF DIRECTORS BREAKDOWN

GRI 2-9 I CSA 1.2.2, 1.2.3, 1.2.6, 1.2.7

Name	Gender	Age (Years)	Tenure (Years)	Type (Independent, Related, Patrimonial)	Attendance Board Meetings	Attendance CPC[1]
Álvaro Fernández Garza (Chairman of the Board)	M	56	12	Related Propietary	100%	-
Rodrigo Fernández Martínez	M	48	11	Patrimonial	100%	-
Armando Garza Sada	M	67	12	Patrimonial	100%	-
Alejandro Mariano Werner	M	57	1	Independent	100%	-
Ana Laura Magaloni Kerpel	F	60	2	Independent	100%	-
Andrés E. Garza Herrera (Member of Audit and CPC)	M	56	11	Independent	100%	75%
Cecilia Montserrat Ramiro Ximénez	F	51	1	Independent	100%	-
Enrique Zambrano Benítez (Chairman of Audit and CPC)	M	68	11	Independent	100%	100%
Francisco José Calderón Rojas (Member of Audit and CPC)	M	58	11	Independent Propietary	100%	100%
Jaime Zabludovsky Kuper	M	68	4	Independent	100%	-
José Antonio Rivero Larrea	M	71	5	Independent	100%	-
José de Jesús Valdez Simancas	M	71	1	Related Propietary	75%	-
Merici Garza Sada	F	65	11	Patrimonial	100%	-
Pierre Francis Haas García	M	72	11	Independent	100%	-

1.- CPC: Corporate Practices Committee

To ensure the effectiveness of Alpek's board of directors, internal guidelines dictate a minimum of 75% attendance for all board members during the year and the board itself is considered a one-tier system.

7.2 BOARD CODE OF ETHICS

Alpek's Code of Ethics for the Board is periodically reviewed and revised, following the guidelines of the Mexican Stock Exchange's recommended code of professional ethics for all public companies participating in the stock market. This Code of Ethics adheres to strict global ethical principles and guides the actions of both the company and its individual board members. As the code of ethics is reliant on the country's market guideline, where the native language is spanish, you will be able to find a copy of the Spanish version of the document in the following link.

7.3 BOARD OVERSIGHT

GRI 2-12, 2-13, 2-14, 2-16

Alpek's Board of Directors oversees the company's management and overall strategy. In fulfilling this responsibility, the Board adopts an enterprise-level approach to understand major risks facing the company and identify strategic opportunities.

The Board and its Chairman oversee all relevant ESG-related progress, with the CEO leading the company's ESG strategy. Alpek's CFO, who also serves as the appointed Sustainability Officer, is responsible for the effective management and execution of the strategy across all business units.

To support this effort, the company has established an ESG Taskforce, managed by the Sustainability Officer, Sustainability Director, Senior Vice President of Human Capital, and the Presidents of all business units. The objective of this group is to determine and oversee ESG initiatives and metrics, identify and mitigate ESG risks, and align opportunities for the company's growth.

During Alpek's Board of Directors meetings, the management team presents progress on all strategic initiatives and objectives, including those impacting ESG priority issues. Examples include: Alpek's rPET capacity growth, efforts to foster a circular economy in collaboration with partners, tracking decarbonization goals, and innovation projects aimed at making processes and products across all business units more sustainable.

* During Board Meetings ESG topics are reviewed

7.3.1 BOARD MEMBERS WITH CLIMATE OVERSIGHT/RESPONSIBILITY

GRI 2-9, 2-13, 2-16 | CSA 2.5.4, 2.5.5 I CDP C1.1a

Position of individuals on the board with responsibility for climate-related issues	
Board Chair	Alpek's Chairman is independent of the management and has the highest authority on the board of directors to provide the vision, direction, and strategies for the company. Alpek's Chairman ensures that the business has a clear knowledge of its exposure to climate-related risks.
Board-Level Committee	Alpek's Audit & Corporate Practices Committee, appointed by the Board of Directors, consists of three independent members of the board and has the direct responsibility of supervising the effective strategies to address Climate Change issues and risks (including circular economy, energy eco-efficiency, and CO_2 emissions). The Committee is also in charge of financial and administrative issues and is evaluating the supervision of all other ESG-related matters.
Chief Executive Officer (CEO)	Alpek's CEO leads business continuity, opportunities, and impacts, and is actively involved in managing climate-related risks and opportunities. In 2023, Alpek welcomed a new CEO, who was previously the President of the Polyester business unit. In his opening remarks, he emphasized sustainability as a key growth pillar for the company. He has been a critical leader in enforcing ESG KPI goals throughout the organization and advocating for greater transparency and visibility. With a special focus on climate-related risks and opportunities, Alpek continues to pursue a sustainable future, with its CEO and top management leading efforts towards more sustainable operations.
Chief Financial Officer (CFO)	Alpek has appointed its CFO as the Sustainability Officer to implement and coordinate the company's ESG strategy. Additionally, the company has consolidated an ESG Taskforce, comprising top executives from each business unit. Together with the Sustainability Officer, the ESG Taskforce is responsible for establishing and overseeing environmental initiatives and metrics, identifying financial and other risks and opportunities, developing and implementing strategies, and gathering and analyzing information for reporting to Alpek's Board of Directors. The Innovation and Sustainability Departments, which report to the CFO, are continuously working on improving and developing products and solutions to enhance Alpek's sustainable portfolio and operations..

7.3.2 CLIMATE-RELATED MANAGEMENT INCENTIVES

GRI 2-24 I CSA 2.6.3, CSA 1.2.9

As part of its annual company-wide target-setting activity, Alpek follows a top-down objective process where various KPIs are established for all business units and Executive Management. These KPIs are directly linked to potential monetary remuneration at the end of the year. The KPIs differ across businesses, covering priorities such as financial, operational, sales, safety, environmental, budget, and strategic projects.

With the growing importance of ESG, Alpek's CEO, CFO, and all business unit Presidents now have ESG KPIs integrated into their management incentives. These KPIs are cascaded down through their organizations, from VPs to Executives and operational teams. Individual remuneration is determined through an internal matrix that evaluates the aforementioned objectives (KPIs), company results, and individual behaviors.

Below is a table showcasing the types of KPIs related to Environmental, Social, or Governance that have been authorized for each individual's objectives and are in effect for 2023. All C-Suite objectives are reviewed and approved by Alpek's CEO, while the CEO's objectives are reviewed by the Company's Board of Directors.

Division	Role	ESG KPIs[1]		
		Environmental	Social	Governance
C- Suite	Alpek CEO			
	Alpek CFO			
	Sr. VP Human Capital			
	President of Polyester Business			
	President of Polypropylene Business			
	President of Expandable Styrenics Business			
	President of Specialty Chemicals Business			
	President of Natural Gas Business			

1.- Green cell denotes the person has at least one KPI related to sustainability which is tied to their end-of-year remuneration. These KPIs, among others, are then cascaded to all individual business units and senior teams.

As an added incentive for the company and its leadership to prioritize climate action, in 2023, Alpek announced that it refinanced the outstanding balance of the bond due in August 2023, with bank debt that includes a US$200 Sustainability Linked Credit maturing in 2028.

The loan incorporates a pricing mechanism that incentivizes progress on two of the Company's sustainability objectives:

- Reduction in carbon emissions Scope 1, 2 and 3.
- Reduction in the incidence rate for its employees and contractors.

The aforementioned loan signifies a milestone, incorporating a pricing mechanism that incentivizes improvements in two targets: a reduction in Scope 1, 2, and 3 carbon emissions and a decrease in the Lost-Time Incident Rate (LTIR) for employees and contractors.

7.4 POLICIES

As part of Alpek's ESG Risk Management processes, the company developed and published policies and initiatives that support compliance of its ESG Strategy across all operations.

GRI 2-23 | CSA 1.4.2, 1.7.1, 1.8.1, 2.2,2. 3.4

Links
Human Rights
Diversity Equity and Inclusion (DEI)
Code of Ethics
Code of Conduct
Conflict of interest
Whistleblower
Anticorruption
Tax
Information Security
ESG
Environmental
Water management
Safety, Health and Well-Being
Board Code of Ethics (SPANISH)
Supplier Code of Conduct (NEW)
Responsible Investment (NEW)

7.5 INITIATIVES

CSA 1.5.1, 2.5.12

Alpek reaffirmed its commitment to the Sustainable Development Goals (SDGs) by pledging to the Women's Empowerment Principles (WEPs) from the United Nations Global Compact and UN Women. The company remains dedicated to creating a safe work environment where everyone can grow, contribute, and innovate.

Since 2022, the Science Based Targets initiative (SBTi) has approved Alpek's decarbonization commitments towards 2030. As one of the first five companies in Mexico to join and have its commitments approved, Alpek has further collaborated with SBTi and the UN Global Compact, encouraging other local companies in Mexico to participate. As of March 2024, a total of 21 companies in Mexico have validated and approved their targets with SBTi.

Additionally, in 2023, Alpek issued its first Sustainability-Linked Loan, valued at USD 200 million, reinforcing its commitment to key sustainability goals. This milestone loan incorporates a pricing mechanism that incentivizes improvements in two specific targets: reducing Scope 1, 2, and 3 carbon emissions, and decreasing the Lost-Time Incident Rate (LTIR) for employees and contractors.

Links
UN Global Compact - Alpek
UN Global Compact Letter of Commitment
Science Based Targets Initiative (SBTi) – Alpek's approval
Women Empowerment Principles (WEPs) (NEW)

7.5.1 SUPPLY CHAIN MANAGEMENT

GRI 308-1,2 I CSA 1.7.1, 1.7.2, 1.7.3, 1.7.4, 1.7.5, 1.7.6

An essential first step in effective supply chain management is understanding supply chain risks and dependencies from both ESG and business operation perspectives, and identifying "significant" suppliers. Significant suppliers are those with substantial risks of negative ESG impacts, significant business relevance to the company, or a combination of both. This portfolio of significant suppliers should be the key audience of a company's supplier ESG assessment and development program.

In line with its commitment to achieving the highest international standards, Alpek developed a proprietary supplier screening methodology. This methodology was implemented for the first time in 2023, yielding initial results.

Supplier Screening Process

Alpek's supplier screening methodology was designed with an industry-specific approach. This methodology aims to effectively identify and mitigate supply chain risks while promoting sustainability across its operations.

1. **Supplier Industry Mapping**
    a. Identify the industries to which Alpek's suppliers belong. This mapping process follows the Sustainable Accounting Standards Board's (SASB) industry classification standards.
2. **SASB KPIs Identification**
    a. For each industry, SASB recommends a set of ESG indicators to measure performance and progress. A comprehensive list of these indicators was compiled for all the industries mapped in the first step.
3. **Significant Supplier Threshold**
    a. After analyzing the industry-specific ESG indicators, a subset was selected to serve as industry-specific thresholds. These indicators are best suited for standardized comparability and risk identification. Thresholds for each ESG pillar (Environmental, Social, Governance) were established, setting the minimum requirements suppliers must meet to not be considered significant.
4. **Risk Level Assessment**
    a. Suppliers that did not meet at least one of the industry-specific thresholds were further assessed. This assessment, combined with the supplier's business relevance, determined whether the supplier was considered significant and identified its largest ESG risk aspects.

Supplier Screening Results

Alpek has over 7,000 Tier-1 suppliers, of which more than 800 are labeled as critical. Given the extensive number of suppliers, the initial screening process focused on those representing a significant portion of Alpek's annual spend. In 2023, this first iteration covered suppliers accounting for approximately 86% of the total spend, which included 17 suppliers across three SASB industries:

- Oil & Gas – Exploration & Production
- Oil & Gas – Refining & Marketing
- Chemicals

Each industry had its own unique threshold for assessment. Among these 17 suppliers, three did not meet their respective industry thresholds. After a deeper analysis, considering all three are critical Tier-1 suppliers for Alpek, they were identified as significant suppliers.

This initial iteration of the supplier screening process has provided a general picture of the level of ESG progress among Alpek's main suppliers. Moving forward, it is crucial for the company to continue improving and strengthening the methodology, increasing supplier coverage, and obtaining more detailed data from those suppliers identified as significant.

Enhancing this process will enable Alpek to better understand and manage its supply chain risks, ensuring alignment with its commitment to sustainability and responsible business practices.

7.6 CODE OF BUSINESS CONDUCT

GRI 2-16 | CSA 1.5.2

Alpek's Code of Conduct is the main document that dictates the guidelines for all the company's and employees' behavior. This document is closely tied to policies on Human Rights and the Code of Ethics, to ensure proper attention to employee wellbeing. Please refer to the "Human Rights and Code of Ethics" section for further details that support the Code of Business Conduct.

7.6.1 INTEGRITY AND TRANSPARENCY HELPLINE (HUMAN RIGHTS & CODE OF CONDUCT)

GRI 2-26, 406-1 | CSA 1.5.4, 1.5.5

As part of the process of engaging in the most transparent and effective ways with Alpek's stakeholders, the company follows a specific process.

Alfa and Alpek Policy Highlight

- The companys listens to complaints from all stakeholders.
- Alfa and Alpek are committed to processing them with transparency, fairness, keeping information confidential and protecting the whistleblower.
- Alpek uses Alfa's integrity and transparency hotline as a third party.
- Complaints can be submitted by email, website, WhatsApp, and phone helplines.
- There is a minimum of information required for the complaint to be processed:
  - Name or anonymous
  - Person and company that is being reported
  - Date of the complaint
  - Details of the complaint
- The companies will protect the identities of the participants and will hold and manage them confidentially.

All business units are supported by the Alfa Integrity and Transparency Helpline

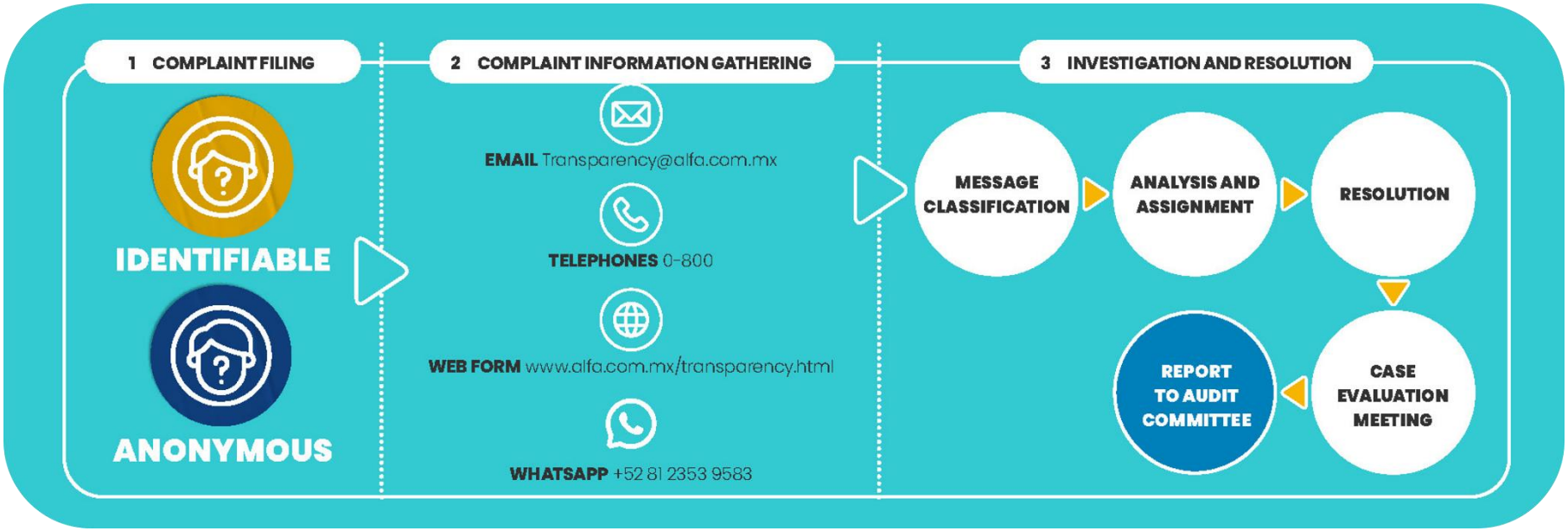
- Alfa's Internal Audit department manages the Integrity and Transparency Helpline, as they have the proper operational processes and infrastructure required for its functioning.
- All complaints are monitored until their conclusion.
- It offers free and accessible multilingual communication channels to file complaints.
  - 1-800 Phone available in 31 countries
  - Emails received in any language
  - Site: http://www.alfa.com.mx/transparency.html & http://www.alpek.com/transparency-mailbox.html
  - WhatsApp in various countries
- Integrity and Transparency Helpline communication and presence:
  - Internet: Websites of Alfa & subsidiaries
  - Pocket Calendars and Posters
  - Business documents: orders, requests, invoices, etc.
  - Annual company campaigns: Screensavers, mailing, videos, posters.

Country	Phone
Argentina	0800-444-5685
Brazil	0800-892-2016
Chile	800-914-378
Canada	1-866-238-2860
Mexico LD	52-818-748-2991
Mexico	01-800-265-2532
USA	1-866-482-1957

7.6.2 DUE DILIGENCE PROCESS

CSA 1.5.4, 3.2.2, 3.2.4

How Alpek's complaint-case is processed, through the integrity and transparency helpline:



- All Alpek's sites are governed by this Due Diligence Process
- The Internal Audit of Alfa does the investigation and analysis.
- Depending on the complaint, additional company personnel may be involved to help the investigation.
- Violation or non-compliance, or the making of any act in violation of Alpek's Code of Conduct and/or Human Rights Policy, will result in disciplinary action, which may include termination of employment.

7.7 CORPORATE GOVERNANCE

A strong corporate governance process, supported by policies and clear statutes is fundamental to building a sustainable governance body.

7.7.1 CEO COMPENSATION – SUCCESS METRICS

CSA 1.2.9

Short-term compensation for Alpek's CEO is measured through a formula that uses three multiplied factors to calculate the result at the end of the year. These factors are the following:

1) The number of months' salary - fixed
2) The company bonus factor (CBF)
3) The performance matrix considers the results of the strategic objectives set forth at the beginning of the year

CBF is calculated using EBITDA, the budget EBITDA is considered the target and if the company reaches the factor to use its 80%, the target includes a range +/- x%, the X% is calculated depending on the historical results of the company.

The performance matrix considers Environmental, Social, and Governance objectives set at the beginning of the year and cascaded down to the rest of the executive level. Please reference above, in the climate-related management incentives section, for a clearer understanding of the ESG objectives for the CEO and each C-suite member.

7.7.2 CEO LONG-TERM PERFORMANCE ALIGNMENT

CSA 1.2.10

Salaries and benefits for all senior officers at Alpek include base salary, benefits, and variable compensation programs. Alpek has a stock plan for the CEO and top Executive Officers, under which awards are granted and payable over five years. The cash amounts payable during this period are based on quantitative and qualitative metrics such as financial results, the stock value of Alpek and Alfa, and executive tenure in the company, among others. The Board of Directors of Alfa has appointed a technical committee to manage the plan, which reviews the estimated cash settlement of this compensation at the end of each year.

7.7.3 MANAGEMENT OWNERSHIP

CSA 1.2.11 I CSA 1.2.12

Alpek does not have any specific stock ownership requirements, and none of its officers, nor its CEO, own more than 1% of Alpek's common shares.

DUAL-CLASS SHARES	CSA 1.1.8 & 1.1.14	There are no dual-class shares in the company.
STOCK SERIES AND RIGHTS	CSA 1.1.14	Alpek only have 1 series "A", all the shares have the same rights.

7.7.4 GOVERNMENT OWNERSHIP

CSA 1.2.13

There is no government ownership in Alpek. If any individual government officials hold shares, their ownership does not exceed 5%. Additionally, there are no golden shares in the company.

7.7.5 FAMILY OWNERSHIP

CSA 1.2.14

Alpek shareholders meeting held on March 6, 2024, the only shareholder holding more than 5% of the issued and outstanding number of Alpek shares is: Alfa, S.A.B. de C.V., holding on a consolidated basis 1,742,985,415 shares, representing 82.2% of the total number of shares. To the best knowledge of Alpek, after due inquiry, no other shareholder represents 5% or more of the total number of shares issued and outstanding, as of March 6, 2024.

7.8 BOARD STRUCTURE

Alpek's Board oversees its responsible corporate citizenship, ensuring that its business conduct is ethical and properly governed.

GRI 2-9, 2-10 | CSA 1.1.1, 1.1.2, 1.2.1

The company is comprised of a 1 tier system consisting of executive, non-executive and independent directors.

Board members type | Independent "Board Independence Statement"

Alpek defines independent directors in accordance with the Mexican Security Law (article 29) and the code of corporate best practices published by the Mexican Securities Commission and the Mexican CEE (Advisory Corporate Council).

By legal provision, the Independent Council **cannot** be composed by the following persons:

I. The relevant managers or employees of the company or of the legal entities that make up the business group or consortium to which it belongs, as well as the commissioners of the latter.

II. Have been an employee or manager of the company during the last twelve months prior to the date of his appointment.

III. Without being an employee or manager of the company, have significant influence[1] or power of command[2] over the managers of the same.

IV. Being an advisor to the company or partner or employee of firms that act as advisers or consultants to the company or its affiliates and whose income depends significantly[3] on this contractual relationship.

V. Clients, service providers, suppliers, debtors, creditors, partners, directors or employees of a company that is a client, service provider, supplier, debtor or major creditor[4]. It is considered that a client, service provider or supplier is important, when the company's sales represent more than ten percent of the total sales of

the client, the service provider or the supplier, during the twelve months prior to the date of the appointment. Likewise, it is considered that a debtor or creditor is important when the amount of the credit is greater than fifteen percent of the assets of the company itself or of its counterpart.

VI. Being an employee of a foundation, university, civil association, or civil society that receives important donations from society[5].

VII. Being a General Director or high-level official of a company in whose board of directors the General Director or a high-level official of the company in question participates;

VIII. Those who are relative[6] or related by consanguinity, affinity, or civil up to the fourth degree, as well as the spouses, the common-law wife, and the common-law partner, of any of the natural persons referred to in sections I to IV of this article.

It should be noted that in the preceding paragraphs when speaking of a company, the legal entity or persons that make up the business group to which the company belongs must be included.

A shareholder who does not exercise significant influence, or command power, or is linked to the management team of the company, may be considered as an independent director.

1. Significant influence is considered to be the ownership of rights that allow, directly and indirectly, to exercise the vote of at least 20% of the capital stock.
2. It is the ability to decisively influence the agreements adopted in assembly or councils or in management.
3. If they represent significant income if it represents more than 10% of the advisor's income.
4. A customer or supplier is considered important when sales to or from the company represent more than 10% of the customer's or supplier's total sales, respectively. Likewise, it is considered that a debtor or creditor is important when the amount of the credit is greater than 15% of the assets of the company or its counterpart.
5. Important donations are considered to be those that represent more than 15% of the total donations received by the institution.
6. This assumption applies to the spouse and up to the fourth degree in the cases of consanguinity and affinity, for the cases of items i and ii; and to the spouse and up to the first degree in cases of consanguinity and affinity, for the cases set forth in subsections iii to vi.

7.9 BOARD DIVERSITY

CSA 1.1.3

Regarding diversity on the Board, in early 2023, Alpek welcomed Montserrat Ramiro as a new independent member, following the previous year's addition of Dr. Ana Laura Magaloni. This addition helps prioritize and focus Alpek's business strategy with a sustainability outlook. Dr. Magaloni, a renowned lawyer with extensive knowledge of Human Rights and Diversity, Equity, and Inclusion (DEI), and Ms. Ramiro, an expert in energy and renewable sources with over 25 years of experience, bring valuable expertise to the Board. This action aligns with Alpek's commitment to diversifying the Board's scope and expertise and improving its composition and effectiveness. Currently, Alpek's Board of Directors is comprised of 21% female members.

7.10 BOARD EFFECTIVENESS

CSA 1.2.6

In the company's By-laws document, page 11, Alpek declares that: "Independent board members and, where applicable, their alternates, will be selected based on their experience, ability, and professional reputation, further considering that due to their characteristics, they can perform their duties free of conflicts of interest and without being subject to personal, financial, or economic interests. Independent board members who cease to be independent during their term, must make the Board of Directors aware of this fact no later than during the next meeting of the Board."

7.10.1 BOARD ELECTION PROCESS

In Alpek, Board members undergo an annual election and re-election process.

Board Election Process Results (% of votes)	**2021**	**2022**	**2023**
In favour	97.6%	97.6%	96.2%
Abstention	0%	0.8%	0.6%
Against	2.4%	2.6%	3.3%

7.11 FINANCIAL INFORMATION

GRI 201-1

Key Metrics (U.S. $ million)	**2019**	**2020**	**2021**	**2022**	**2023**
Volume[1] (ktons)	**4,384**	**4,802**	**4,798**	**5,065**	**4,635**
Polyester	3,490	3,918	3,796	4,099	3,785
Plastics & Chemicals	895	883	1,002	966	849
Production (ktons)	**4,385**	**6,390**	**6,366**	**6,251**	**5,948**
Polyester	3,490	5,339	5,251	5,281	4,694
Plastics & Chemicals	895	1,051	1,115	970	804
Revenues	**6,216**	**5,326**	**7,697**	**10,555**	**7,759**
Polyester	4,718	3,976	4,828	6,991	5,739
Plastics & Chemicals	1,407	1,192	2,342	2,321	1,556
EBITDA	**850**	**565**	**1,145**	**1,455**	**514**
Polyester	428	324	618	886	281
Plastics & Chemicals	218	229	503	564	228
Others	188	11	25	5	5
Comparable EBITDA[2]	**789**	**601**	**962**	**1,396**	**734**
Polyester	541	372	458	823	497
Plastics & Chemicals	231	218	480	567	232
Others	16	11	25	5	5
Net Income (Controlling Interest)	**342**	**150**	**385**	**679**	**-636**
CAPEX	**270**	**162**	**227**	**862**	**277**

1. Excludes intracompany sales
2. Excludes inventories, carry-forward effects, and non-operating, one-time (gains) losses

7.11.1 NON-AUDIT FEES

Non-Audit Fees[1] ($ millions USD)	2019	2020	2021	2022	2023
Total Fee paid	0.4	0.3	0.3	0.3	0.4

1. – Values for past years have been adjuted to proper amount, as previous year's units were incorrect

7.11.2 TAXES

GRI 207-1, 207-2 I CSA 1.8.1. 1.8.2, 1.8.3

Alpek is committed to ensuring compliance with tax regulations in all countries where it operates. The company adheres to all industry-specific regulations and prioritizes the timely payment of taxes as a key aspect of fulfilling its corporate civic duty.

Effective Tax Rate (U.S. $ million)	2019	2020	2021	2022	2023
Income before taxes	**488**	**253**	**708**	**1,061**	**-548**
Income tax rate	30%	30%	30%	30%	30%
Statutory income tax rate expenses	-146	-76	-212	-318	164
Taxes for permanent differences between accounting-taxable income	48	19	10	46	-203
Total income tax	**-98**	**-57**	**-202**	**-272**	**-39**
Effective tax rate	**20%**	**23%**	**29%**	**26%**	**8%**
Comprised as follows:					
Current income tax	-127	-91	-212	-264	-131
Deferred income tax	29	34	10	-8	92
Total income tax	-98	-57	-202	-272	-39

7.12 ORGANIZATION CONTRIBUTIONS

CSA 1.5.3, 1.6.1, 1.6.2, 1.6.3

Alpek's Contributions and Other Spendings ($M USD)	2022	2023
Interest representation / Stakeholder Engagement	0	0
Local, regional, or national political campaigns/organizations /candidates	0	0
Trade associations or tax-exempt groups	1.92	1.47
Other	0	0
Total contributions ($USD)	**1.92**	**1.47**
Data Coverage (% of sites)	**100%**	**100%**

7.12.1 POLITICAL INVOLVEMENT

GRI 415-1

Alpek does not make contributions from corporate funds to political campaigns, super political action committees, or political parties. The company ensures full transparency by publishing the aggregate dues paid to trade associations that engage in lobbying activities and lists trade associations to which it makes yearly payments of $5,000 or more.

The Government Affairs (GA) team regularly assesses and evaluates Alpek's relationships with all current trade associations to ensure alignment with the company's strategies and positions. The GA team actively participates in and communicates with trade associations to help shape their agendas and priorities (e.g., serving on trade associations' boards and committees) and to maintain real-time knowledge of their advocacy positions and policies.

Alpek does not participate in any political action or spending in the United States and focuses solely on engaging with governments for educational purposes.

7.12.2 MOST RELEVANT CONTRIBUTIONS

CSA 1.5.3, 1.6.2

Support sustainable development of chemical industries

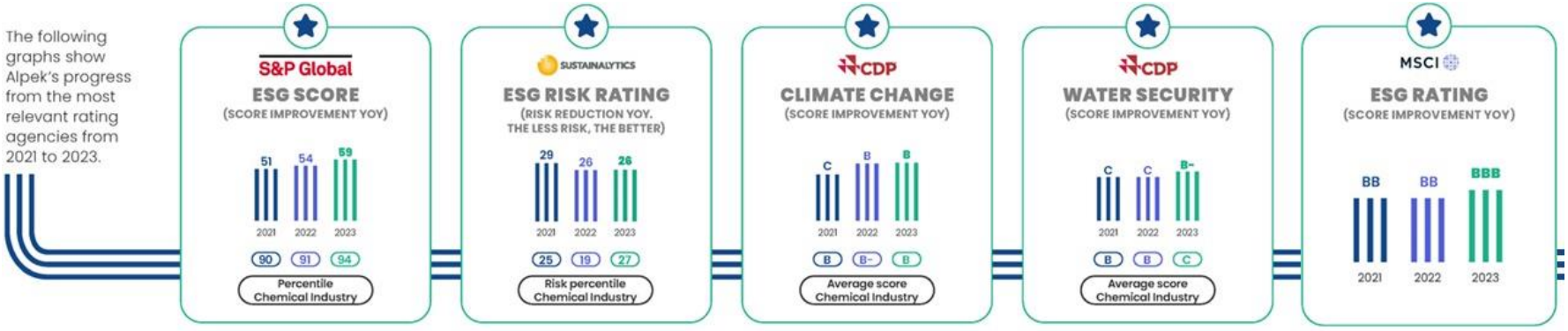
Alpek supports several institutions that promote sustainable economic and environmental development in the packaging and chemical industry across the countries where it currently operates. These contributions assist associations such as National Association for PET Container Resources, British Plastics Federation, Asociación Nacional de Ingeniería Química (ANIQ), among others. In 2023, Alpek has contributed nearly $448,000 USD.

Recycling and Circular Economy

Alpek strengthens its commitment to circularity by actively supporting various institutions, including the Recycling Partnership, PET Container Recycling Europe, Comisión de la Industria del Plástico, Responsabilidad y Desarrollo Sustentable in Mexico, and others. These institutions promote synergy among their members to enhance recycling systems, showcase emerging technologies for recycling, and foster the adoption of best recycling practices. In 2023, Alpek made a financial contribution of approximately $473,000 USD to organizations that support this matter.

8. EXTERNAL ESG SCORES & RATINGS

Alpek maintains an unwavering commitment to the highest standards of environmental, social, and governance (ESG) performance. Leading ESG rating agencies consistently acknowledge Alpek as a benchmark within the chemical industry, highlighting its robust climate change strategy and exemplary corporate behavior. The company actively engages in a diverse range of ESG assessments. Below, Alpek provides an overview of its ratings:



In 2023, Alpek received the prestigious HSBC and EY annual award for Sustainable Innovation in the Governance category. This achievement reinforces the company's commitment towards a sustainable future across all ESG pillars and validates the significant accomplishments achieved during recent years.

9. COVERAGE

CSA 1.1.1

This report covers the operation performance of all companies under Alpek SAB, where Alpek holds ownership of 50 percent or more of the total shares.

9.1 COVERAGE OF SOCIAL INDICATORS

Social Indicators (% of sites)	**2019**	**2020**	**2021**	**2022**	**2023**
Workforce	100%	100%	100%	100%	100%
Diversity, Equity, & Inclusion	NA	NA	NA	NA	100%
Human Capital Management					
Training & Development	NA	NA	NA	NA	88%
Human Capital Return on Investment	NA	NA	NA	NA	100%
Talent Attraction & Retention					
Employee Hiring	NA	NA	NA	NA	97%
Maternity & Paternity Leave Cases	NA	NA	NA	NA	73%
Employee Turnover Rate	NA	NA	NA	NA	94%
Employee Engagement Rate	NA	NA	NA	NA	86%
Freedom of Association	NA	NA	NA	NA	100%
Community Engagement	NA	NA	NA	NA	91%
Safety	100%	100%	100%	100%	100%
Human Rights & Code of Ethics	NA	NA	NA	NA	100%
Customer Satisfaction	NA	NA	NA	NA	94%

9.2 COVERAGE OF ENVIRONMENTAL INDICATORS

Environmental Indicators (% of sites)	2019	2020	2021	2022	2023
Biodiversity	NA	NA	NA	NA	100%
Emissions					
Reported Emissions (Scope 1 & Scope 2)	100%	100%	100%	100%	100%
Emissions Intensity	100%	100%	100%	100%	100%
Scope 3 emissions	100%	100%	100%	100%	100%
Other GHG Emissions except. COD	100%	100%	100%	100%	100%
Chemical Oxygen Demand	100%	100%	100%	100%	83%
Waste Management					
Non-hazardous Waste	100%	100%	100%	100%	100%
Hazardous Waste	100%	100%	100%	100%	100%
Energy					
Energy Consumption	100%	100%	100%	100%	100%
Energy Intensity	100%	100%	100%	100%	100%
Water Management	100%	100%	100%	100%	100%
Materials	100%	100%	100%	100%	100%
Production	100%	100%	100%	100%	100%

10. CERTIFICATIONS

CSA 2.1.3

Product	Location	Certification
PTA	Altamira, TS, México	ISO 9001, ISO 14001, Clean Industry
	Columbia, SC, USA	SMETA, ISO 14001
	Ipojuca, PE, Brazil	ISO 9001, ISO 14001, Responsible Care, Eco Vadis
	Cosoleacaque, Ver, México	ISO 9001, ISO 14001, Industria Limpia
PET Resin[1]	Columbia, SC, USA	ISO 9001, ISO 14001 BRCGS 6, SMETA
	Ipojuca, PE, Brazil	ISO 9001, ISO 14001, Responsible Care, FSSC 22000, Eco Vadis
	Bay St. Louis, MS, USA	ISO 9001, ISO 14001, BRCGS 6, SMETA
	Wilton, UK	ISO 9001, ISO 14001, EcoVadis, FSSC 22000
	Zárate, BA, Argentina	ISO 9001, SMETA, FSSC 22000
	Cosoleacaque, Ver, México	ISO 9001, BRCGS 6, TCCC SGP
	Fayetteville, NC, USA	ISO 9001, BRCGS 6, ISO 14001
	Montréal, Québec, Canada	FSSC 22000, SMETA
	Salalah, Oman	ISO 9001, ISO 14001, ISO 45001, ISO 17025
PET Sheet	Salalah, Oman	ISO 9001, ISO 14001, ISO 45001, ISO 17025, BRCGS 6, Halal, Kosher
	Cincinnati, OH, United States	-
PET Packaging	Riyadh, Saudi Arabia	ISO 9001, BRCGS 6
rPET	Pacheco, BA, Argentina	SMETA
	Fayetteville, NC, USA	SMETA, UL 2809
	Richmond, IN, USA	SMETA, UL2809, ISO 14001
	Reading, PA, USA	UL 2809
PP	Altamira, TS, México	ISO 9001, ISO 14001, Clean Industry, Responsible Care, ESR, GEI, EcoVadis Bronze
EPS	Altamira, TS, México	ISO 9001, UL GreenGuard Cert., FM approved, ICC ES. Responsabilidad Integral, Gestión de crisis ALFA, International Sustainability & Carbon Certification (ISCC Plus), ISO 14001, SCS (Recycled Content Standard)
	Monaca, Pennsylvania, USA	ISO 9001, ISO 14001, Factory Mutual (FM) Approvals; UL/ICC-ES, International Sustainability & Carbon Certification (ISCC Plus)
	Guarantinguetá, SP, Brazil	ISO 9001
	Painesville, OH, USA	ISO 9001, ISO 14001, Factory Mutual (FM) Approvals; UL/ICC-ES
	Concón, Valpo, Chile	ISO 9001, HACCP
	Gral. Lagos, SF, Argentina	ISO 9001
ARCEL®	Monaca, Pennsylvania, USA	ISO 9001, ISO 14001
Molded EPS	Santiago, RM, Chile	ISO 9001, PEC, SEDEX
	Puerto Montt, Lagos, Chile	ISO 9001, BRCGS 6
	Punta Arenas, Patagonia, Chile	-
Other Chemicals	Lerma, MC, México	ISO 9001, Sistemas de Gestión de Calidad Sistema de Administración de Responsabilidad Integral OEA , C-TPAT

1.- Includes SPT production (Single Pellet Technology) in Charleston, SC; Cosoleacaque, VZ & Bay St. Louis, MS

11. GRI INDEX

Standard #	Standard	Answer / Location	Material Aspect	SDG 2030
GENERAL DISCLOSURES				
1: Organizational Profile				
2-1	Organizational details	ALPEK S.A.B de C.V. Annual Report 2023, pages 9 to 12.		
2-2	Entities included in the organization's sustainability reporting	All financial-controlled entities.		
2-3	Reporting period, frequency and contact point	The period covered is Jan 1st to Dec 31st 2023. Alpek publishes its sustainability report annually. Contact: mcoindreau@alpek.com		
2-4	Restatements of information	Any restatement of information is indicated throughout the report and/or this booklet.		
2-5	External assurance	This report has not been assured by a third-party.		
2-6	Activities, value chain and other business relationships	Annual Report 2023, pages 16 and 28.		
2-7	Employees	Sustainability Report 2023, section 5.1.1	Diversity, Equity and Inclusion	
2-8	Workers who are not employees	Not applicable. Alpek does not have workers who are not employed formally by the Company.		
2-9	Governance structure and composition	Annual Report 2023, pages 42 and 43. Sustainability Report 2023, sections 7.1.1, 7.1.5, 7.3.1, 7.8	Sustainable Corporate Governance	
2-10	Nomination and selection of the highest governance body	Annual Report 2023, pages 42 and 43- Sustainability Report 2023, section 7.8 The Board of Directors of Alpek is currently composed of 14 members, all of them appointed as full-fledged directors, with no alternate directors in place. The current directors were elected for the year 2023 at the Annual General Shareholders' Meeting that took place on March 7th of that same year. The members of the Board of Directors are chosen based on their professionalism, business trajectory, leadership, experience and alignment with Alpek's values. No distinction is made for diversity factors such as gender, race, nationality and / or personal beliefs.	Sustainable Corporate Governance	
2-11	Chair of the highest governance body	Annual Report 2023, pages 42 and 43.		
2-12	Role of the highest governance body in overseeing the management of impacts	Annual Report 2023, page 38.	Sustainable Corporate Governance	Goal 17: Partnerships for the goals

Standard #	Standard	Answer / Location	Material Aspect	SDG 2030
			ESG Risk and Impact Management	
2-13	Delegation of responsibility for managing impacts	Annual Report 2023, page 38.	Sustainable Corporate Governance ESG Risk and Impact Management	Goal 17: Partnerships for the goals
2-14	Role of the highest governance body in sustainability reporting	Annual Report 2023, page 38.	Sustainable Corporate Governance ESG Risk and Impact Management	
2-15	Conflicts of interest	Alpek has a Conflict of Interest policy for the members of the Board of Directors and for its employees. This establishes that the responsibilities and duties of the members of the Board are governed by the Mexican Securities Market Law (LMV), applicable in Mexico to securities issuers, considering the Code of Professional Ethics of the Mexican Stock Market Community, the Code of Best Corporate Practices, and the internal regulations of the Mexican Stock Exchange. In accordance with the LMV, the members of the Board have a duty of diligence, so they must always act in good faith in the best interest of the company. They must keep confidentiality with respect to information and / or public matters of the company, as well as refrain from participating and being present in the deliberation and voting on matters that represent a conflict of interest. By policy, those members of the Board who may have a conflict of interest in the decision on any matter, must inform the Chairman and the other members, as well as refrain from participating in the discussion and exercising their vote at the meetings. In the case of employees, Alpek's policy states that they should avoid any situation in which their interests differ from those of the company. All employees who may have interests or relationships with current or potential suppliers or customers should inform their immediate supervisor.	Sustainable corporate governance	
2-16	Communication of critical concerns	Sustainability Report 2023, sections 7.3, 7.6	Sustainable Corporate Governance	
2-17	Collective knowledge of the highest governance body	Each year, the learning dynamic within Alpek is strengthened in all areas of the company, including Alpek's		

Standard #	Standard	Answer / Location	Material Aspect	SDG 2030
		management team. In 2023 Alpek strengthened the collective knowledge on ESG of its Top Management in order to develop the targets set for its 12 material issues. Alpek aims to continue with this practice, improving in every ESG area.		
2-18	Evaluation of the performance of the highest governance body	There are several evaluation methods for directors that measure various factors: attendance to meetings of the Board and the committees to which they belong, up to their participation in the deliberations and the effectiveness of the strategic decisions taken.	Sustainable Corporate Governance	
2-20	Process to determine remuneration	This information is confidential for safety reasons.		
2-21	Annual total compensation ratio	This information is confidential for safety reasons.		
2-22	Statement on sustainable development strategy	Annual Report 2023, pages 4 to 7, 37 and 38. Sustainability Report 2023, sections 1.1, 4.2, 5.7.2	ESG Risk and Impact Management	
2-23	Policy commitments	Annual Report 2023, pages 26 and 37. Sustainability Report 2023, sections 5.7.2, 7.4	ESG Risk and Impact Management	
2-24	Embedding policy commitments	Annual Report 2023, pages 25 and 26. Sustainability Report 2023, sections 6.3, 7.3.2	ESG Risk and Impact Management	
2-25	Processes to remediate negative impacts	Annual Report 2023, pages 26, 27, 31 and 37. Sustainability Report 2023, section 6.11.3	ESG Risk and Impact Management	
2-26	Mechanisms for seeking advice and raising concerns	Sustainability Report 2023, 7.6.1	ESG Risk and Impact Management	
2-27	Compliance with laws and regulations	Alpek complies strictly with all laws and regulations that pertains to its industry. Annual Report 2023, page 39. Sustainability Report 2023, section 6.2	Compliance and Transparency	
2-28	Membership in associations	Annual Report 2023, page 21. Sustainability Report 2023, section 5.5.1	Compliance and Transparency	
2-29	Approach to stakeholder engagement	Annual Report 2023, page 21.	ESG Risk and Impact Management	
2-30	Collective bargaining agreements	Sustainability Report 2023, section 5.4.9	Human Rights	
GRI 3 Material Topics 2021				

Standard #	Standard	Answer / Location	Material Aspect	SDG 2030
3-1	Process to determine material topics	Annual Report 2023, pages 23 and 24. Sustainability Report 2023, section 3	Sustainable Corporate Governance ESG Risk and Impact Management	
3-2	List of material topics	Annual Report 2023, pages 23 and 24. Sustainability Report 2023, section 3	ESG Risk and Impact Management	
3-3	Management of material topics	Sustainability Report 2023, and Annual Report 2023 from pages 12 to 49.	ESG Risk and Impact Management	
ECONOMIC PERFORMANCE				
201: Economic Performance 2016				
201-1	Direct economic value generated and distributed	Annual Report 2023, page 36.		Goal 2: Zero Hunger Goal 5: Gender equality Goal 7: Affordable and clean energy Goal 8: Decent work and economic growth Goal 9: Industry, innovation and infrastructure
201-2	Financial implications and other risks & opportunities due to climate change	Annual Report 2023, page 31. Sustainability Report 2023, sections 4.2, 4.3, 4.6	Climate Change Strategy	Goal 13: Climate action
201-3	Defined benefit plan obligations and other retirement plans	The pension plans, support for education and medical assistance are available to 100% of Alpek's employees. The pension system is a fixed contribution plan to which the company and employees contribute the same amount, which ranges from 4 to 17% of the employee's total salary and varies according to applicable labor regulations. The resources to cover these benefits are covered 100% by the company. Indelpro: Started in 2007 a fund called "grow" by 4%. Alpek Polyester: Started in 2007 a program through "Old Mutual" where the company considers a 4% of the base salary. Polioles: Started in 2007 a fund called "Skandia" and is a contribution between 4% to 13.44%	Occupational Safety	Goal 8: Decent work and economic growth
201-4	Financial assistance received from government	Alpek does not receive any financial aid from governments.		
202: Market Presence 2016				

Standard #	Standard	Answer / Location	Material Aspect	SDG 2030
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Country Minimum wage ratio – Alpek vs. legal minimum wage: Mexico 3.30 to 1, United States 2.07 to 1.	Diversity, Equity and Inclusion	Goal 4: Gender equality
202-2	Proportion of senior management hired from the local community	Approximately 90% of managers come from the same community where the operation is located.	Social Impact	Goal 8: Decent work and economic growth
203: Indirect economic impacts 2016				
203-1	Infrastructure investments and services supported	Sustainability Report 2023, section 5.5.1	Social Impact	Goal 17: Partnerships for the goals
203-2	Significant indirect economic impacts	Alpek has diverse significant indirect economic impacts, such as providing employment to its suppliers Tier 1 and 2. Sustainability Report 2023, section 5.5.1	Social Impact	Goal 17: Partnerships for the goals
204: Procurement Process 2016				
204-1	Proportion of spending on local suppliers	Approximately 45% of Alpek's spending comes from local suppliers.	Value Chain Management	Goal 12: Responsible consumption and production
205: Anti-Corruption 2016				
205-1	Operations assessed for risks related to corruption	All Alpek's plants.	ESG Risk and Impact Management	Goal 16: Peace, justice and strong institutions
205-2	Communication and training about anti-corruption policies and procedures	Sustainability Report 2023, section 5.7.2	Sustainable Corporate Governance ESG Risk and Impact Management	Goal 16: Peace, justice and strong institutions
205-3	Confirmed incidents of corruption and actions taken	Sustainability Report 2023, section 5.7.2	ESG Risk and Impact Management	Goal 16: Peace, justice and strong institutions
206: Anti-Competitive Behavior 2016				

Standard #	Standard	Answer / Location	Material Aspect	SDG 2030
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In 2023 there was no legal action against Alpek related to this aspect.		Goal 16: Peace, justice and strong institutions
ENVIRONMENT				
301: Materials 2016				
301-1	Materials used by weight or volume	Sustainability Report 2023, section 6.9	Circularity and Product Responsibility	Goal 8: Decent work and economic growth Goal 12: Responsible consumption and production
301-2	Recycled input materials used	Sustainability Report 2023, section 6.11	Circularity and Product Responsibility Innovation and Sustainable Development	Goal 8: Decent work and economic growth Goal 12: Responsible consumption and production
301-3	Reclaimed products and their packaging materials	In 2023 there were no reclaimed products and their packaging materials.	Circularity and Product Responsibility Environmental Management	Goal 8: Decent work and economic growth Goal 12: Responsible consumption and production
302: Energy 2016				
302-1	Energy consumption within the organization	Annual Report 2023, page 29. Sustainability Report 2023, sections 6.5, 6.6.5, 6.7	Climate Change Strategy	Goal 13: Climate Action
302-2	Energy consumption outside of the organization	Annual Report 2023, page 29. Sustainability Report 2023, sections 6.5, 6.6.5, 6.7	Climate Change Strategy	Goal 13: Climate action
302-3	Energy intensity	Annual Report 2023, page 29. Sustainability Report 2023, sections 6.5, 6.6.5, 6.7	Climate Change Strategy	Goal 13: Climate action
302-4	Reduction of energy consumption	Annual Report 2023, page 29. Sustainability Report 2023, sections 6.5, 6.6.5, 6.7	Climate Change Strategy	Goal 13: Climate action
303: Water and Effluents 2018				
303-1	Interactions with water as a shared resource	Alpek collaborates with authorities and complies with water-related regulations in all operations. Sustainability Report 2023, section 6.8, 6.8.6	Water Management Environmental Management	Goal 6: Clean water or sanitation

Standard #	Standard	Answer / Location	Material Aspect	SDG 2030
303-2	Management of water discharge-related impacts	Annual Report 2023, page 32. Sustainability Report 2023, section 6.8	Water Management	Goal 6: Clean water and sanitation
303-3	Water withdrawal	Annual Report 2023, page 32. Sustainability Report 2023, section 6.8.2	Water Management	Goal 6: Clean water and sanitation
303-4	Water discharge	Annual Report 2023, page 32. Sustainability Report 2023, section 6.8.3	Water Management	Goal 6: Clean water and sanitation
303-5	Water consumption	Annual Report 2023, page 32. Sustainability Report 2023, section 6.8.1	Water Management	Goal 6: Clean water and sanitation
101: Biodiversity 2021				
101-1	Policies to halt and reverse biodiversity loss	Certain Alpek operations are located close to areas of high biodiversity. In the United States, Columbia plant is located 24 km from the Congaree National Park, while the Zárate plant in Argentina, is less than 25 km from the Paraná Delta Biosphere Reserve. Given that these are high-value areas for water and biodiversity, these facilities implement activities that contribute to water conservation and nearby habitats, such as funding habitat recovery and giving talks on species conservation. Biodiversity care is included in our Environmental Management Policy.	Environmental Management	Goal 6: Clean water or sanitation Goal 14: Life below water Goal 15: Life on land
101-2	Management of biodiversity impacts	Sustainability Report 2023, section 6.4	Environmental Management	Goal 6: Clean water or sanitation Goal 14: Life below water Goal 15: Life on land
101-3	Access and benefit sharing	Sustainability Report 2023, section 6.4	Environmental Management	Goal 6: Clean water or sanitation Goal 14: Life below water Goal 15: Life on land
101-4	Identification of biodiversity impacts	Sustainability Report 2023, section 6.4	Environmental Management	Goal 6: Clean water or sanitation Goal 14: Life below water Goal 15: Life on land
101-5	Locations with biodiversity impacts	Sustainability Report 2023, section 6.4	Environmental Management	Goal 6: Clean water or sanitation Goal 14: Life below water Goal 15: Life on land

Standard #	Standard	Answer / Location	Material Aspect	SDG 2030
101-6	Direct drivers of biodiversity loss	Sustainability Report 2023, section 6.4	Environmental Management	Goal 6: Clean water or sanitation Goal 14: Life below water Goal 15: Life on land
101-7	Changes to the state of biodiversity	Sustainability Report 2023, section 6.4	Environmental Management	Goal 6: Clean water or sanitation Goal 14: Life below water Goal 15: Life on land
305: Emissions				
305-1	Direct (Scope 1) GHG emissions	Annual Report 2023, pages 29 and 30. Sustainability Report 2023, section 6.5	Climate Change Strategy	Goal 13: Climate action
305-2	Energy indirect (Scope 2) GHG emissions	Annual Report 2023, pages 29 and 30. Sustainability Report 2023, section 6.5	Climate Change Strategy	Goal 13: Climate action
305-3	Other indirect (Scope 3) GHG emissions	Sustainability Report 2023, section 6.5	Climate Change Strategy	Goal 13: Climate action
305-4	GHG emissions intensity	Sustainability Report 2023, section 6.5	Climate Change Strategy	Goal 13: Climate action
305-5	Reduction of GHG emissions	Sustainability Report 2023, section 6.5	Climate Change Strategy	Goal 13: Climate action
305-6	Emissions of ozone-depleting substances (ODS)	Alpek does not emit these substances.	Climate Change Strategy	Goal 13: Climate action
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Sustainability Report 2023, section 6.5	Climate Change Strategy	Goal 13: Climate action
306: Effluents and Waste				
306-2	Waste by type and disposal method	Sustainability Report 2023, section 6.6	Circularity and Product Responsibility	Goal 12: Responsible consumption and production
306-3	Significant spills	No significant spills were registered in 2023.	Circularity and Product Responsibility	Goal 12: Responsible consumption and production Goal 14: Life below water
306-4	Transport of hazardous waste	Sustainability Report 2023, section 6.6	Circularity and Product Responsibility	Goal 12: Responsible consumption and production
306-5	Water bodies affected by water discharges and/or runoff	Sustainability Report 2023, section 6.6	Circularity and Product Responsibility	Goal 12: Responsible consumption and production Goal 15: Life on land

Standard #	Standard	Answer / Location	Material Aspect	SDG 2030
307: Environmental Compliance				
307-1	Non-compliance with environmental laws and regulations	Discharge of floating materials, scum, sheen, foam, oil, grease, or substances that produced an observable change or resulted in deposits in receiving waters under 25 Pa. Code 92a.41(c) No further consequences.		Goal 12: Responsible consumption and production Goal 16: Peace, justice and strong institutions
308: Supplier Environmental Assessment				
308-1	New suppliers that were screened using environmental criteria	Sustainability Report 2023, section 7.5	Value Chain Management	Goal 12: Responsible consumption and production Goal 13: Climate Action
308-2	Negative environmental impacts in the supply chain and actions taken	No negative impacts have been found.	Value Chain Management	Goal 12: Responsible consumption and production Goal 13: Climate Action
SOCIAL				
401: Employment				
401-1	New employee hires and employee turnover	Sustainability Report 2023, section 5.4.1		Goal 5: Gender equality Goal 8: Decent work and economic growth
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Non-management workers have bonuses, vacation bonuses, pantry bonuses, savings funds, recognition for years of service, and pension plan. Temporary and part-time employees do not have the pension plan.		Goal 8: Decent work and economic growth
401-3	Parental leave	Sustainability Report 2023, section 5.4.3		Goal 5: Gender equality Goal 8: Decent work and economic growth
402: Labor / Management Relations				
402-1	Minimum notice periods regarding operational changes	The minimum term is two weeks.		Goal 8: Decent work and economic growth
403: Occupational Health and Safety				
403-1	Occupational health and safety management system	All Alpek's plants have certifications in health and safety management systems, according to the health and safety regulations of their countries. Annual Report 2023, page 34. Sustainability Report 2023, section 5.6	Occupational Safety	Goal 8: Decent work and economic growth
403-2	Hazard identification, risk assessment, and incident investigation	In accordance with the established management systems, the appropriate risk identification procedure is carried out at	Occupational Safety	Goal 3: Good health and well-being

Standard #	Standard	Answer / Location	Material Aspect	SDG 2030
		each plant. For direct workers (Scope 1), some of these actions are: start the day with the identification that the safety equipment is complete and in optimal conditions; Walk through the plant for risk identification; Documented procedures on how to act if one is detected; Review Checklist (Pause, Think, Act). For indirect workers who are at its facilities (Scope 2), the same applies, in addition to having evaluations that Alpek performs on their employers so that they provide adequate safety measures. Not all plants carry out this exercise with Scope 2 workers. All workers must report the incident or risk immediately to take corrective action. Annual Report 2023, page 34. Sustainability Report 2023, section 5.6		Goal 8: Decent work and economic growth
403-3	Occupational health services	Annual Report 2023, page 34. Sustainability Report 2023, section 5.6	Occupational Safety	Goal 3: Good health and well-being Goal 8: Decent work and economic growth
403-4	Worker participation, consultation, and communication on occupational health and safety	Workers have various means of communication to convey any concern or need in occupational health and safety issues. No worker starts working at the plant if he does not take an induction course for his work and the risks that it may have.	Occupational Safety	Goal 8: Decent work and economic growth
403-5	Worker training on occupational health and safety	Annual Report 2023, page 34. Sustainability Report 2023, section 5.6	Occupational Safety	Goal 3: Good health and well-being Goal 8: Decent work and economic growth
403-6	Promotion of worker health	Annual Report 2023, page 34. Sustainability Report 2023, section 5.6	Occupational Safety	Goal 3: Good health and well-being Goal 8: Decent work and economic growth
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Annual Report 2023, page 34. Sustainability Report 2023, section 5.6	Occupational Safety	Goal 3: Good health and well-being Goal 8: Decent work and economic growth
403-8	Workers covered by an occupational health and safety management system	100% of Alpek's employees are covered by its plans established in the health and safety systems.	Occupational Safety	Goal 3: Good health and well-being Goal 8: Decent work and economic growth

Standard #	Standard	Answer / Location	Material Aspect	SDG 2030
403-9	Work-related injuries	Annual Report 2023, page 34. Sustainability Report 2023, section 5.3	Occupational Safety	Goal 3: Good health and well-being Goal 8: Decent work and economic growth
403-10	Work-related ill health	Annual Report 2023, page 34. Sustainability Report 2023, section 5.3	Occupational Safety	Goal 3: Good health and well-being Goal 8: Decent work and economic growth
404: Training and Education				
404-1	Average hours of training per year per employee	Sustainability Report 2023, section 5.3		Goal 4: Quality education Goal 5: Gender equality Goal 8: Decent work and economic growth
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report 2023, section 5.3		Goal 8: Decent work and economic growth
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Report 2023, section 5.3		Goal 5: Gender equality
405: Diversity and Equal Opportunities				
405-1	Diversity of governance bodies and employees	Annual Report 2023, page 35.	Diversity, Equity and Inclusion	Goal 5: Gender equality
405-2	Ratio of basic salary and remuneration of women to men	Sustainability Report 2023, section 5.2.2	Diversity, Equity and Inclusion	Goal 5: Gender equality
406: Non-Discriminatory				
GRI 406-1	Incidents of discrimination and corrective actions taken	Sustainability Report 2023, section 7.6.1		Goal 5: Gender equality Goal 16: Peace, justice and strong institutions
407: Freedom of Associations and Collective Bargaining				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Alpek has not identified any supplier or operation with this risk.	Value Chain Management	Goal 8: Decent work and economic growth Goal 16: Peace, justice and strong institutions
408: Child Labor				
408-1	Operations and suppliers at significant risk for incidents of child labor.	Alpek has not identified any supplier or operation with this risk.	Value Chain Management	Goal 8: Decent work and economic growth

Standard #	Standard	Answer / Location	Material Aspect	SDG 2030
				Goal 16: Peace, justice and strong institutions
409: Forced or Compulsory Labor				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Alpek has not identified any supplier or operation with this risk.	Value Chain Management	Goal 8: Decent work and economic growth Goal 16: Peace, justice and strong institutions
410: Security Practices				
410-1	Security personnel trained in human rights policies or procedures	Alpek has not identified any supplier or operation with this risk.	Human Rights	Goal 8: Decent work and economic growth Goal 16: Peace, justice and strong institutions
411: Rights of Indigenous People				
411-1	Incidents of violations involving rights of indigenous people	In 2023, there were no incidents or violations related to indigenous people.	Social Impact	
412: Human Rights Assessments				
412-2	Employee training on human rights policies or procedures	During 2023 the company worked on the deployment and communication of Alpek's Code of Ethics and the Human Rights Policy.	Human Rights	
413: Local Communities				
413-1	Operations with local community engagement, impact assessments, and development programs	Although some of Alpek's operations have established programs to reach out and engage with their communities, in 2020 Alpek set up the target to develop its community engagement policy and framework, so that all plants have the necessary guidelines to have a proper and successful relationship with their communities. The company will work on this in the following years.	Social Impact	Goal 17: Partnerships for the goals
413-2	Operations with significant actual and potential negative impacts on local communities	None found.	Social Impact	Goal 17: Partnerships for the goals
414: Supplier Social Assessment				
414-1	New suppliers that were screened using social criteria.	No new suppliers screened in 2023.	Value Chain Management	
414-2	Negative social impacts in the supply chain and actions taken.	None found.	Value Chain Management	
415: Public Policy				
415-1	Political contributions	Alpek does not grant contributions to parties or political representatives.		Goal 16: Peace, justice and strong institutions
416: Customer Health and Safety				

Standard #	Standard	Answer / Location	Material Aspect	SDG 2030
416-1	Assessment of the health and safety impacts of product and service categories	Annual Report 2023, page 31.	Value Chain Management	Goal 16: Peace, justice and strong institutions
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	In 2023 there were no cases of non-compliance with this concept.	Value Chain Management	Goal 16: Peace, justice and strong institutions
418: Customer Privacy				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data.	In 2023 there were no claims related to the violation of privacy or customer data breaches.	Value Chain Management Cybersecurity	Goal 16: Peace, justice and strong institutions

12. GLOSSARY

Topic	Definition
Areas of water stress and scarcity	Includes areas of med-high, high, and very high-water stress based on World Resources Institute aqueduct data
Greenhouse gases (GHG)	Components of the atmosphere absorb and emit radiation within the infrared range, causing the Earth's surface temperature to increase.
Clean industry Certification	Certification granted by The Mexican Environmental Protection Agency (PROFEPA) to companies that comply with Environmental legislation.
Circularity	All products that have a circularity focus are manufactured in a way so they can be disassembled or come to their end-of-life and their materials will either be broken down by nature or returned to production. It means that these products are designed, and developed with their end-of-life taken into consideration.
Chemical Oxygen Demand (COD)	The capacity of water to consume oxygen during the decomposition of organic matter and the oxidation of inorganic chemicals such as Ammonia and nitrite. COD measurements are commonly made on samples of waste waters or of natural waters contaminated by domestic or industrial wastes. In wastewater treatment, the COD is used as an index to assess the effect discharged wastewater will have on the receiving environment.
Hazardous waste	Waste that is classified as hazardous (or the regulatory equivalent) by the local regulatory authority.
Non-hazardous waste	Waste that is not classified as hazardous (or the regulatory equivalent) by the local regulatory authority.
DPET	Advanced Technology for PET Sheet Production with a 2% Lower Carbon Footprint Compared to Industry Standards
Fatality	A fatality is any death of an employee or contractor as a result of a work-related incident.
Tier 1 process safety event	Losses of primary containment of greatest consequence – causing harm to a member of the workforce, costly damage to equipment, or exceeding defined quantities
TRIR	Total Recordable Incident Rate. It is a calculation that takes into account how many OSHA recordable incidents your company has per number of hours worked.
LTIR	Lost Time Incident Rate is a standard OSHA metric that calculates the number of incidents that result in time away from work
Protected areas	Includes World Heritage Sites, Ramsar sites, IUCN Category I-II, Natura 2000 sites. See bp.com/protected areas for details
rPET	Recycled Polyethylene Terephthalate (rPET): PET bottles are cleaned and crushed to produce new PET products. Other rPET uses include carpets, fabrics for the clothing industry, and fibers.
Single-pellet technology™	The Single-pellet Technology creates a pellet where mechanically Recycled PET (rPET) flake is used as a raw material in the virgin PET production process. Once injected into the PET manufacturing process, the rPET flake melts and the polymer is chemically integrated allowing the rebuilding of polymer chains to create a new PET resin pellet with an integrated recycled content of up to 25% with performance equal to that of virgin PET.
Styrene monomer	Unsaturated hydrocarbon used to make a variety of plastics, synthetic rubber, protective coatings, and resins. It is the main raw material in EPS production and is used as a solvent and chemical intermediate.

Sustainable emissions reduction	Sustainable Emission Reductions (SERs) result from actions or interventions that have led to ongoing reductions in Scope 1 (direct) and/or Scope 2 (indirect) GHG emissions (carbon dioxide and methane) such that GHG emissions would have been higher in the reporting year if the intervention had not taken place. SERs must meet three criteria: BP made a specific intervention that has reduced GHG emissions, BP must be able to quantify the reduction and it is expected to be ongoing. Reductions are reportable for a 12-month period from the start of the intervention/action.
Top management	Includes employees who are group leaders, senior-level leaders or in other management positions.
Major operating sites	A site or grouping of sites that produce or manage petroleum, chemical, or manufactured products where such products, their production or their exploration processes have the potential to cause significant impact on the environment or the safety and health of employees, neighbors, or consumers.